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Date	Ver.	Action By	Action	Result
4/25/2005	0	City Commission	Approved as Recommended	Pass

Water/Wastewater Extensions Funded by Surcharge Proceeds (B)
 Effective October 1, 2001, GRU began collecting a 25 percent surcharge on connection charges for customers connecting to the water and wastewater system outside of the City Limits. On July 28, 2003, the City Commission passed Resolution 030223 specifying that one half of surcharge monies from this source would be used to extend water, wastewater, and reclaimed water services within the City. Further, the resolution specified that 20 percent of the available funding would be used to address public health, safety, and environmental issues, 20 percent to be used to serve affordable housing, and 60 percent to be used for programmed water and wastewater extensions with the initial projects to be water service in low and moderate income areas. Use of this funding source was limited to funding facilities that are owned and maintained by the City (not to include any required plumbing retrofits on private property).

During the tenure of the previous City Manager, the City Manager and the General Manager of Utilities had agreed to develop a policy to administer the use of the surcharge proceeds including leveraging them with other grant funding sources. The policy was not developed prior to the departure of the previous City Manager, and the need for a comprehensive policy is becoming more important as surcharge funds continue to accumulate to extend water and wastewater facilities.

General Government staff (with the assistance of utility staff) have initiated discussions to develop appropriate programs to systematically extend water and wastewater service within the City, starting with low income areas. Unfortunately, on-site plumbing retrofits required in each home are believed to be a significant barrier to low income residents connecting to water, even if all other costs are paid by available funding. Since 2003, City Staff has sought other sources of grant funding to pay on-site plumbing costs in an effort to leverage the benefit of the City's funding available to expand water, wastewater, and reclaimed water services. City Staff requested state and federal monies to fund on-site plumbing retrofits last year as well as during the current state and federal budget process. No funding has yet been received to meet the identified need. Additionally, CDBG and SHIP funding have been sought to pay for on-site plumbing costs. To date, no funding from either of these sources have been received. There are a number of options for moving forward as summarized in the chart included in the agenda packet as backup.

To date, approximately \$70,000 has been encumbered for Tiger Bay (affordable housing), and water and wastewater services have been extended to serve two customers (public health and safety) at a total cost of \$3,677. There is

currently an unencumbered balance of approximately \$300,000 to fund water, wastewater, and reclaimed water service provision within the City.

It is important to note that Alachua County has provided moderate amounts of SHIP funding to extend facilities, pay connection charges, and pay for on-site plumbing costs in the unincorporated area as part of the Connect Free program. Alachua County has provided \$195,000 over the past 3 years for Connect Free, and has designated the entire pool of CDBG funding (\$750,000) for water and wastewater services provision in the current budget year. The City Commission: 1) Receive a report from staff on the status of extending water and wastewater service using surcharge funding on connection fees; and 2) direct the City Manager and General Manager for Utilities to bring back a proposal to the City Commission by December 31, 2005.

..Fiscal Note

Staff will continue to pursue alternate sources of funding for on-site plumbing and prepare to participate in CDBG and SHIP funding deliberations during the next budget cycle (FY2007).

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