

City of Gainesville

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32601

Master

File Number: 160146.

File ID: 160146.	Type: Resolution	Status: Adopted
Version: 1	Agenda Section:	In Control: City Manager
Department:	Cost:	File Created: 07/05/2016
File Name:		Final Action: 07/21/2016

Title: Resolution Reestablishing ConnectFree Program and Directing the Expenditure of Program Funds (B)

This item is a resolution to re-establish the ConnectFree Program.

Notes:

Code Sections:	Agenda Date: 07/21/2016
Indexes:	Agenda Number:
Sponsors:	Enactment Date:
Attachments: 160146A_ConnectFree Resolution_20160721.pdf, 160146B_ConnectFree presentation_20160721.pdf, 160146_Resolution_20160721.pdf	Enactment Number:
Contact Name:	Hearing Date:
Drafter Name:	Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Commission	07/21/2016	Adopted (Resolution)				Pass
	Action Text:	A motion was made by Commissioner Hayes-Santos, seconded by Mayor-Commissioner Pro Tem Warren, that this Matter be Adopted (Resolution). The motion carried by the following vote:					
	Notes:	<i>Fred Murry, Rick Hutton and Tony Cunningham made presentations.</i>					
		<i>Jim Konish, Annie Orlando, Alexander Zackerman and Donald Shepherd spoke to the matter.</i>					
		Aye: 4 Commissioner Goston, Mayor Poe, Commissioner Hayes-Santos, and Mayor-Commissioner Pro Tem Warren					
		Nay: 3 Commissioner Budd, Commissioner Chase, and Commissioner Carter					

Text of Legislative File 160146.

Title

Resolution Reestablishing ConnectFree Program and Directing the Expenditure of Program Funds (B)

This item is a resolution to re-establish the ConnectFree Program.**Recommendation**

Staff recommends that the City Commission adopt the resolution.

The Utility Advisory Board recommends that the City Commission suspend the 25% connection fee and find another way to fund ConnectFree and reimburse GRU for the unfunded mandate connected with this program.

Explanation

The City of Gainesville, in accordance with Sections 27-128 and 27-169 of the Code of Ordinances, imposes a 25 percent surcharge on water and wastewater connection charges incurred beyond the municipal boundaries of the City. In 2003, the City created the ConnectFree Program (Resolution No. 030223, as amended by Resolution Nos. 050601, 130718, and 140313), which was funded by surcharges collected on water and wastewater connections, to assist with the extension, construction, and connection to the City's water, wastewater, and reclaimed water systems. In July 2014, the City Commission suspended the surcharges on water and wastewater connections for the 2015 fiscal year (Ordinance No. 140171) and discontinued the ConnectFree Program (Resolution No. 140313). The City Commission on May 7, 2015, voted to reinstate the ConnectFree Program (Legislative File No. 140680) and reinstated the surcharges starting in FY 2016 with the adoption of Ordinance No. 150246 on September 17, 2015.

The Community Development Committee and the City Commission decided on the criteria to identify and prioritize projects eligible to receive ConnectFree Program assistance. The ConnectFree Program policy established in this resolution is as follows: 1) grants shall assist with the payment of costs associated with the extension, construction, and connection to the City's water, wastewater, and reclaimed water systems throughout the entire Gainesville Regional Utilities (GRU) service area; 2) households with incomes at or below the 80% median income level for Gainesville, as established by the U.S. Department of Housing and Urban Development, are eligible to receive additional funding to assist with any necessary on-site plumbing modifications; 3) priority is given to low-income households and areas, as well as projects that promote the elimination or reduction of threats to public health, safety and environmental welfare; 4) a maximum funding limit is provided per customer and per neighborhood, with the limit to be evaluated annually; 5) the City Commission shall approve any projects receiving \$50,000 or greater; 6) criteria for the use of program funds by non-profits/governments that serve special needs populations; and 7) staff reporting back in eighteen (18) months to provide an assessment of the administration of the ConnectFree Program.

Fiscal Note

Projections indicate that the re-instated 25% surcharge on water and wastewater connection charges in the unincorporated area will generate approximately \$250,000 annually to fund the ConnectFree Program.

RESOLUTION NO. 160146**PASSED: July 21, 2016**

A resolution of the City of Gainesville, Florida, providing that all surcharges collected on water and wastewater connection charges incurred beyond the municipal boundaries shall fund the ConnectFree Program to assist certain projects, as identified and prioritized in this resolution, with the extension, construction, and connection to the City's water, wastewater, and reclaimed water systems.

WHEREAS, the City of Gainesville owns, operates, and maintains a utility system that provides electric power, water, wastewater, natural gas and telecommunication services to a region within and beyond the municipal boundaries of the City; and

WHEREAS, the City of Gainesville, in accordance with Sections 27-128 and 27-169 of the Code of Ordinances, imposes a 25 percent surcharge on water and wastewater connection charges incurred beyond the municipal boundaries of the City; and

WHEREAS, in 2003, the City created the ConnectFree Program (Resolution No. 030223, as amended by Resolution Nos. 050601, 130718, and 140313), which was funded by surcharges collected on water and wastewater connections, to assist with the extension, construction, and connection to the City's water, wastewater, and reclaimed water systems; and

WHEREAS, after the City Commission in 2014 discontinued the surcharges on water and wastewater connections (Ordinance No. 140171) and the ConnectFree Program (Resolution No. 140313), the City Commission on May 7, 2015, voted to reinstate the ConnectFree Program (Legislative File No. 140680) and reinstated the surcharges with the adoption of Ordinance No. 150246 on September 17, 2015; and

WHEREAS, this resolution reestablishes the ConnectFree Program and directs the expenditure of ConnectFree Program funds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:

1. **Source of Funding.** All surcharges collected on water and wastewater connection charges incurred beyond the municipal boundaries in accordance with Sections 27-128 and 27-169 of the Code of Ordinances shall be used to fund the ConnectFree Program, which shall be administered in accordance with this resolution.
2. **ConnectFree Program Criteria.** The City Manager or designee(s) shall identify and prioritize projects to receive ConnectFree Program funding in accordance with the following:
 - a. The ConnectFree Program shall provide grant funding to assist with the

payment of costs associated with the extension, construction, and connection to the City's water, wastewater, and reclaimed water systems throughout the entire Gainesville Regional Utilities (GRU) service area. In addition to the aforementioned assistance, the ConnectFree Program shall provide grant funding to assist income eligible households with the costs of on-site plumbing modifications needed to extend, construct, or connect to the City's water, wastewater, or reclaimed water systems. Income eligible households are those that meet the criteria for low income, very low income, or extremely low income as defined by the U.S. Department of Housing and Urban Development (HUD).

- b. Projects that receive ConnectFree Program funding shall be limited to: 1) owner-occupied or rental residential dwellings, and 2) facilities that are owned and operated by nonprofit organizations or government entities to benefit special needs populations in the community. Special needs populations include but are not limited to: elderly persons; disabled persons; homeless persons; veterans; persons with chronic illnesses; at-risk youth; survivors of domestic violence; and persons with addictions.
- c. ConnectFree Program funds should be allocated on an annual basis as follows, but may be reallocated by the City Manager or designee(s) based on actual needs:
- i. **60% - Single Units/Neighborhood Extensions – Owner-occupied/rental and non-profit/government individual properties;**
 - ii. **15% - Affordable Housing (minimum \$37,500) – Local government contribution to affordable housing development projects leveraged with federal/state low-income housing tax credits;**
 - iii. **10% - Public Health, Safety, Environmental (minimum \$25,000) – Projects to address public health, safety or environmental welfare; and**
 - iv. **15% - Program Delivery (minimum \$37,500) – Costs for administering the ConnectFree Program.**
- d. Funding priorities:

	Tier 1	Tier 2	Tier 3
Low-Income Area or Household AND Public Health/Safety/Environmental	X		
Low-Income Area or Household		X	
Public Health/Safety/Environmental		X	
Non-Profit/Government		X	
Non-Low-Income Area or Household			X

- e. The maximum funding provided for an extension to an individual structure shall be \$10,000 for water facilities and \$25,000 for wastewater facilities, which shall be in addition to any applicable on-site plumbing modifications and connection charges/surcharges also paid by the ConnectFree Program. Neighborhood extensions to serve more than one structure shall meet one of the following: 1) all structures are participating and each individual structure receives funding at or below the maximum funding limit set forth in this section, or 2) at least 60% of the total number of structures is participating and each of the individual structures, whether participating or not, receives a funding benefit at or below the maximum funding limit set forth in this section.
- f. The City Manager or designee is authorized to administer the ConnectFree Program and disburse all funding in accordance with this resolution. Any projects receiving \$50,000 or greater require approval by the City Commission.

3. **Effective Date.** Upon adoption, this resolution shall become effective immediately and supersedes and replaces Resolution No. 140313.

PASSED AND ADOPTED this 21st day of July, 2016.

Lauren Poe
Mayor

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

Kurt Lannon
Clerk of the Commission

Nicolle M. Shalley
City Attorney



Connect Free Program (PROPOSED)





- 2003 - Original ConnectFree Resolution
 - Extend water, wastewater & reclaimed water to residences inside City
 - Funded via ½ of proceeds from 25% surcharge on water and wastewater connection charges outside City
- July 2014 – City Commission decision
 - Suspend program for 1 year
 - Disperse remaining unencumbered funds
 - Refer to Base Rates Fuel Adjustment Committee (BRFA)



- Base Rate & Fuel Adjustment Committee Report (March 5, 2015) recommendations:
 - Create dedicated funding source
 - Put program under general government control
 - Focus on low income residents, feasible locations, dense population & possibly non-profits that offer significant public benefit
 - Develop criteria for non-profits
 - Discuss per customer cap & annual evaluation of cap



- **May 7, 2015 City Commission Meeting**
(Legislative Item #140680)
- **Develop a General Government managed water/wastewater connection program**
- **Re-establish funding by re-instituting 25% surcharge on new water and wastewater connections in unincorporated area**
 - Entire surcharge revenue to go to ConnectFree
 - Twice the historical level (previously ½ of surcharge revenue)
 - Estimated revenue \$250,000/year



- Open up eligibility to GRU service territory
- Refer issue to Community Development Committee (CDC) for further discussion & recommendations



- December 2, 2015 - CDC recommendation:
 - Available throughout GRU service area;
 - Funding as grant, no payback;
 - Funding priority given to public, health and safety; low income households; and low income areas;
 - On-site plumbing modifications for low income households at or below the 80% median income level for Gainesville, with staff given the flexibility to make decisions regarding income-level eligibility;



- Maximum funding cap per customer, evaluated annually;
- Notify City Commission of projects \$50K or more;
- Assistance to non-profits and government entities serving special needs populations;
- Minimum 60% participation for neighborhood extensions;
- Staff reporting back in eighteen (18) months with program results.



- **Water/Wastewater Extensions**
 - Reclaimed Water (lower priority)
- **Feasible locations in densely populated low-income areas**
- **Priority given to units with health, safety and/or environmental issues**
- **Based on Cost Effectiveness/Efficiency**



- **Water & Wastewater Extensions**
- **Connection Fees**
- **On-Site Plumbing Modifications**



- **Extend lines to owner's property boundary**
- **Costs vary, determined by engineering analysis**
- **Maximum proposed spending caps:**
 - Water Extensions \$10,000
 - Wastewater Extensions \$25,000
- **Some restrictions apply:**
 - Property owners required to pay extension costs exceeding the maximum funding cap
 - Exceptions on case-by-case basis, subject to City Manager or designee approval



Connection Fees (FY 2016)

180175B

- **Water Connections:** **\$1,756**
- **Wastewater Connections:** **\$3,935**

- **Connect Free Program will pay connection fees**
- **Connect Free Program will pay 25% surcharge fee, if applicable**
- **Fees adjusted annually with City Commission approval**



- Installation of plumbing to connect services to central water/wastewater systems
 - Well Abandonment or Backflow Preventer
 - Septic Tank Abandonment
- Typically \$400-\$700 Water; \$1,200-\$1,500 Wastewater
 - *Property owners required to pay for on-site plumbing modifications.*
 - *Exception: program will pay the on-site plumbing costs for income eligible households up to (80)% Median Family Income.*

Income Eligible Households 180175B

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) 2015 INCOME LIMITS FOR GAINESVILLE AREA

FAMILY SIZE (Persons)	EXTREMELY LOW 30% Median Family Income	VERY LOW INCOME 50% Median Family Income	LOW INCOME 80% Median Family Income
1	\$13,450	\$22,350	\$35,750
2	\$15,930	\$25,550	\$40,850
3	\$20,090	\$28,750	\$45,950
4	\$24,250	\$31,900	\$51,050
5	\$28,410	\$34,500	\$55,150
6	\$32,570	\$37,050	\$59,250
7	\$36,730	\$39,600	\$63,350
8	\$40,890	\$42,150	\$67,400

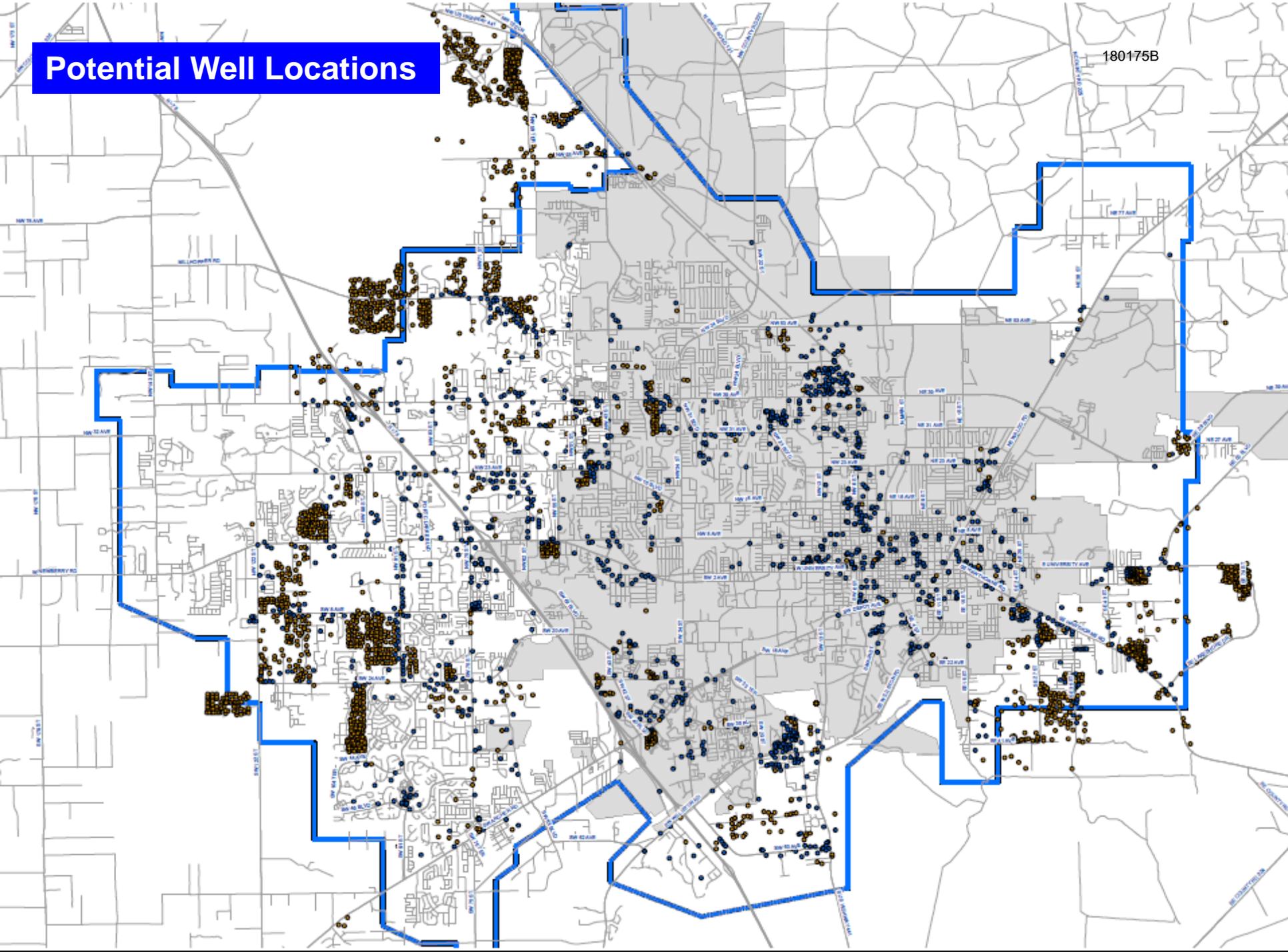
The Income Limits used in the ConnectFree Program are updated annually from HUD



- **Existing Residential** (Owner Occupied or Rental)
- **Existing Non-Residential** (Non-Profit or Government)
 - Used primarily for charitable services to benefit Special Needs Populations in the community:
 - Special Needs Population include, but are not limited to: the elderly (including nursing homes); physically disabled persons; homeless persons, veterans, persons with HIV/AIDS; at-risk youth; survivors of domestic violence; mentally disabled persons; and/or individuals with a history of chemical dependency.
- **New/Existing Affordable Housing**
 - Local Government Contribution (Tax Credit Projects)

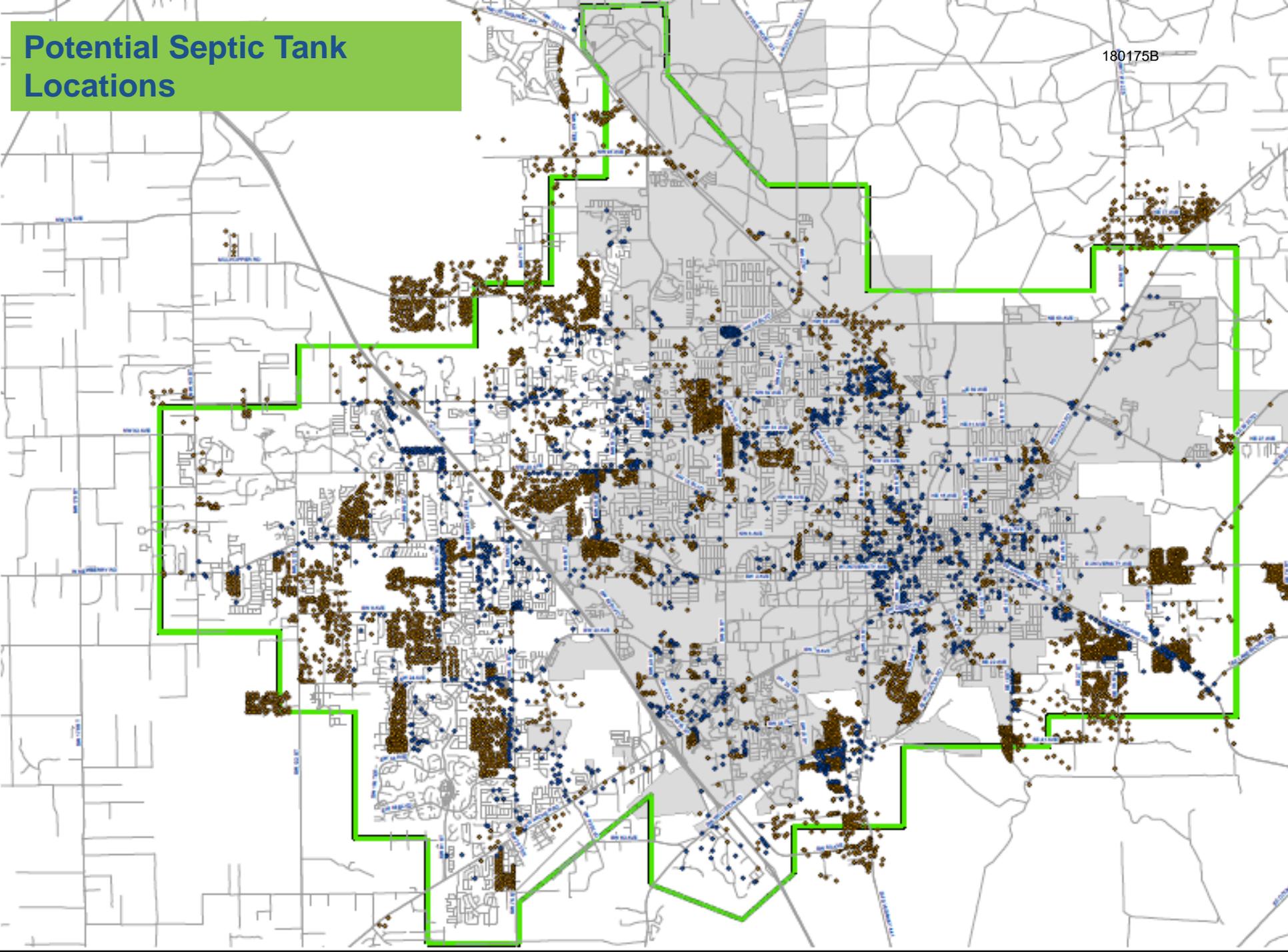
Potential Well Locations

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Potential Septic Tank Locations

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Single Unit vs. Neighborhood Extensions

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Single Unit

- Individual owner that is near existing water or sewer line
- Extension cost subject to caps

Neighborhood

- Requires longer extension
- Extension cost subject to “cumulative” cap
- Typically not everyone will agree to connect



- Extensions to serve more than 1 property must meet **ONE** of these criteria:
 1. The cost per participating home is within the per lot cap (\$10,000 Water; \$25,000 Wastewater)
- OR**
2. The cost per potentially served home is within the per lot cap **AND** 60% of the potentially served lots are participating

Maximum Funding Per Customer

Water

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Item	Low Income	Non Low Income	Non Profit	Rental
Water Ext.	\$10,000	\$10,000	\$10,000	\$10,000
Connect Fee	\$ 1,756	\$ 1,756	\$ 1,756	\$ 1,756
On-Site Plumbing	\$ 500*	Not Eligible	Not Eligible	Not Eligible
Total Water	\$12,256	\$11,756	\$11,756	\$11,756

*Estimated

Maximum Funding Per Customer Wastewater

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Item	Low Income	Non Low Income	Non Profit	Rental
Wastewater Ext.	\$25,000	\$25,000	\$25,000	\$25,000
Connect Fee	\$ 3,935	\$ 3,935	\$ 3,935	\$ 3,935
On-Site Plumbing	\$ 1,200*	Not Eligible	Not Eligible	Not Eligible
Total Wastewater	\$30,135	\$28,935	\$28,935	\$28,935

*Estimated

Maximum Funding Per Customer

Water & Wastewater

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Item	Low Income	Non Low Income	Non Profit	Rental
Total Water	\$12,256	\$11,756	\$11,756	\$11,756
Total Wastewater	\$30,135	\$28,935	\$28,935	\$28,935
Total Water/Wastewater	\$42,391*	\$40,691	\$40,691	\$40,691

*Estimated

Funding Priorities

	Tier 1	Tier 2	Tier 3
Low Income Area or Low Income Household; and Public Health/Safety	X		
Low Income Area		X	
Low Income Household		X	
Non-Profit Org/Gov. Entity		X	
Public Health/Safety		X	
Non-Low Income/ Non-Low Income Area			X

GRU Service Area



MAP NOTES:

Water and sewer utility service area boundary is an approximation based on current distribution main locations plus an additional 1/4 mile buffer representing estimated potential service radius.

Boundary as shown should only be used for gross planning purposes and is not intended to represent individual customer service locations or serveability.

Availability of service and extensions may also be impacted by the Urban Services Line, which is defined in the Alachua County Comprehensive Plan.

Actual availability and requirements for service, and any applicable charges, may be determined by contacting the GRU New

Legend

-  GRU Water Service Area
-  GRU Sewer Service Area
-  Municipalities

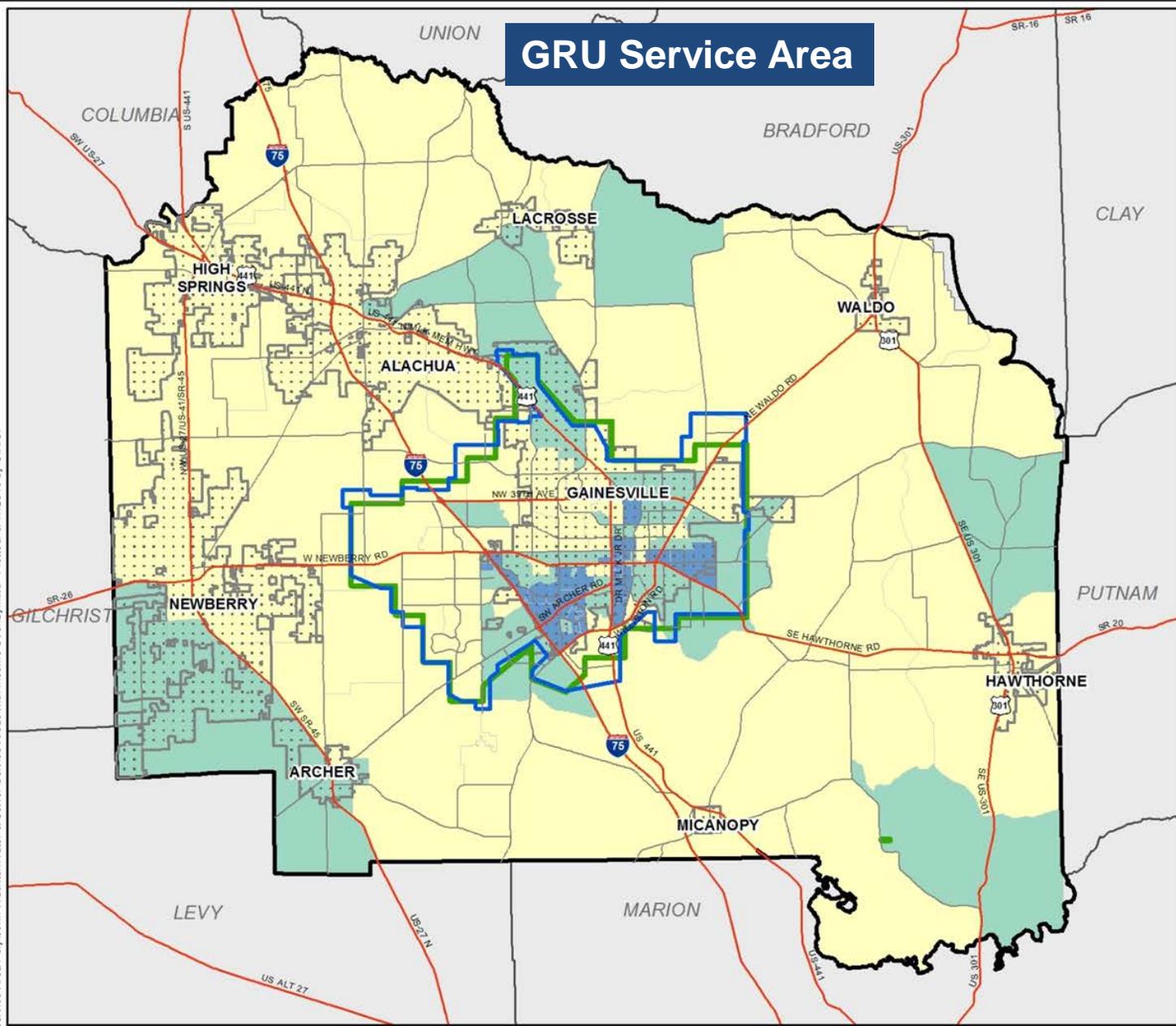
Percent of Low and Moderate Income Residents by Census Block Group

-  0 - 50.9%
-  51 - 74.9%
-  75 - 100%

Census Data Source:
US Department of Housing and Urban Development

https://www.hudexchange.info/onecpd/assets/File/ACS_2006_lowmod_blockgroup_fl_2015.xlsx

As forwarded by
Liz Thompson, UF College of Design, Planning, & Construction



D:\arcdata\Service Area Poly\obm\Wochell\Water & Sewer Service Area with Income Overlay.mxd Plotted: 3/17/2016 by C.A.O.

Census Block Group Income Data with GRU Approximate Service Area Boundaries



■ Wells

- Not meeting primary drinking water standards

■ Septic Tanks

- Threat to human health
- Impact to waterway

■ Well/Septic Tank Assessments

- Staff will partner with Alachua County Health Department to assist with Public, Health, Safety and Environmental assessments

- **Open Enrollment**
- **First Ready/First Served**
 - Tiers 1 and 2
 - Tier 3 (Waiting List)
- **Mid-Year Assessment**
 - Evaluate program to determine whether to offer services to Tier 3
 - Provide status reports to City Commission, as needed
 - Notify City Commission of projects over \$50k

Annual Program Budget

(Estimated-\$250,000)

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Program Set-Aside	Percentage	Amount
Single Units/Neighborhood Ext. <ul style="list-style-type: none"> Owner Occupied, Rental, Non-Profits Individual Properties Requesting Ext. 	60%	\$150,000
Public/Health/Safety/Environmental	10%	\$25,000 (min.)
Affordable Housing <ul style="list-style-type: none"> Local Government Contribution (Tax Credits) 	15%	\$37,500 (min.)
Program Delivery <ul style="list-style-type: none"> Administration, Advertising, etc. 	15%	\$37,500 (min.)
Total	100%	\$250,000

**City Manager or designee may reallocate funds based on program needs.*

Program Changes	Connect Free Program (Former)	Connect Free Program (Proposed)
Service Area	City Wide	GRU Service Area
Administration	GRU (Primary) and General Government	General Government (Primary) w/ GRU assistance
Surcharge Allocation	50% General Government 50% Connect Free	100% Connect Free
Maximum Funding Award	Water: \$ 9,256+ Wastewater: \$18,935+ (additional award up to \$500-\$1,200 for on-site plumbing costs for Low Income Households)	Water: \$11,756+ Wastewater: \$28,935+ (additional award up to \$500-\$1,200 for on-site plumbing costs for Low Income Households)
Funding Set-Asides	Public/Health/Safety (20%)* Affordable Housing (20%)* Programmed Extension (60%) (*unexpended balances rolled to Programmed Ext. at end of fiscal year)	Public/Health/Safety (10%) Affordable Housing (15%) Program Delivery (15%) Neighborhood Extension (60%) (City Manager or designee may reallocate funds based on program needs)
Funding Prioritization	Programmed Extensions: 1. CDBG Target Area W/WW Connection 2. CDBG Target Area Water Ext 3. Enterprise Zone W/WW Connection 4. Enterprise Zone Water Ext. 5. Other W/WW Connection 6. Other Water Ext. 7. CDBG Target Area WW Ext. 8. Enterprise Zone WW Ext. 9. Other WW Ext	Tier 1: Low Income/Low Income Area AND Public Health Safety Tier 2: Low Income OR Low Income Area OR Non-Profit/Govt. OR Public Health Safety Tier 3: Non Low Income OR Non Low Income Area



- Water/Wastewater Extensions
 - Reclaimed Water-lower priority
- Priority
 - Low income households, low-income areas & health, safety and/or environmental issues
- Caps on Extension Costs
- On-site plumbing for low-income households
- Assistance in form of a Grant
- Eligible to property owners within GRU Service Area



Summary (continued)

- Open Enrollment
 - Tiers 1 and 2 - First Ready/First Served
 - Tier 3 - Waiting List/Mid-Year Evaluation
- City Commission notification for projects over \$50K
- City Manager or designee reallocate funds based on needs
- Program review/evaluation to City Commission within 18 months

Recommendation:

- **City Commission adopt the Proposed ConnectFree Resolution**