

LEGISLATIVE #

110541B

Funding of Water & Sewer Improvements for the Innovation District

Presented to:
Gainesville City Commission
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GRU General Extension Policy

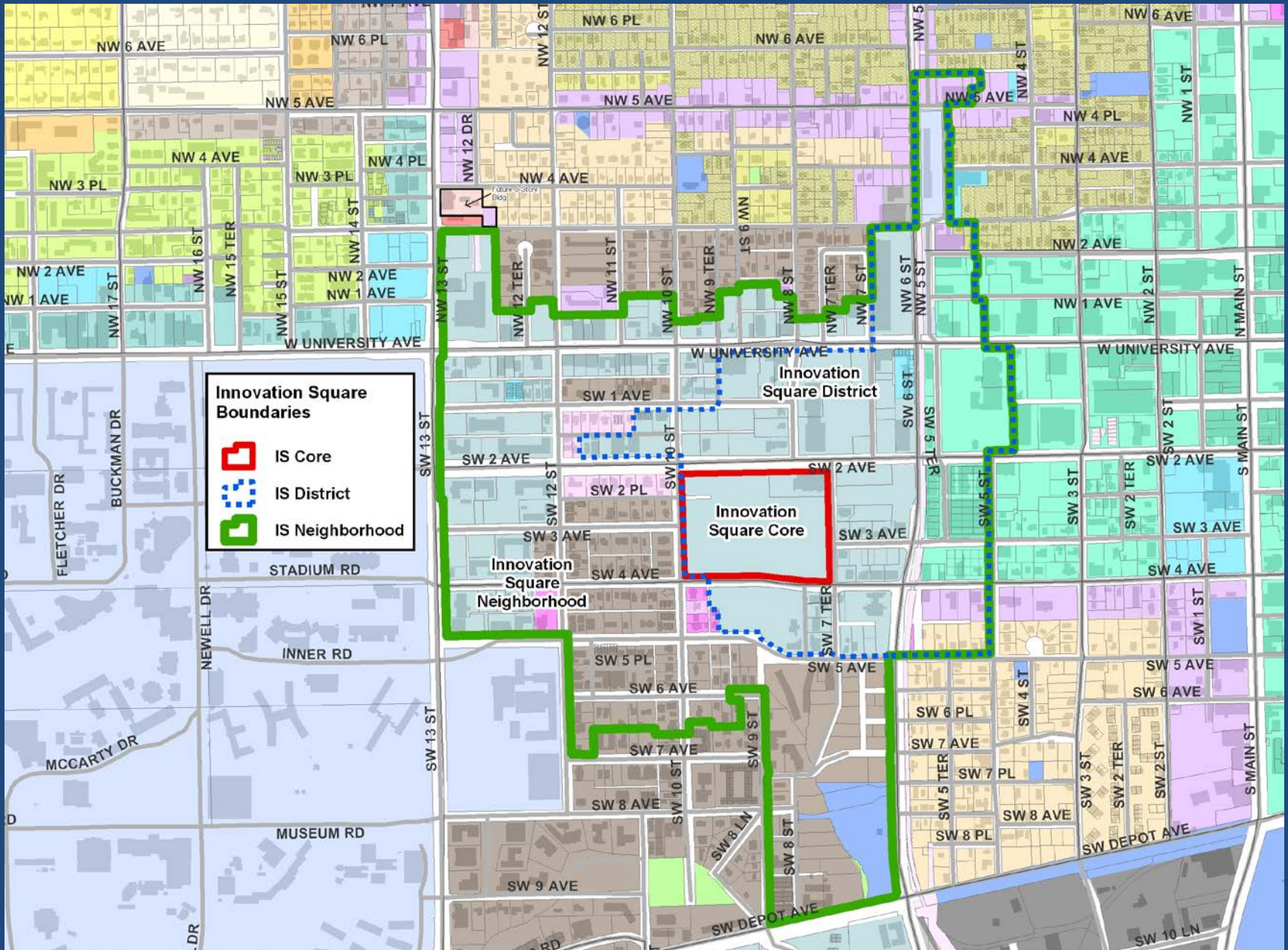
- New development pays the cost for improvements needed to serve it
 - New piping to connect development
 - Capacity upgrades to existing facilities
- GRU pays for oversizing
 - Oversizing costs recovered through connection charges
- Existing customers do not subsidize new development

Urban Core Extension Policy

- Approved by City Commission April 2007
- ***Applies only to sewer trunk mains (>10" in diameter) in the urban core area (including IDistrict)***
- GRU will pay for improvements to sewer trunk mains that do not meet current standards for slope
- For other trunk mains GRU will pay 40% of the cost
- Connection charges levelized to fund GRU costs

Innovation District Boundaries

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IDistrict Characteristics

- Redevelopment Area (currently low density)
- High Density Redevelopment
- Traditional & Advanced Utilities
- Multiple Property Owners
- “Time to Market” Critical
- High Development Demand
- Ability to Pay Extra Charges in order to improve time to market

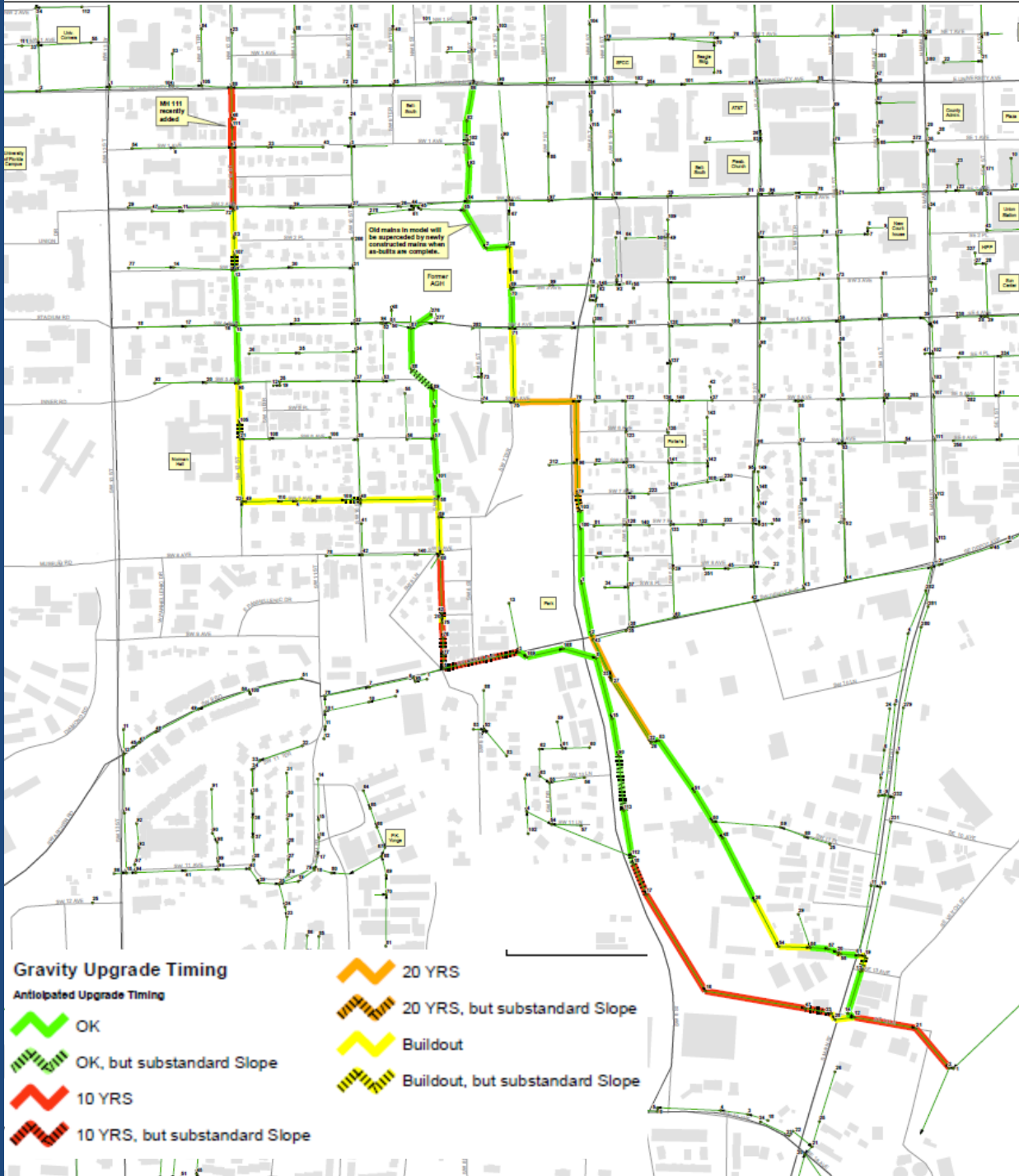
Disadvantages/Concerns of Existing Policy for IDistrict

- **Cost of Infrastructure Improvements May be Borne Disproportionately by Some Projects**
 - Development project which “trips” capacity constraint will be responsible for improvements
 - Small project may be responsible for large water &/or sewer improvements
 - Existing urban core policy helps to mitigate sewer costs, however due to the magnitude of improvements required within & downstream of Innovation District, remaining costs to developers are still substantial

Disadvantages/Concerns (cont'd)

- **Design & Construction of utilities on a project by project basis likely to prolong time to market**
 - Complex design
 - Multiple developers
- **Funding not in place to fund w/ww improvements in conjunction with roadwork**
- **Development outside of Innovation District will contribute to capacity constraints within and downstream of Innovation District**

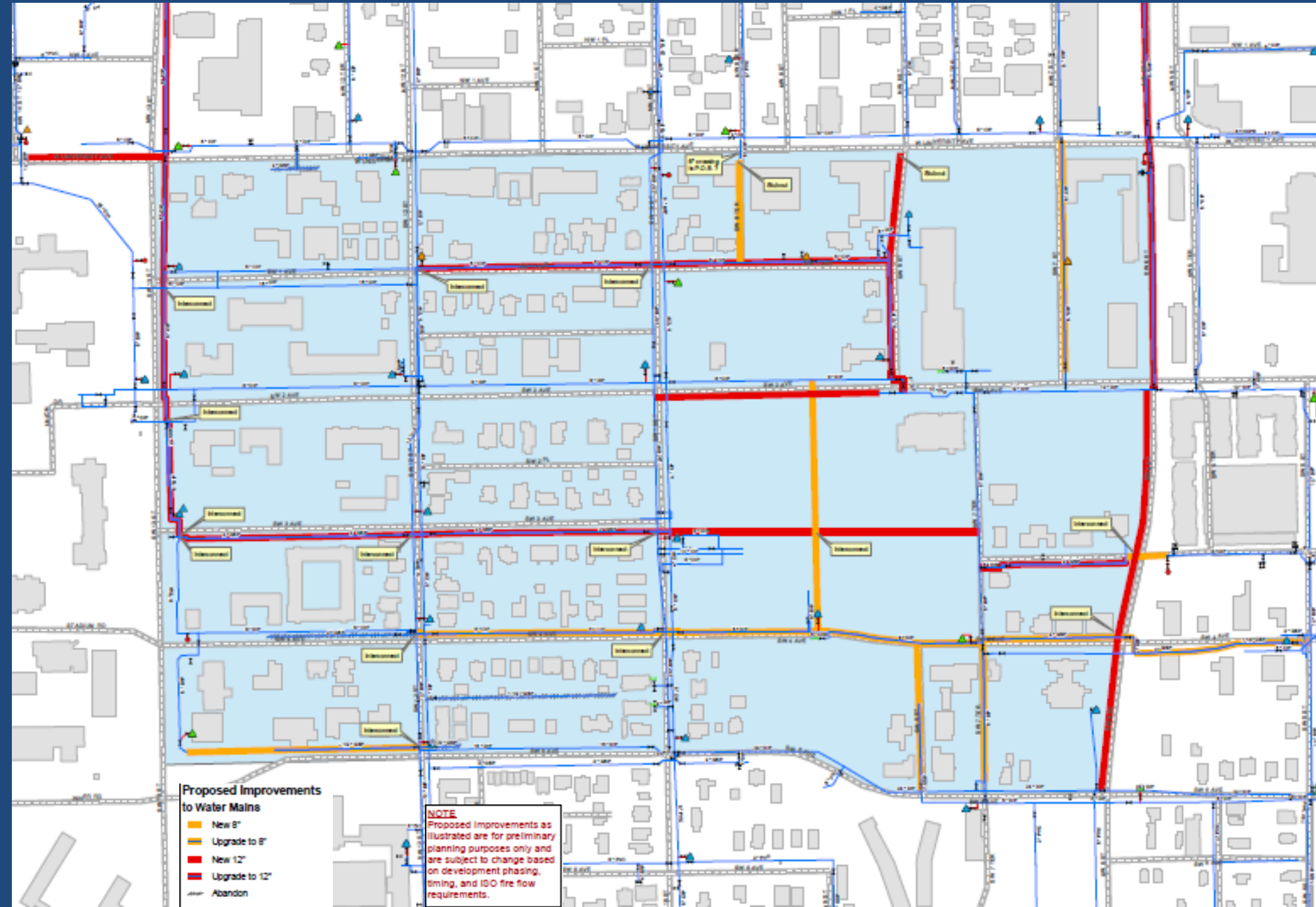
Projected Gravity Sewer Trunk Main Improvements



NOTE
Proposed Improvements and timing estimates as illustrated are for preliminary planning purposes only and are subject to change based on development phasing, flow demands, and timing.

Projected Water Improvements

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Approximate Costs

- **Water System Capacity Improvements**
 - ~\$2 Million
- **Sewer Trunk Main Capacity Improvements**
 - \$4 - \$5 Million Total Cost
 - ~\$2 - \$2.5 Million of this total will be funded by development (based on Urban Core policy)
 - Includes significant downstream improvements
- **Water and Sewer Extensions – TBD**
- **Reclaimed Water Extensions – TBD**

Funding Alternatives Evaluated

1. Continue Current Policies
2. Special Area Infrastructure Charge
3. Capital Recovery Charge
4. Special Tax Assessment
5. Tax Increment Financing
6. IDistrict Capital Recovery Charge (to all GRU customers)

Recommended Funding Approaches

- **Special Area Infrastructure Charge**
 - Applied to new connections within defined area
 - Due at the time of connection
- **Capital Recovery Charge**
 - Property owners agree to pay monthly or annual fee

**Allow property owner/developer to choose which approach they use. Capital Recovery charge will require financial assurance*

Issues

- Preliminary Design & Phasing
- Boundaries of areas subject to Special Area Infrastructure Charge or Capital Recovery Charge
- Program Procedures and Administration

Recommendation

- The City Commission direct the City Attorney to draft, and the City Clerk to advertise the ordinance to establish and adopt a Special Area Infrastructure Charge (applied to new connections) and a Capital Recovery Charge to Property Owners (annual or monthly fee to property owners) within designated areas in and around the IDistrict.