



Legislation Text

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Innovation District Water, WasteWater and Reclaimed Water Infrastructure Funding (B)

In December 2011, the City Commission authorized staff to prepare an ordinance to establish a funding mechanism for water, wastewater, and reclaimed water improvements needed to support redevelopment in the Innovation District (iDistrict). Several alternatives were evaluated by staff and the Economic Development/University Community Committee (EDUCC). The proposed approach includes the designation of water, wastewater, and reclaimed water “iDistrict Infrastructure Improvement Areas.” Within these areas GRU will construct necessary capacity improvements. The cost for these improvements will be recovered via infrastructure improvement area charges applied to the building square footage of new development within the designated areas. Staff will present the proposed approach. An ordinance implementing the charges is being prepared and will be presented to the City Commission for first reading on December 19, 2013.

Significant capacity improvements to the potable and reclaimed water distribution systems and wastewater collection system will be required to meet projected future demands within the iDistrict and surrounding areas. GRU’s general water and wastewater extension policy requires that new development pay for the infrastructure improvements needed to serve it. This includes both additional piping needed to connect the development and improvements to existing facilities to increase capacity. Under the current policy, developers typically design and install most of these improvements, with GRU review and approval, as part of the design and construction for their development projects. GRU may elect to fund “oversizing” of improvements if deemed feasible. This policy is longstanding in the City of Gainesville and is common in many other municipalities.

There are unique characteristics within the iDistrict area that create a challenge for redevelopment under our current policy; however, these same distinctive characteristics will enable GRU to optimize infrastructure improvements with the proposed new policy. These characteristics include:

1. **High Density Redevelopment Imminent.** The area being redeveloped is currently mostly low to moderate density. Design of utilities within the iDistrict will be challenging due to the high density of redevelopment, the large number of utilities present, and the limited space allocation available for utilities. Design and construction of utility improvements on a project by project basis may be difficult and result in long lead times for design and construction, which could deter development. However, the design and construction of utility improvements by GRU based on a master plan will streamline the water and wastewater review and installation process.
2. **Multiple Developers.** The redevelopment of the iDistrict area will be driven by multiple developers each with independent engineers and designers. Having multiple independent project partners would make it difficult to optimize the design of utility infrastructure unless these improvements are master planned and coordinated by GRU.
3. **High Development Demand.** The projected development demand for iDistrict is higher than traditional redevelopment and therefore will need close coordination with GRU to optimize utility

infrastructure design and construction.

4. Large Infrastructure Improvements. Many of the improvements needed are fairly large in scale, but will benefit multiple projects. Without the proposed ordinance, costs for improvements may be disproportionately borne by some projects, depending on timing. A comprehensive policy and funding mechanism would proportionally distribute the cost of water, wastewater, and reclaimed water infrastructure throughout projects within the iDistrict Infrastructure Improvement Area.

5. Time to Market. The time to market for the iDistrict is critical. Having a policy and funding mechanism in place that allows GRU to design and construct utilities for the iDistrict area will expedite the redevelopment process.

With the proposed approach, GRU will construct water, sewer, and reclaimed water capacity improvements to meet development demands within the designated iDistrict Infrastructure Improvement Areas based on a master plan. The cost for these improvements will be recovered via iDistrict Infrastructure Improvement connection charges which will apply to new development within the designated areas. These charges will be calculated based on the square footage of new buildings constructed and will be due at the time water service is received.

Capital improvements anticipated during the 6-year capital budget period are included in GRU's long-range capital plans. The proposed approach will involve on-going capital expenditures by GRU, with recovery of these expenditures over time via revenues from future connections and redevelopments within the iDistrict Infrastructure Improvement Area.

The City Commission hear a presentation from staff on the proposed iDistrict Infrastructure Improvement Area ordinance for constructing and funding potable water, reclaimed water, and wastewater system capacity improvements in the iDistrict area.