



Utilities Extension Project (UEP)
North 2 - Supplemental
Initial Assessment Resolutions
104-17 Water
105-17 Wastewater
106-17 Irrigation

Special Meeting of the City Council
June 14, 2017

Executive Summary

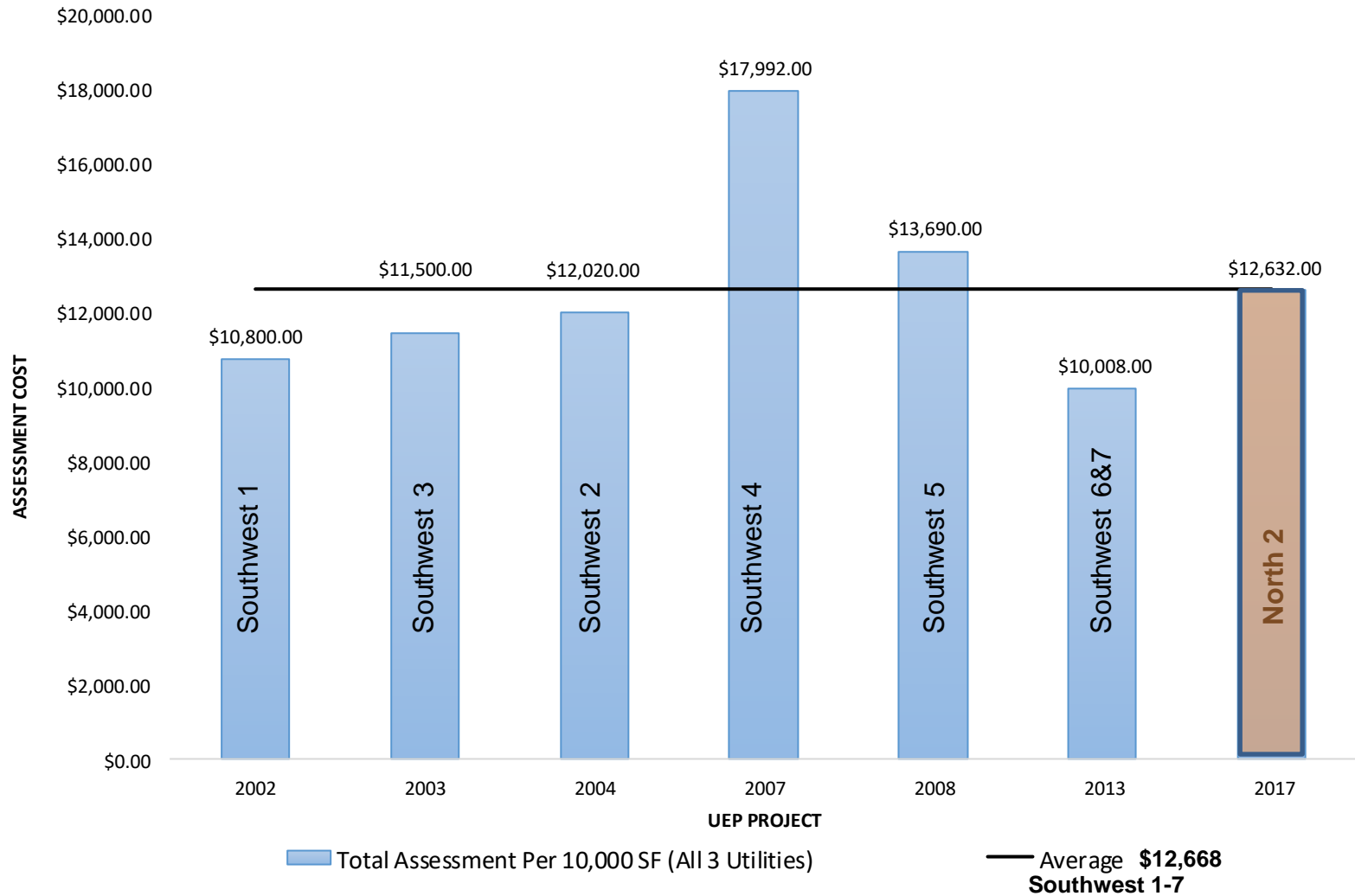
- Utilities Extension Project (UEP)
 - Extension of water, sewer and irrigation infrastructure
 - Citywide project constructed in phases
 - Southwest 6&7 phase complete
 - Primary funding for each phase: Special Assessments
- Next Phase - North 2 UEP
 - Adopts same assessment methodology as SW 6&7
 - Two components:
 - Line Extension Assessment (SF)
 - Capital Facility Expansion Charge (CFEC)
 - Assessments paid in full or in annual installments on tax bill
 - City finances cost of North 2 UEP through SRF loan which is repaid over time by the assessments
- Availability of publicly owned and maintained systems
 - Eliminates need for individual potable water wells and septic systems
 - Improves reliability and quality of service
 - Environmental benefits
 - Expands customer base/mitigates need for future utilities rate increases

Executive Summary

Parcels	Estimated Water	Estimated Wastewater	Estimated Irrigation
Total Parcels	8,096	8,572	8,784
Percent that are 1 EP (1 EP = 10,000 SF)	56 %	56 %	55 %

- 1 EP Initial Prepayment (3 Utilities) = \$12,632**
CFEC Initial Prepayment (3 Utilities) = \$ 5,400
 (Includes 20% Discount on CFEC) **\$18,032**
- 1 EP Amount Financed (3 Utilities) = \$13,976**
CFEC Amount Financed (3 Utilities) = \$ 6,750
 (Excludes 20% Discount on CFEC) **\$20,726**
- All Annual Payments**
First 6 years Annual Payment (3 Utilities) = \$2,585 x 6 = \$15,510
Next 14 years Annual Payment (3 Utilities) = \$1,202 x 14 = \$16,828
\$32,338

Executive Summary



Outline

1. **Project History**
2. **Assessment Area**
3. **Estimated Costs**
4. **Initial Assessment Resolutions**
5. **Financing**
6. **Next Steps**

Project History

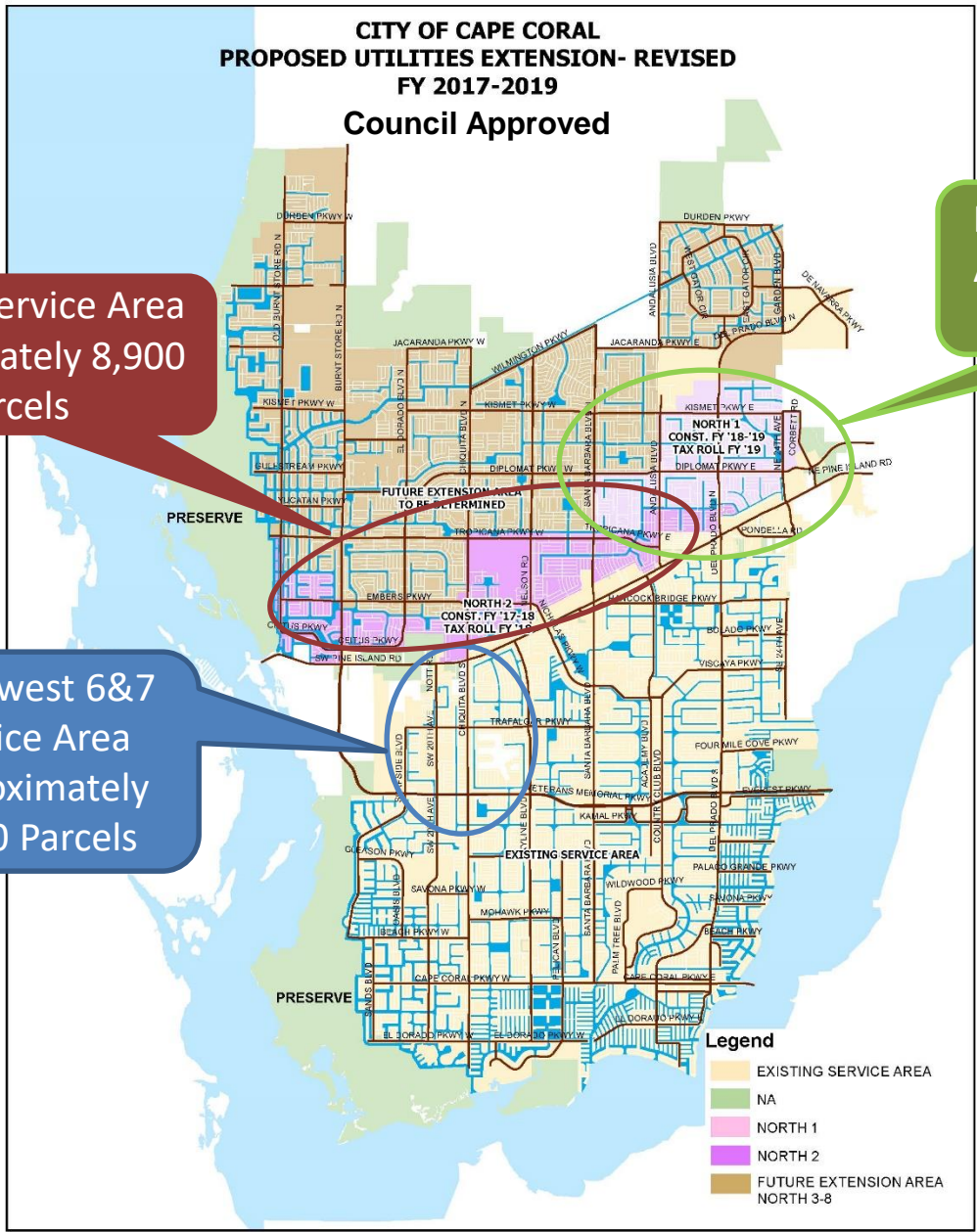
- **February 2012 : Council approves restart of SW 6 & 7, North 2 and North 1**
- **May 2015 : Authorized Greeley & Hansen to perform Engineering Design Services**
- **November 2016 to March 2017 : Bids Received for 13 Contracts**
- **June 14, 2017: Initial Assessment Resolutions Public Hearing**

**CITY OF CAPE CORAL
 PROPOSED UTILITIES EXTENSION- REVISED
 FY 2017-2019
 Council Approved**

North 2 Service Area
 Approximately 8,900
 Parcels

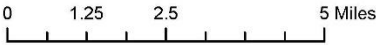
North 1 Service Area
 Approximately 7,500
 Parcels

Southwest 6&7
 Service Area
 Approximately
 6,300 Parcels



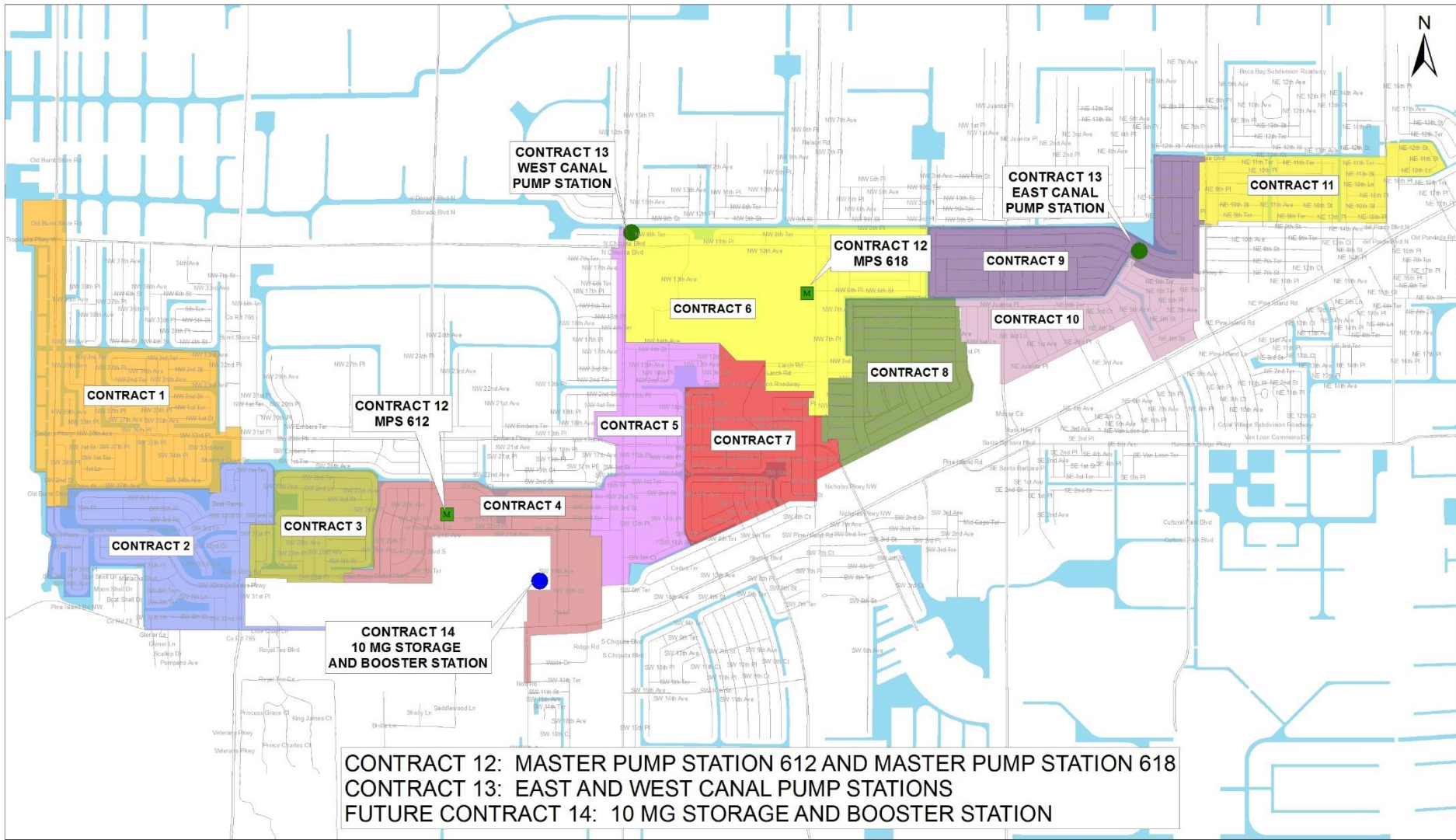
- Legend**
- EXISTING SERVICE AREA
 - NA
 - NORTH 1
 - NORTH 2
 - FUTURE EXTENSION AREA
NORTH 3-8

This map is not a survey and should not be used in place of a survey. While every effort is made to accurately depict the mapped area, errors and omissions may occur. Therefore, the City of Cape Coral cannot be held liable for incidents that may result due to the improper use of the information presented on this map. This map is not intended for construction, navigation or engineering calculations. Please contact the Department of Community Development with any questions regarding this map product.



NORTH 2 UTILITIES EXTENSION PROJECT CONSTRUCTION CONTRACTS

Date: 5/31/2017



Estimated Costs

- **16 Prequalified Utilities Contractors**
- **11 Construction Contracts #1 thru #11**
 - **Three contractors with one bid each**
 - **Denco Construction – Fort Myers**
 - **Pospiech Contracting – Inverness**
 - **Mitchell & Stark – Naples**
 - **Four contractors with two bids each**
 - **Guymann Construction – Cape Coral**
 - **Forsberg Construction – Punta Gorda**
 - **Southwest Utilities System – Fort Myers**
 - **Giannetti Contracting – Pompano Beach**

Estimated Costs

- **6 Prequalified Facilities Contractors (Master Pump Station)**
- **Construction Contract #12**
 - Mitchell & Stark – Naples
- **5 Prequalified Facilities Contractors (Canal Pump Station)**
- **Construction Contract #13**
 - Douglas N Higgins – Naples

Estimated Costs

Contract #	Apparent Low Bidder	Construction Bid Amount
1	Guymann Construction	\$ 27,676,466
2	Forsberg Construction	\$ 20,411,882
3	Forsberg Construction	\$ 9,260,395
4	Mitchell & Stark Construction	\$ 20,148,703
5	Denco Construction	\$ 20,236,272
6	Southwest Utility Systems	\$ 23,247,990
7	Guymann Construction	\$ 16,841,433
8	Giannetti Contracting Corp	\$ 16,145,974
9	Giannetti Contracting Corp	\$ 28,672,980
10	Pospiech Contracting	\$ 13,573,077
11	Southwest Utility Systems	\$ 13,754,713
12	Mitchell & Stark Construction	\$ 7,889,000
13	Douglas N Higgins	\$ 15,527,000
	TOTAL	\$ 233,385,885

Estimated Costs – Construction Bids

\$ 37.3 M – Water Utilities Construction

\$ 99.0 M – Wastewater Utilities Construction

\$ 47.8 M – Irrigation Utilities Construction

\$ 7.9 M – Master Pump Stations (2)

\$ 15.5 M – Canal Pump Stations (2)

\$ 9.5 M – Storm Drain Replacement

\$ 12.2 M – Road Improvements

\$ 4.0 M – Fiber Optics

\$ 233 M – Total Construction Cost

Estimated Costs - Project

\$ 184 M – Utilities Construction

\$ 16 M – Facilities Construction (2 MPS, 1 CPS)

\$ 26 M – Storm Drains, Roads, Fiber Optics

\$ 226 M – Total Construction Cost

\$ 11 M – Construction Contingency

\$ 17 M – Construction Engineering and Inspection

\$ 15 M – Design, Survey, UEP Admin., etc.

\$ 269 M – Total Cost

Estimated Costs - Funding Sources

\$ 138.4 M – Line Extension Assessment (SF)

\$ 100.5 M – Capital Facility Expansion Charge (CFEC)

\$ 14.3 M – Transportation

\$ 11.1 M – Stormwater

\$ 4.7 M – Water & Sewer

\$ 269 M – Total Project Cost

Initial Assessment Resolutions

- Resolutions required by City's Assessment Ordinance
 - Describe North 2 UEP assessment area
 - Describe benefits of utilities extensions
 - Approve apportionment methodologies for Line Extension Assessments (SF) and CFEC
 - Estimate the portion of the project cost to be paid by assessments
 - Provide for collection:
 - Prepayment at option of property owner
 - Collection in annual installments on tax bill starting Nov. 2018
 - Address exemptions, special considerations and exclusions
 - Establish August 2, 2017 Public Hearing
 - Direct mailed and published notices
- At conclusion of Public Hearing, Council will consider Final Assessment Resolutions

Initial Assessment Resolutions

- Resolutions prepared pursuant to Home Rule Ordinance
 - **Water – Frequency of wells running dry and saltwater intrusion. Special benefit provides access to City’s potable water treatment and distribution facilities.**
 - **Wastewater – Eliminates on-site (septic) systems, which are not effective in treating sewage in urbanized areas. Special benefit provides access to City’s wastewater collection and treatment facilities.**
 - **Irrigation – Reduces dependence on fresh water and provides a method for disposal of treated wastewater for irrigation purposes and other non-potable uses.**

Initial Assessment Resolutions

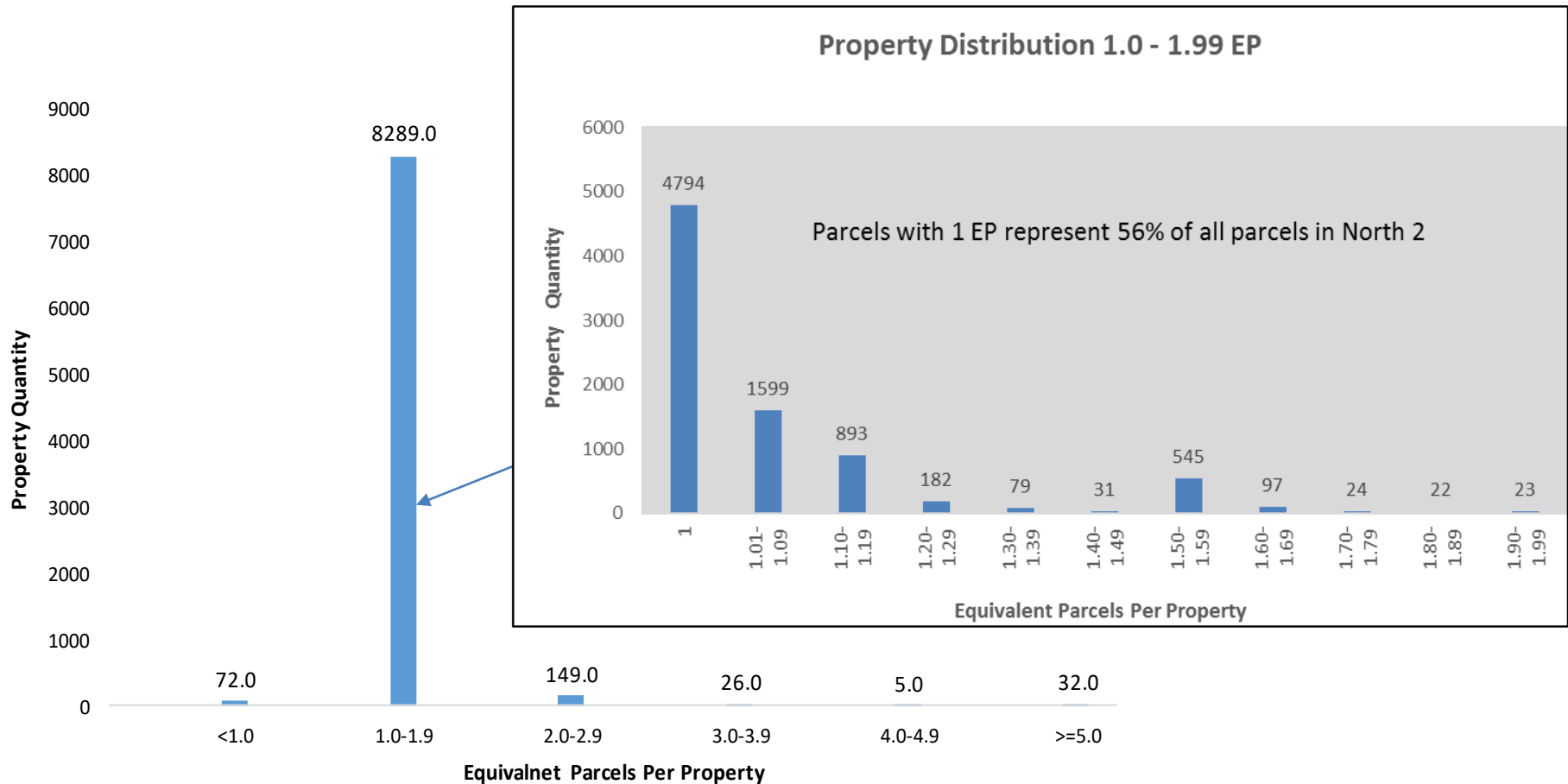
Assessment Methodology

- **Same methodology as Southwest 6&7**
- **Line Extension - Land Area (SF) based on Equivalent Parcel (EP) method for water and irrigation distribution mains and wastewater collection mains.**
- **Capital Facility Expansion Charge (CFEC) based on Equivalent Residential Unit (ERU) method for treatment and transmission.**

Initial Assessment Resolutions

Assessment Methodology

North 2 Wastewater Assessment Property Distribution (Total Parcels 8,573)



1. Wastewater Assessment used to display typical property distribution.
2. Property distribution does not include excluded parcels: ex. lakes, retention ponds, interior parcels, etc.

Initial Assessment Resolutions

Exemptions

- Parcels that may benefit from utility infrastructure but are not assessable.
- Considered in the apportionment methodology for purpose of developing the assessment rate, but are not assessed.
- City pays the assessment on the exempt parcel's behalf.

	<u>Approx. Initial SF and CFEC</u>	<u>Annual First 6 yrs.</u>	<u>Annual Last 14 yrs.</u>
<ul style="list-style-type: none"> • Governmental Parcels <ul style="list-style-type: none"> • City pays 100% 	\$9,482,446*	\$944,743	\$902,149
<ul style="list-style-type: none"> • Institutional Properties <ul style="list-style-type: none"> • City pays approx. 85%** 	N/A	\$40,805	\$40,805
<ul style="list-style-type: none"> • Irrigation Prohibited Connections <ul style="list-style-type: none"> • City advances 100% (Reimbursable)** 	\$ 377,494	\$36,628	\$36,628
Total	\$9,859,940	\$1,022,176	\$979,582

* Includes 20% CFEC Prepay Discount

**No CFEC costs are paid by the City

Initial Assessment Resolutions

Exemptions – Governmental Parcels

- **City Owned Property**
 - City pays the assessment from any legally available funds
 - Water and Sewer, Stormwater, General, Charter School, etc.
- **County/State/Federal Owned Property**
 - City pays the assessment from any legally available funds
 - Ex: County Schools, County Library

Initial Assessment Resolutions

Exemptions – Governmental Parcels

Parcel Description	Parcel Qty	Approx. EP's	Approx. SF Assessment Amount	CFEC Amount
CITY PAYS				
• Seven Islands	2	210	\$ 2,650,952	\$ 13,500
• Charter School/Jim Jeffers Park	1	105	\$ 225,460	\$0
• Burnt Store Boat Ramp	1	20	\$ 189,626	\$ 7,781
• Joe Stonis Park	1	27	\$ 58,805	\$0
• 0-3 Acres *	22	59	\$ 693,974	\$ 145,220
• 3-10 Acres	2	80	\$ 972,538	\$ 13,500
• County/State/Federal	2	471	\$ 4,524,691	\$ 28,005
TOTAL	31	972	\$ 9,316,046	\$ 208,006
ANNUAL TOTAL			\$ 902,149	\$ 42,594

1. SF Assessment based on the Initial Prepayment.

2. Capital Facility Expansion Charge (CFEC) does not include 20% discount.

* Some parcels do not receive all services.

Initial Assessment Resolutions

Exemptions – Institutional Properties

- **Institutional Properties: State Department of Revenue Classification Codes 70-79**

70-Vacant Institutional

71-Churches, Temples

72-Private Schools and Colleges

73-Privately Owned Hospitals

74-Homes for the Aged

75-Orphanages, Non-Profit

76-Mortuary, Cemetery, Crematorium

77-Clubs, Lodges, Union Halls

78-Sanitarium, Convalescent, & Rest Home

79-Cultural Org, Facilities

- **These properties provide services and facilities to their owners, occupants, members, and the general public that otherwise might be requested or required to be provided by the City and thus provide a partial public benefit.**

Initial Assessment Resolutions

Exemptions – Institutional Properties

- The City will make an annual contribution for each Fiscal Year a parcel of Institutional Property remain (a) classified as Institutional Property and (b) current on its annual payment of Amortized Assessments.
- The contribution amount is equal to the difference between the parcel's annual Amortized Assessment determined normally and the parcel's annual Amortized Assessment determined by assigning to each parcel the greater of **two (2) Equivalent Parcels for every three (3) acres of Parcel Area**, or one (1) Equivalent Parcel.
- **The parcel of Institutional Property will be removed from this annual assessment contribution program in the event a parcel** classified as Institutional Property (I) fails to fails to pay the annual Amortized Assessment and a tax certificate is issued against the real property, or (II) **fails to maintain its status as an Institutional Property**. In such an event, the Parcel Area shall be calculated normally. Since the subsidized annual Amortized Assessment will only be applicable for years during which the property remains an Institutional Property, the Initial Prepayment Amount (or, if the Amortized Amount) shall not be reduced.

Initial Assessment Resolutions

Exemptions – Institutional Properties

- **2 Properties in North 2 are classified as Institutional**
 - **Paid for by any legally available funds**

Assessment Component	# Institutional Parcels	Approx. Annual Contribution from the City	Approx. Annual Contribution from Institutional Owners
Water	2	\$9,845	\$2,067
Wastewater	2	\$23,865	\$5,009
Irrigation	2	\$7,095	\$1,490
Total	2	\$40,805	\$8,566

1. Capital Facility Expansion Charge is not paid for by the City.

Initial Assessment Resolutions

Exemptions – Irrigation Prohibited Connections

- Certain parcels are prohibited by the City Code from connecting until other adjacent properties are served by potable water.
- The SF Assessment attributed to such parcels shall be advanced by the City.
- City will advance for 76 parcels approximately \$377,494 (initial prepayment) and no CFEC will be assessed until service is received.
- When future connection is permitted, the funds advanced by the City shall be reimbursed.

Initial Assessment Resolutions

Special Considerations

- Parcels subject to utility agreements with the City which provide for construction of utility infrastructure.
 - Utility Agreements and Other Circumstances
 - Stonewater, Siesta Lakes, etc.
- Parcels already have utility service through prior extension programs for which the owner has paid or is currently paying.
 - Greater Pine Island Water Association (GPIWA) Customers
 - Previous Assessed UEP or Contribution In Aid of Construction (CIAC) Paid Parcels
 - Pine Island Road Assessment and North Central Loop Assessment
 - Fire Station #8, Christa McAuliffe Charter School, Joe Stonis Park CIAC extensions, etc.
- Parcels benefited by previously provided utility improvements but have not paid an assessment, contribution in aid of construction fee and/or capital facility expansion charge.
 - Previous Contribution In Aid of Construction (CIAC) Unpaid Parcels
 - Fire Station #8, Christa McAuliffe Charter School, Joe Stonis Park CIAC extensions, etc.

Initial Assessment Resolutions

Special Considerations

Utility Agreements and Other Circumstances

- **Stonewater**
 - Currently has an approved PDP.
 - Utility Agreement in place for Onsite Utilities and will not be included in the water and wastewater assessment.
 - A portion has been previously assessed for water.
 - Will be included in the irrigation assessment.
 - Parcels located within the Stonewater Development will receive a credit for water and wastewater onsite mains installed by the developer.

Initial Assessment Resolutions

Special Considerations

Utility Agreements and Other Circumstances

- **Coral Shores**
 - Currently has an approved PDP.
 - Utility Agreement in place for Onsite Utilities and will not be included in the water and wastewater assessments.
 - Will be included in the irrigation assessment.

- **Siesta Lakes**
 - Approved PDP has expired.
 - Utility Agreement in place for Onsite Utilities and will not be included in the water and wastewater assessments.
 - Will be included in the irrigation assessment.

Initial Assessment Resolutions

Special Considerations

Utility Agreements and Other Circumstances

- **Embers Lakes**
 - Currently has an approved PDP.
 - No Onsite Utility Agreement in place.
 - A portion has been previously assessed for water.
 - Will be included in the water, wastewater and irrigation assessments
- **Chiquita Falls**
 - Currently no PDP.
 - No Onsite Utility Agreement in place.
 - Will be included in the water, wastewater and irrigation assessments.

Initial Assessment Resolutions
Special Considerations
Utility Agreements and Other Circumstances

- **Blue Water Coach Homes (Condominium)**
 - **Currently connected to the City's water and wastewater utilities and will be excluded in the water and wastewater assessment and is included in the irrigation assessment.**
 - **The City has historically assessed the land area assigned to a tax parcel containing condominiums by dividing such land area equally among the condominium unit parcels to arrive at a fair and reasonable method of allocation of the land area among the condominium unit parcels.**

Initial Assessment Resolutions

Special Considerations

Greater Pine Island Water Association

- **Parcels that paid a connection fee and are currently served by Greater Pine Island Water Association (GPIWA) will be excluded from the water (SF) assessment and water CFEC.**
- **GPIWA meter and service lateral will be replaced with a City meter and service lateral. There will be no cost to the property owner for the switch.**
- **Water service will be maintained throughout the duration of construction.**

Initial Assessment Resolutions

Exclusions

- **Parcels or portions there of that will not derive a special benefit and are therefore not included in the North 2 Water, Sewer and Irrigation Improvement Area**
 - **Private Developments Not Served**
 - West Cape Estates and Whispering Pines Road
 - **Utility Infrastructure Sites**
 - LCEC and FP&L Sites, City Lift Station Sites, etc.
 - **City, State and County Rights-of-Way**
 - Burnt Store Rd Widening (including proposed parcel acquisitions)
 - **Lakes and Retention Areas**
 - **Non-Conforming Lots**

Financing

- **Clean Water (CW) SRF Loan = \$138 M – Funds Wastewater**
- **Drinking Water (DW) SRF Loan = \$100 M – Funds Potable & Irrigation Water**
- **20 Year SRF loan financing rates presently < 2 %**
- **Interest rates for future disbursements will change**
- **Bridge loan required during five-year SRF loan disbursement period**
- **First SRF Loan payment due 6 months after completion of Construction**
- **20 % prepayment discount on the CFEC**
- **Prepayment period is approximately 1 year**
- **Annual payments begin with the November 2018 tax bill**

Financing

Water and Irrigation Distribution and Wastewater Collection	Estimated Water	Estimated Sewer	Estimated Irrigation	Estimated Total
Assessment Component Costs	\$29,824,340	\$82,648,392	\$25,956,786	\$138,429,518
Land Area Assessment Per 1 EP = 10,000 SF	\$3,021	\$7,457	\$2,154	\$12,632

Capital Facility Expansion Charge	Estimated Water	Estimated Sewer	Estimated Irrigation	Estimated Total
Assessment Component Costs	\$10,792,079	\$26,821,305	\$19,540,585	\$57,153,969
System Demand Units Per 1 ERU (5/8" meter, receiving all three utilities)	\$1,320	\$3,112	\$2,318	\$6,750

Financing

Initial Prepayment 8/3/17 thru 9/30/17	Estimated Water	Estimated Sewer	Estimated Irrigation	Estimated Total
Equivalent Parcel (1 EP = 10,000 SF)	\$3,021	\$7,457	\$2,154	\$12,632
CFEC (1 ERU) \$6,750 w/ 20% Discount	\$1,056	\$2,489.60	\$1,854.40	<u>\$5,400</u>
Totals	\$4,077	\$9,946.60	\$4,008.40	\$18,032

Interim Prepayment 10/1/17 thru 7/31/18	Estimated Water	Estimated Sewer	Estimated Irrigation	Estimated Total
Equivalent Parcel (1 EP = 10,000 SF)	\$3,346	\$8,245	\$2,385	\$13,976
CFEC (1 ERU) \$6,750 w/ 20% Discount	\$1,056	\$2,489.60	\$1,854.40	<u>\$5,400</u>
Totals	\$4,402	\$10,734.60	\$4,239.40	\$19,376

Financing

Assessment Amount After 8/1/18	Estimated Water	Estimated Sewer	Estimated Irrigation	Estimated Total
Equivalent Parcel (1 EP = 10,000 SF)	\$3,346	\$8,245	\$2,385	\$13,976
CFEC (1 ERU) (NO 20% PREPAYMENT DISCOUNT)	\$1,320	\$3,112	\$2,318	\$6,750

Estimated Annual Installment Amounts - All 3 Utilities	Years 1 6 Annual Amount *	Years 7 20 Annual Amount *	Estimated Total Paid Over Term
EP Interest Rate: 5.0%	\$1,202	\$1,202	\$24,040
CFEC Interest Rate: 4.08%	\$1,383	N/A	\$8,298

*Annual payment includes principal, interest, collection costs and statutory discount recovery costs.

1. A Hardship Program is available based on income qualification and must qualify annually.

Financing

- **Initial Prepayment Period – August 3, 2017 through September 30, 2017**
- **Interim Prepayment Period – October 1, 2017 through July 31, 2018**
- **Amortized (Default Method) :**
 - **Billed via the tax bill annually for 6 & 20 years.**
 - **First billing to occur in November 2018.**

Financing

- **Hardship Program**
 - **Method of deferral of annual payments**
 - **Applicable to the amortized method only**
 - **Based upon income qualification**
 - **Must qualify annually**

Next Steps

- **July 10, 2017 – Homeowner’s Informational Meeting**
- **July 24, 2017 – Introduction to SRF Loan Debt Ordinance**
- **August 2, 2017**
 - **Public Hearing for Final Assessment Resolutions and Assessment Rolls**
 - **SRF Loan Debt Ordinance**
 - **SRF Loan Debt Resolution**
 - **City Manager to Sign SRF Loans**
 - **City Manager to Sign 13 Contracts**
 - **City Manager to Sign CEI Contract**
- **August 2017 thru August 2019 – Construction**

Discussion



Questions