

SOUTH SANTA ROSA UTILITY SYSTEM

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BOARD SPECIAL MEETING AGENDA

Gulf Breeze City Hall

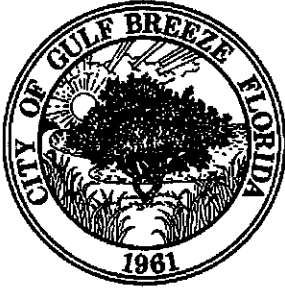
September 21, 2009

Monday.....5:00 PM

1. CALL TO ORDER
2. ROLL CALL
3. NEW BUSINESS:
 - a. Impact Fee Incentives for Development
4. ADJOURNMENT

If any person decides to appeal any decisions made with respect to any matter considered at this meeting, such person may need to insure that a verbatim record of the proceedings is made, which record includes the testimony and any evidence upon which the appeal is to be based.

The public is invited to comment on matters before the SSRUS Board upon receiving recognition from the Chair.



City of Gulf Breeze

MEMORANDUM

TO: Edwin A. Eddy, City Manager

FROM: Thomas Lambert, Assistant Director of Public Services

DATE: September 18, 2009

RE: Impact Fee Incentives for Development

In order to further explore the ideas about impact fee incentives brought to the Board at the last meeting, we have developed the following set of definitions and options.

The first definition is that of commercial and residential development. The distinction may seem obvious to most, but there are some exceptions that may become important in developing this incentive policy. A residential development is any constructed facility built solely for living facilities and have a separate metered connection per living unit. Commercial would be any facility opened for business, whether private or public, or any residential living facilities where a single metered connection serves multiple living units.

The next definition that needs to be established is whether facilities are existing, under construction or proposed. Existing facilities are those that are approved by the Department of Environmental Protection to discharge to the Utility's sewer collection system. Under construction refers to those facilities that have an approved Department construction permit, but are not yet complete. Proposed facilities are those under review, but without necessary approvals to begin construction.

Using these three definitions, we can develop six categories of development. As we don't need to give incentives to any existing facilities, we shall focus on the following four categories:

- Commercial Under Construction
- Commercial Proposed
- Residential Under Construction
- Residential Proposed

Each of these categories has its own unique challenges. In offering discounts, or lowering impact fee rates, we must be careful not to give the impression of favoring developers over our customers who will experience an 8.5% rate increase.

Commercial Under Construction

This group is not in need of any special consideration for impact fees as they have paid 100% of impact fees due. However, the delay in starting the sewer billing from six months to one year would help most of these businesses.

OPTION	
1	Sewer billing to take effect 1 year after service account is setup or when business opens.

Proposed Commercial Construction

Currently the City offers a financing method for commercial properties. SSRUS could take a similar stance, but also give discount for early payment.

OPTION	
1	Sewer billing to take effect 1 year after service account is setup or when business opens.
2	Offer 10% discount for 100% payment upfront, and this option offers a refund if the business cannot be opened.
3	Offer 6 months same as cash, and this option offers refund if business cannot be opened.
4	Offer 3 years financed at prime interest rate, no refund option available, but portion of impact fees paid to remain with property.
5	

Residential Under Construction

This is where the heart of the problems lies. Several developments under construction have been seized by banks. Offering incentive to complete the projects and get lots on the market would allow the banks to market several properties, instead of the entire project.

OPTION	
1	25% Down payment is already made; allow completion with an additional

	25%. Unpaid portions required at time of building permit application.
2	Offer a 20% discount if the entire remaining 75% is paid.
3	Offer 1 yr no sewer billing for builders. Sewer billing to commence after 1 year or when service transfers.

Proposed Residential Construction

OPTION	
1	25% down payment, 25% to certify project complete. Offer 20% discount if entire 75% remaining fee is paid at certification.
2	15% discount if 50% payment is made in plan review process.
3	Unpaid portions required at time of building permit application.
4	Offer 1 yr no sewer billing for builders. Sewer billing to commence after 1 year or when service transfers.
5	

RECOMMENDATION: The Board recommend to City Council the implementation of the above incentive program to encourage development. The effective term of this policy will be one year, with an evaluation point at 6 months.

Information for press release or background briefing:

SOUTH SANTA ROSA UTILITY AUTHORITY SPECIAL INCENTIVE
CONSTRUCTION STIMULUS PROGRAM

South Santa Rosa Utility Authority (SSRUA) is a public utility created to provide water and/or waste water service to areas of the Santa Rosa Peninsular east of Gulf Breeze.

It is our goal is to provide safe, reliable and affordable utility services to our customers. We are a nonprofit operation. Customer service fees are directed to pay operating costs while impact fees are utilized to pay for capital improvements and major system repairs and rehabilitations.

As with all government entities and commercial businesses, we have been severely impacted by the nation wide recession. Customer service revenues have declined because they are economizing by reducing consumption. Construction is at a virtual standstill with the utility collecting only \$ 56,000 in impact fees the last 12 months vs. \$ 1 the previous 12 months.

We are challenged to keep systems operational and commit to construction of a new wastewater plant as required by the Department of Environmental Regulation once loads on our existing plant reach a certain percent of permitted capacity.

Thus we vitally need new customers for the continuing revenue gains and equally important we need the impact fees from construction growth to maintain and expand facilities.

In an effort to stimulate area growth and construction the SSRUA is going to enact a one time limited program reducing water and wastewater impact fees.

CT
8-18-00

Title: TEMPORARY ECONOMIC STIMULUS TO ENCOURGE CONSTRUCTION
OF PROJECTS AND DEVELOPMENTS IN THE SSRUA SERVICE AREA.

For a period of ### days after adoption of this resolution the SSRUA will discount water and wastewater connection impact fees for new services subject to the following requirements.

A. Projects for which applications for connections or construction to SSRUA services on record as of mm/dd/yyyy, regardless of the state of approval or review of the application, shall qualify for reduced impact fees as follows:

1. A deduction of _____% shall be applied to payment of 50% ^{to be made for} of total remaining impact fees applicable for the application
2. A deduction of _____% shall be applied to payment of 75% of total remaining impact fees applicable for the application
3. A deduction of _____% shall be applied to payment of 100% of total remaining impact fees applicable for the application

B. Projects for which application for connection or construction to SSRUA services are filed after the enabling of this ordinance and prior to its expiration qualify for reduced impact fees as follows:

1. A deduction of _____% shall be applied to payment of 100% of total impact fees applicable for the application

MP
8-18-09

C. Special Provisions

1. Any and all impact fees paid at reduced rate in accordance with this resolution are not refundable.

2. Discounts provided by this resolution are applicable to impact fees only. No other costs or fees for projects will be discounted.