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MEMORANDUM

Office of the Village Manager

April 3, 2017

Expansion of Potable Water System

At the March 14, 2017 Village Council meeting, Staff was requested to provide information regarding the history, status, and possible funding options for completing the waterlines, for the remaining properties to connect to the public water system. The entire Village is within the Miami-Dade County water and sewer service area, and the waterlines, as well as the sewer utility is owned and maintained by the County. For the last six years, the Village has met with many County and State representatives in an effort to obtain the funding necessary to complete the waterline project, as outlined in the Village's Water Master Plan.

The following information provides the history of the Village's efforts, properties remaining to connect, estimated cost to complete the waterline project, and a description of the funding opportunities for the Village.

Background

In January 2008 a Water Master Plan Report was completed by C3TS on behalf of the Village that identified approximately 1,500 single family homes without public water infrastructure, relying on individual private wells for their potable water needs. The Water Master Plan studied the requirements for the implementation of a system to provide these homes with potable water and fire protection; which at the time represented 30% of the single family homes in the Village.¹ The Master Plan included an analysis and design to expand the existing water system. The proposed waterline expansion consisted of a backbone system and a residential distribution system able to deliver both potable water service and fire protection to all residential areas within the Village which currently had no existing public water supply system.² The backbone system consisted of several proposed

¹ Village of Pinecrest Water Master Plan dated January 2008, prepared by C3TS, pages 1-2.

² Village of Pinecrest Water Master Plan dated January 2008, prepared by C3TS, page 7.



pipelines along major roadways identified as being necessary for expanding the distribution system into areas currently not being served. The Master Plan estimated the total construction cost for the backbone and distribution systems to be \$23 million. At the time of the 2008 Water Master Plan Report, the Village received an allocated from the 2004 Miami-Dade County General Obligation Bond (GOB) program of approximately \$4.3 million. These funds were specifically intended for village-wide water distribution and fire protection improvements. The Village at the time allocated (from the County GOB) approximately \$1million for upfront costs, associated with master-planning, design, construction plans, specifications and permitting. The Village earmarked the remaining \$3.3 million together with another \$1.5 million grant from the State of Florida for the construction of all of the basic backbone pipes and certain distribution lines. That left approximately \$19 million of un-funded needs to fully implement the proposed master-planned distribution water main improvements. The Village considered several options available in order to create reliable and sufficient funding sources to meet the unfunded needs. The following were the funding sources that were considered at the time:³

- Special Assessment Districts
- Special Taxing Districts
- Municipal General Obligation Bond
- Individual Developers

The Village surveyed the residents that had no access to potable public water and their interest in expanding the system. Out of 1087 respondents, 60% were in favor of proceeding with the project. In the next few months the Village attempted to establish a special assessment (to be paid by benefitting properties) for the costs associated with providing water service. However, after two attempts to establish a special assessment, the consideration was tabled, and at the January 15, 2008 Workshop, the Village Council directed the Village Manager to proceed with the “backbone system” with adjoining property owners paying only for their property connection to the system. In October 2008, the Village preceded with Phase I, constructing the backbone system, along the major roadways. On June 9, 2009 with funding still available, Phase 2 was added to the project, which included distribution systems providing water service to those residents that overwhelmingly voted in favor of the waterline project (with property owners paying for their property connection to the system). On January 10, 2010 Phase 1 and 2 of the Village’s Water Master Plan was completed.

In April 2011, a Water Master Plan Update Report was prepared by C3TS on behalf of the Village, providing an update to the 2008 Water Master Plan. The Report provided a summary of what was accomplished in Phase 1 and 2 of the Village Potable Water Main

³ Village of Pinecrest Water Master Plan dated January 2008, prepared by C3TS, page 11.

Expansion Project. The cost of Phase 1 was \$3.54 million and Phase 2 was \$2.18 million, paid for by a Miami-Dade County Water and Sewer General Obligation Bond of \$4,357,900, and a State grant of \$1,500,000.

Phase 1 which constructed the backbone of the system, included 323 services and 77 fire hydrants, and Phase 2 of the project, constructed distribution lines that included 242 services and 53 fire hydrants. Following the completion of Phase 1 and 2, there were 961 services remaining and 208 fire hydrants, representing about 18% of single-family homes in the Village.⁴

Requirement to Connect/Variance

Miami-Dade County Code Chapter 24 mandates connection of properties to abutting water mains within 90 days of their availability. Miami-Dade County Department of Environment Resource Management (DERM) is responsible for enforcing compliance with this regulation. The Village on behalf of area residents obtained a variance from the Miami-Dade County Environmental Quality Control Board deferring the requirement to connect from within 90 days of the installation to five (5) years. Later in 2009, the Village was successful again in deferring the requirement to connect for another five (5) years, until March 12, 2019, unless one of the following occurs⁵:

- Failure or contamination of a property's existing water well;
- Change in ownership;
- Construction of new home (single family or duplex); or
- Substantial improvements to home or duplex, consisting of any combination of repairs, reconstruction, alteration, or improvements so the residence, over the aforementioned ten (10) year period, that equals or exceed twenty-five (25) percent of the existing gross floor area.

Developer Installed Water Mains

Waterline extensions are required by Miami-Dade County Department of Regulatory and Environmental Resources (RER), formerly known as Department of Environmental Resource Management (D.E.R.M.). Any new development where there is new construction or existing buildings renovated beyond 50% of its assessed value requires connection to existing potable waterline, if the distance required connecting is within the "feasible" distance. The following is the formula:

⁴ Village of Pinecrest Water Master Plan Update Report dated April 2011, prepared by C3TS, page 1.

⁵ Village of Pinecrest Water Master Plan dated January 2008, prepared by C3TS, pages 9.

If the distance between the property and the nearest available point of connection to an available public water main is less than the result of the following formula, extension of the main is required:

Total Gross Square Feet/12 = Feasible Distance (Feet), or

If nearest public water main is located within two hundred (200) feet of the closest point of the property, extension of the main is required.

Language in the standard Developer Agreement requires the Developer to install services to existing properties. The Developer is reimbursed for service connections at \$1800 per 1" service and \$2500 per 2" service. The reimbursement to the Developer will be paid by Miami-Dade County Water and Sewer (WASA), within 90 days from the waterline extension being conveyed to WASA. The requirement for those existing properties to connect within 90 days of the waterline installation is enforced by RER, following notification from WASA that a line has been installed. For any new development that benefits from a newly installed waterline, WASA requires the new Developer to reimburse the Developer that installed the line at the following rate: for 8" waterline, at \$30 per foot, 12" waterline, at \$35 per foot, and 16" waterline, at \$42 per foot. This reimbursement opportunity is only good for a period of twelve (12) years, following conveyance of the waterline to WASA.

The Village has estimated through waterline extension and water meter permits that 86 homes have connected to water service as a result of the development requirements; and another 93 homes have connected to available waterlines adjacent to their property.

Water Impact Fees and Village Contributions

On July 10, 2012, the Village Council adopted Ordinance No. 2012-12, establishing a new potable water impact fee for development that does not have a water meter or that the extension is not within the feasible distance. C3TS services were engaged by the Village to study and develop a methodology for an impact fee. At the time, the cost to complete the remaining waterlines was approximately \$12 million. The homes remaining to be serviced were identified as single family residential lots with EU-1, EU-2, or EU-M zoning classification. The impact fee was developed based on the construction cost to complete the project, average street frontage of the zoning classification and a determination of the relative benefits received by the property owner (25%)⁶. The impact fees established were as follows:⁷

⁶ Village of Pinecrest Potable Water System Development Impact Fee Study, April 2012, pages 4 & 5.

⁷ Village of Pinecrest Potable Water System Development Impact Fee Study, C3TS.

EU-1\$2,944 (Plus 7.5% Administration Fee)

EU-M or EU-S.....\$1,732 (Plus 7.5% Administration Fee)

From October 15, 2012 through March 31, 2017, the Building Department has collected \$51,731.30 in water impact fees, affecting 17 homes.

In Fiscal Year 2012-13, the Village established a capital fund entitled "Waterline Improvements", contributing annually \$75,000 towards funding water line extensions. The Village has accumulated \$375,000 through Fiscal Year 2016-17.

Current Conditions

The map on the next page, illustrates the current status of properties (in regards to water service) in the Village. There are a total of 4,347 (out of 5,702 total properties) connected to the public water system; 611 properties are not connected, but have water available; and 744 properties have no water available, which represents 13% of total number of properties in the Village.

Estimated Cost of providing service to remaining properties

The Village's Public Works Department has determined that the estimated cost of installing the remaining waterlines is \$15 million, or \$150 per linear foot. This estimate includes approximately 18.5 miles of water line, and 208 fire hydrants. The details of the estimate is provided in the following table⁸.

Pinecrest Public Works

Village Water Line Order of Magnitude Cost Estimate

Date:	3/16/2017			
Location:	Pinecrest Waterline Map - last update March of 2017			
Prepared By:	Mark Spanioli, P.E. - Director of Public Works			
Item	Quantity	Unit	Unit Cost	Cost
8" DI WM	103850	LF	\$ 80.00	\$8,308,000.00
FH Assemble with Tee	208	Each	4,500.00	934,650.00
Water Services	744	Each	1,000.00	744,000.00
MOT	1	LS	100,000.00	100,000.00
Pavement Restoration	311550	SF	2.75	856,762.50
Trenching, Swale/Drive Rest.	109042.5	LF	12.85	1,401,196.13
			Subtotal:	\$12,344,608.63
			Design:	617,230.43
			Bonding & CG Fees:	246,892.17
			15% Contingency:	1,981,309.68
Grand Total:				\$15,190,040.91

**For verification, using the basic cost analysis per LF of water main at \$125 - \$150 / foot:
Order of Magnitude range is between: \$12.9 mil - \$15.2 mil**

Note: Revised on March 29, 2017

⁸ Construction cost estimate does not include the cost of funding the improvements (i.e. interest and fees).

Water service connections would be required to be arranged and paid for by the property owner. The cost varies from \$2500 to \$5000 (includes County meter and impact fees) depending on the site-specific characteristics and complexity of the job. Please note that the service connection fees are paid to a private plumber to make connection to the waterline and disconnect the well on private property. In addition, the Village's Building Department permit fee for a water meter connection is \$151.05.

In comparison to water line extensions and connections, the average cost to purchase and install a water filter system for a typical Pinecrest home is estimated at \$3,000, and annual cost to operate and maintain a private well water system is \$600 to \$750. In addition, there are costs associated with replacing the well and equipment, and for testing the water, which can range from \$300 to \$500 per year.

Future Considerations- Sea Level Rise Impact

Climate changes and sea level rise will affect to the ground water system. Sea-level rise may contaminate groundwater supplies due to landward and upward movement of the sea-water in coastal aquifers. The intrusion of saltwater into groundwater supply wells may potentially limit the amount of potable water available from the well. If the sea level rise occurs over the next 50 years, it will be imperative that the remaining residents connect to the public waterlines as it may be possible that the residential wells become contaminated with salt water intrusion and even cause cross contamination with the septic waste system.

A recent report entitled, *A Region Responds to Changing Climate*, prepared by the Southeast Florida Regional Climate Change Compact Counties in October 2012, and indicates that sea levels are projected to rise in South Florida within a range that extends from 9 to 24 inches by the year 2060.⁹

⁹ Village of Pinecrest, Florida Comprehensive Development Master Plan, "Climate Change", page 4.

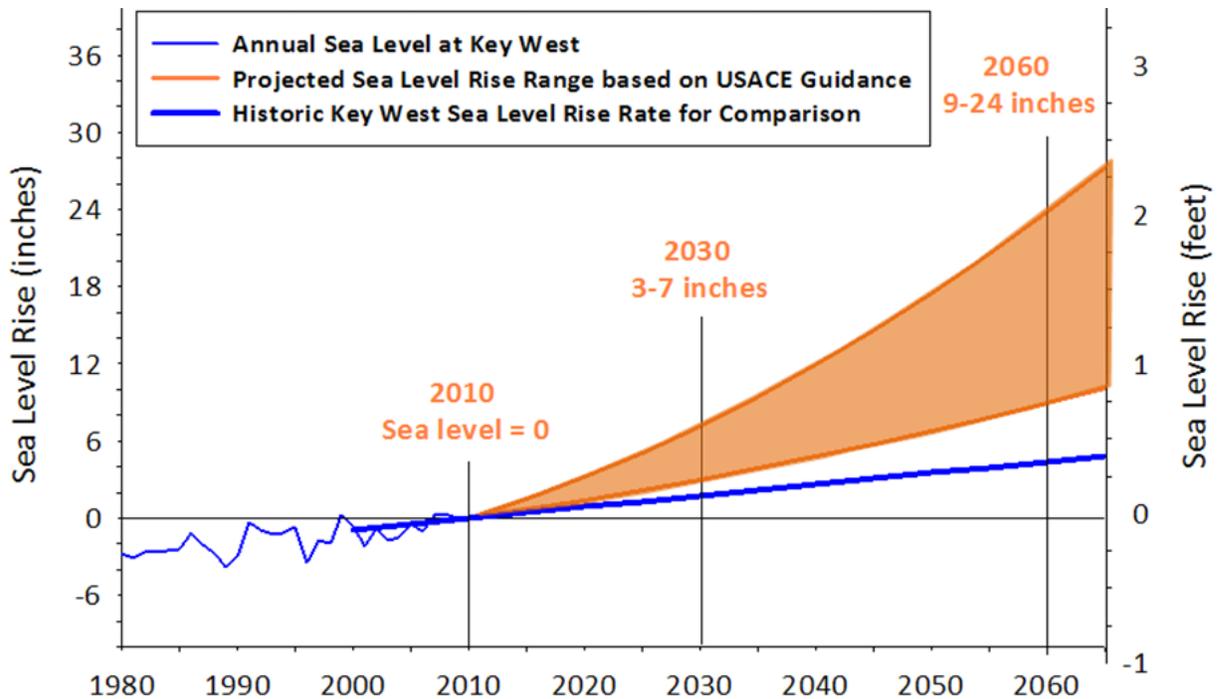


Figure 2: A Unified Sea Level Rise Projection for Southeast Florida (2011)

Source: *A Region Responds to a Changing Climate*, Southeast Florida Regional Climate Change Compact Counties, and October 2012. This projection uses historic tidal information from Key West and was calculated by Kristopher Esterson from the United States Army Corps of Engineers using USACE Guidance (USACE 2009) intermediate and high curves to represent the lower and upper bound for projected sea level rise in Southeast Florida.¹⁰

Exploring Funding Options

Approximately \$15 million, plus the cost of financing is needed to complete the proposed master-planned distribution waterline improvements. There are options available to the Village to create sufficient funding sources to complete the improvements. The following is a list of funding options, followed by a description of each:

- Federal Loan (WIFIA)
- State Revolving Fund (SRF)
- County General Obligation Bond
- County/Village Special Taxing District
- Village Special Assessment
- Municipal General Obligation Bond

¹⁰ Village of Pinecrest, Florida Comprehensive Development Master Plan, "Climate Change", page 4.

Federal Loan

The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established the WIFIA program, a federal credit program administered by EPA for eligible water and wastewater infrastructure projects. WIFIA and the WIFIA implementation rule outline the eligibility and other requirements for prospective borrowers. The Village would be eligible to apply under "small community" water infrastructure project, with minimum project cost of \$5 million. 51% of the funding is required to be identified before applying and funding may be combined with State Revolving Funds (SRF) loan, or other funding sources. EPA announces WIFIA funding availability and application process details in the Federal Register and on its website.

State Revolving Fund (SRF)

A State Revolving Fund (SRF) is a fund administered by a U.S. State for the purpose of providing low-interest loans for investments in water and sanitation infrastructure (e.g., sewage treatment, storm water management facilities, drinking water treatment), as well as for the implementation of nonpoint source pollution control and environmental protection projects. SRF receives its initial capital from federal grants and state contributions. It then "revolves" through the repayment of principal and the payment of interest on outstanding loans.

There are currently two SRF programs, the Clean Water State Revolving Fund created under the Clean Water Act, and the Drinking Water State Revolving Fund created under the Safe Drinking Water Act.

The SRF is available to the Village specifically for these types of water main improvements for public health reasons. *Please see the attached memorandum summarizing a conference call made on April 20, 2016 between the Village and representatives from the State regarding opportunities for the Village to use State Revolving Funds for funding water projects.*

County General Obligation Bond

General Obligation Bonds (GOB) are a way to finance government capital improvement projects such as those included in the Building Better Communities Bond Program. On November 2, 2004, the voters of Miami-Dade County approved the \$2.9 billion bond program which allowed the County to issue long-term bonds to fund more than 300 neighborhood and regional capital projects (including water main projects) to be completed over the next 15 years. This Bond provided funding for Phase 1 and Phase 2 of the Village Potable Water System Expansion project, completed in 2010. Recent discussions with WASA Representatives indicate that the County is currently exploring the possibility of

establishing another General Obligation Bond to address current and future infrastructure needs.

County/Village Special Taxing District

Prior to the November 2016 election, Miami-Dade County had the exclusive authority to establish and administer Special Taxing Districts. At said Election, the voters of Miami-Dade County approved allowing municipalities to establish and administer Special Taxing Districts (STD) pursuant to Chapter 18 of Miami-Dade County Code. Miami-Dade County Home Rule Charter now allows for the County and municipality, by joint resolutions (of the County Board of Commission and Village Council), designate to the municipality a new (or existing) special taxing district, within the boundaries of the municipality. Special Taxing Districts are created and established throughout Miami-Dade County to provide public improvements and special services which could not conveniently or equitably be provided otherwise to the residents of the district. Special Taxing Districts are petitioned for and by the property owners residing within the district boundaries and ratified by the qualified electorate within those boundaries. The improvements are paid for by the property owners through special assessments. Once established, improvements completed, special assessments are billed in advance for each fiscal year and included as an itemized portion of the annual real property tax bill, and payable at the time the real property tax bill is due. Some of the challenges with establishing a Special Taxing District are the interest rates and the lack of flexibility. For STD established by the County, the interest rate are higher (compared to using other loan opportunities, such as with the State Revolving Fund, and WIFIA), and the longest available payment term is 15 to 20 years (as compared to 20 to 30 years), resulting in a higher annual cost to property owners. The cost of a STD established by the Village maybe less, if the Village were to secure funding through a SRF or WIFIA loan program.

Village Special Assessment District

Special Assessment Districts are created pursuant to Florida Statute Chapter 170, and a local Village Ordinance to be approved to govern the establishment of such districts. Through a special assessment, each property is allocated a portion of the total cost of the project in proportion to the benefit derived. The assessment can be based on lot frontage, lot area, or by such other reasonable and equitable method that the Village may prescribe.¹¹ In 2008, the Village considered establishing a "Special Assessment" for the completion of the waterline project, and based the assessment on a "per connection basis" (an equal assessment per house). The Special Assessment was place on the Council Agenda more than once, but following Public Hearings, the Ordinance failed to be adopted.

¹¹ Village of Pinecrest Water Master Plan dated January 2008, prepared by C3TS, page 12.

According to Florida Statute, establishing Special Assessments require a series of public meetings and an affirmative vote of the Village Council in order to implement. The process is administered by the Village, and the County is not involved. Payment of the special assessment by the affected properties is normally allowed either as a single lump sum or as an annual payment over a period not to exceed thirty-years, with a reasonable interest rate, established by Village Council. ¹²

Based on an "assessment per connection", where the cost of improvements is \$15 million, an annual interest rate of 5%, paid over a thirty- year period; the cost per property (for the remaining 744 properties) would be approximately \$20,160 lump sum payment, or approximately \$1,415 per year, or \$118 per month.¹³ This figure can vary significantly depending on the size, configuration of the district(s), and the cost of financing the improvements.

Municipal General Obligation Bond

Improvement projects benefitting the entire Village may be funded through General Obligation Bond. General Obligation bonding is regulated by Florida Statutes. This type of funding mechanism would distribute the construction cost of the distribution water lines among all taxable properties within the municipal boundaries of the Village. General obligation bonds pledging tax revenues require an affirmative vote by the registered voters within the Village.¹⁴

Attachment(s):

- Summary of Conference Call Discussion held on April 20, 2016 regarding the use of State Revolving Funds on water projects
- Appendix 1- Related Questions and Answers
- Appendix 2- Frequently Asked Questions

¹² Village of Pinecrest Water Master Plan dated January 2008, prepared by C3TS, page 12.

¹³ Village of Pinecrest Finance Department, March 28, 2017.

¹⁴ Village of Pinecrest Water Master Plan dated January 2008, prepared by C3TS, page 13.

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The following are the answers to a series of questions posted during and following the March 14, 2017 Village Council meeting:

Special Taxing District

1. Does a Special Taxing District require to be set up by the Village?

No, it can be set up by the County. Prior to the last Election in 2016, the County was the only government entity that could establish a "Special Taxing District" and assess property owners for the cost of improvements through the tax bill. This last Election, voters changed the law to allow municipalities in Miami-Dade County to established a "Special Taxing District".do the same.

2. Is there a cost difference?

The cost may be less through the Village, given that the County charges everything associated with establishing the district, including an annual cost to administrator the district.

3. What are the steps involved with a special taxing district?

The steps to establish a County Special Taxing District are as follows¹:

- a.** Step 1- Petition Process: a letter of request is received by a Homeowner Association or a property owner with the signatures of at least 10% of the property owners desiring the improvements. A petition package is provided to the interested party for circulation and collection of signature from at least 50% or more of the resident property owners for the process to continue.
- b.** Step 2- Cost & Feasibility Study: A report detailing improvements, cost estimate, assessment method and district boundaries are prepared.
- c.** Step 3- District Creation: A public hearing is held by the municipality to support the establishment of the district, followed by the County holding a public hearing to consider the creation of the district.
- d.** Step 4- District Ratification: the County conducts an Election by mailed ballot. Sent to all registered voters residing within district boundaries. Majority vote is needed to ratify the district.

¹ Miami-Dade County Public Works Department Special Taxing Districts Division "The Special Taxing District Process", January 2, 2008.

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- e. Step 5- Collection of Special Assessments: Following the completion of improvements, a County public hearing is held on the District Assessment Roll. For capital improvements, a bill is sent to the property owner. If the owner decides not to pay his full share in a lump sum, he may elect to finance the cost, typically over ten years, with the first installment starting on his next tax bill (in November). If he elects to pay in a lump sum, bond costs will be deducted from the bill.
- f. Step 6- Miami-Dade County's policy is to enter into an interlocal agreement with a municipality to build these improvements when the district lies within its boundaries, in which case the County requires submission for County approval, of all design and plans for the district facilities.

4. What would the total cost be if the homes without water (744) were placed into a district and the project were designed and build?

The Public Works Department has estimated the cost of installing the remaining distribution lines to be \$15 million, approximately \$120 - \$150 per linear foot, plus financing fees and costs.

5. What would the assessment be per year (per month), for how many years?

The amount to complete the remaining distribution lines to provide potable water is \$15 million. If the Village were to assess the full cost of the improvements to the remaining properties (744), each owner would be required to pay approximately \$20,160 (in a lump sum), or if the cost were to be financed, assuming that the interest rate is at 5%, the following are the estimated payments per year (per month):

- a. Over a thirty (30) year period, approximately \$1,415 per year (\$118 per month)
- b. Over a twenty-five (25) year period, approximately \$1,541 per year (\$128 per month)
- c. Over a twenty (20) year period, approximately \$1,739 per year (\$145 per month)

6. What is the hook up costs?

The hook up costs are somewhere between \$2,500 and \$5000 depending on the project and size of meter required.

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7. What are any other tangential costs that would be associated?

No other tangible costs are anticipated, other than the actual hookup cost and financing identified above under items 5 & 6.

Village General Obligation Bond

8. What would the total costs be if we did this city-wide for all households?

The annual debt service for \$17 million \$15 million, plus finance fees and costs are approximately \$1.26 million annually for twenty years, which represents about .42 mil increase (every .10 mil generates approximately \$300,000). Based on the average taxable assessed value of a Pinecrest home at \$611,565², the millage rate increase will result in an increase Village tax amount from \$1,406.60 to \$1,681.80 (increase of \$275.20).

Other Funding Sources

9. List of the potential grants from the county, state and federal sources:

No grants have been identified at this time.

10. Is the county working on an alternative bond or funding source to build water lines for homes that don't have it? If so what is the time line on that?

The County has indicated that no alternative bond or funding sources have been identified at this time. However, County representatives have indicated that they are in the process of exploring a possible General Obligation Bond for future consideration to address current and future infrastructure needs.

Developer Installed Waterlines

11. How do we require new development or redevelopment to install water now?

The requirement to install a new water line for a new development is established by the County.

a. Is there a formula? What is it?

Yes: Article 1, Division 1 of chapter 24-5 of County Code: Feasible distance for public water mains shall mean the distance between the closest point of the property and the nearest available point of connection

² Average taxable assessed value obtained from Miami-Dade County Property Appraiser, dated July 1, 2016.

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to an available public water main is not excessive as determined by the Director or the Director's designee in accordance with the following:

$$\text{Total Gross Square Footage}/12 = \text{Feasible Distance (feet)}$$

If the distance between the property and the nearest available point of connection to an available public water main is less than the distance derived by dividing the sum of the existing and proposed gross floor area by a factor of twelve (12) square feet per linear foot of public water main, extension of public water mains to serve the property is required, or

Notwithstanding the above, if the nearest available point of connection to an available public water main is located within two hundred (200) feet of the closest point of the property, extension of public water mains to serve the property is required.

12. How many houses have put in waterlines?

The Village has estimated through water line extension and water meter permits, that 86 homes have water service connections as a result of the Developer installed waterlines; and another 93 homes have connected to available waterlines.

Village Potable Water Impact Fee

13. Is there a water impact fee? What is it?

Yes, on July 10, 2012, the Village Council adopted Ordinance No. 2012-12, establishing a new potable water impact fee for development that does not have a water meter or the extension is not within the feasible distance. The impact fees are as follows:³

EU-1	\$2,944 (Plus 7.5% Administration Fee)
EU-M or EU-S.....	\$1,732 (Plus 7.5% Administration Fee)

14. Is there a fund? Yes

a. How much is in it?

From October 15, 2012 through March 31, 2017, the Village has collected \$51,731.30 in water impact fees, affecting 17 homes.

b. How are contributions made to it?

Through the Building Department permit process.

³ Village of Pinecrest Potable Water System Development Impact Fee Study, C3TS.

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c. Can the Impact Fee be modified?

Yes. The Impact fee may be modified (increased) given that the cost of construction has increased and the number of properties remaining to connect has decreased.

15. Who pays the Village's Water Impact Fee?

Village's Water Impact fee is required to be paid by developments that do not have a water meter or does not require a new waterline (does not meet the feasible distance), and applies to residential development activity where the cost of the proposed construction (including new construction) exceeds 50% of the assessed value of existing development.

General Questions

16. Who controls this system?

Miami-Dade Water and Sewer Department.

17. Ask a real-estate agent or does some research on how many similar homes sell for with and without water?

a. Is there a value difference?

Three Realtors were contacted, of which one responded to the following questions: (any other response received will be provided at the Village Council meeting):

- *Is there a value difference between properties connect to waterlines as compared to properties connect to wells?
If so, what value difference would you give it? In terms of dollars? In terms of sales? (Do potential purchasers walk away from the purchase when the water supply comes from wells?)*
- *Any other comments you may have regarding this topic?*

JoAnn Roberts, Realtor 'The Pinecrest Specialist' 'Top 2% of Realtors Nationwide' CRS, GRI, SRES, ASP, CLHMS, Coldwell Banker Residential RE
12651 So Dixie Hwy, Pinecrest JoAnnRobertsHomes@gmail.com

Response: " I am not finding any difference in Pinecrest home values based on whether the homes are hooked up to the municipal water system or on wells. I personally have not had a buyer walk away or lose a sale if a property was on well water or municipal water. Many Pinecrest homes that I know of that are on well water have invested in purification systems and

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don't make any comments but are informed if the house has access to hooking up to the municipal system. But bottom line, I have not found any difference in Pinecrest home values if they are or are not hooked up to the municipal system. I personally think it's a wonderful option to have the municipal water to hook up to if homeowners wish to.. but it always seems to come down to "cost"..

Best regards to all, JoAnn Roberts

Please note: Any other response received from Realtors will be provided prior to, or at the Village Council meeting

18. What is the required standard distance for fire hydrants?

The required standard distance for our residential density is fire hydrants every 500'. This is set locally by Miami-Dade County.

19. If the Village finished the remaining waterlines, would there be a consequence to County required Flow/Pressure?

If the Village was to complete the remaining waterlines, this will increase flow and pressure of the system, not decrease it.

Sea Level Rise

20. Is a project like this imperative?

Not at this time, but eventually may become imperative.

- a. What will the impacts of sea level rise be?** If the higher projected sea level rises occur over the next 50 years, it will be imperative that the remaining residents connect to the public waterlines as it may be possible that residential wells become contaminated with salt water intrusion and even cross contamination with septic system waste.

Water Connection Variance

21. Pinecrest's variance on water connection, 2009, will sunset in 2019. Are there any other municipalities that have this type of variance?

Yes. South Miami had a similar extension of time for their residents (until May 13, 2011). Palmetto Bay had an extension of time until June 12, 2014 to connect certain properties to public sanitary sewers.

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22. Does the 2009 Variance only affect those properties that abut the lines put in with Phase 1 & Phase 2? , or any future property that abuts a new line?

Yes. The 2009 variance only applies to the properties that formed part of Phase 1 and Phase 2 Village Water Master Plan. No new waterlines installed by developers are part of this variance, and would be required to connect.

Water Billing and Connection Cost

23. What potential quarterly bill for homes (does # of people determine forecast or sq. footage of home?)

The water bill is based on water consumption. A typical three person home averages \$50 quarterly, and a four person home averages \$75 quarterly⁴.

24. Cost for homeowners to connect from street to home?

It depends on the configuration of the lot. The estimate ranges from \$2,500 to \$5,000, depending on the property. This amount also includes the water meter and impact fee imposed by the County Water and Sewer Department.

25. What is the permit fee from Pincrest?

\$151.05

26. How many water connection permits are pulled a year and what is revenue to Pincrest that we might lose if we waived permit fee?

Permit Fees may not be waived pursuant to Florida Statute 553.80 (7) (a) (b) (c) (d).

27. Options for funding Village wide waterlines: Transportation Fund-MDFD-Special Taxing district-Village. Options for any matching funds that come in to replace one of the funds or offset the special assessment.

Transportation Funds may be used for paving restoration. Special Taxing Districts and Special Assessments assessed the cost of the improvements to the benefiting property owners.

⁴ Information taken from actual billings samples

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28. Are there opportunities for funding through the State for water projects?

Yes, there are opportunities for low-interest rate loans through the state with long-term financing, some up to thirty (30) years. *A recent conference call was held on April 20, 2016 with the State representatives (from Tim Banks from the Florida State Revolving Fund & Paul Randell from the Drinking Water State Revolving Fund) where loan opportunities were discussed (see summary of conference call attached).*

29. What are the options for developing neighborhood waterline projects? And utilizing for funding sources?

If the only opportunity to fund the remaining waterline extensions for potable water infrastructure is by assessing the property owners, Neighborhood Waterline Projects could be established by creating a "Special Taxing District" or a "Special Assessment". Both provide a method of funding the cost by assessing the benefiting property owners. When establishing these assessment districts, it is not unusual for the special assessment to initially define the benefit derived for each party involved (i.e. property owner, municipality and county), and shift some of the costs to the other parties. For example, as determined in the Village's Water Impact Fee Study conducted in 2012, it was determined, that the waterline expansion/improvements benefited the property owners 25%, the Village 25%, and the County 50%, thereby reducing the costs to the property owner accordingly.

Appendix 2

FREQUENTLY ASKED QUESTIONS

1. Why is Pinecrest embarking on a Waterline Extension Project at this time?

The Village's goal is to provide safe and predictable water supply for its residents. While some residents embrace their well water, others do not. Many of these people do not want to be burdened by the cost and time necessary to properly pump, filter, treat and test their water. Many have also expressed their frustration with not having water due to power outages.

The unserved areas of the Village have no hydrants to protect the houses. The Village believes that all residents have the right to a predictable, safe water supply and fire protection.

Questions 2 through 4 assumes that the cost of the improvements will be assessed to benefitting property owner via a Special Assessment)

2. What are the estimated costs for installation of the water lines?

The estimated cost of the project is \$15,000,000. The assessed cost per home is estimated at a one-time payment of approximately \$20,160, or an estimated annual assessment of approximately \$1,415 for 30 Years, or approximately \$1,739 for 20 years. The first annual payment (or the full assessment) will be due upon completion of the system in your area, and its acceptance by the Miami-Dade Water and Sewer Department. The commencement of your assessment payments will be independent of the date your home is actually connected to the system.

3. How will the properties be assessed?

We anticipate that the calculation of the assessment will be on a per lot basis.

4. Will the assessment run with the property owner or the property?

The assessment runs with the property. It is up to a buyer and seller to decide by contract how the unpaid balance of an assessment will be handled between them at the time of closing.

5. How are individual home connections costs determine?

In addition to the assessment cost, there is a cost to connect the running water to the house, which is estimated as follows:

- County Meter Fee and Impact Fee is \$1,000
- Private Plumbing Fees to run line from meter to house \$1,500 to \$4,000 (varies for each property depending on the site-specific characteristics.)

Please note that the plumbing fees are for a private plumber to make the connection to the water line and disconnect the well on private property. The existing well can still be used for other purposes such as irrigation, and there may be additional costs to reconnect the well and modify the irrigation system accordingly. If the homeowner chooses to abandon the well the plumber simply needs to cap the well.

Questions 6 through 7 assumes that an enclosed response card will be provided, and returned by the property owner to determine if they are in favor of the project (and assessment).

6. What is the time frame and process for deciding to move forward?

Returning the enclosed response card is the first step in determining the assessment areas. Once the areas desiring to connect to the water system are determined, the Village will set the limits of the assessment areas and begin to establish the special assessment districts.

7. How will the Village decide which areas will get water?

The Village will consider the results of the final poll responses in developing a plan to implement water main improvements in those areas showing interest via the enclosed response card.

8. Why aren't all of the residents of the Village contributing to pay for installation of the water lines?

In order for the Village to spread the cost of the project among all Village residents, a majority of the entire Village would be required to vote to tax themselves. This would likely be voted down since a majority of residents already have County water; some have already paid for it, and will receive no benefits from the improvements. By creating smaller assessment areas, the Village hopes to allow a majority of residents who want water to be able to get water.

9. How much time do I have to connect to a water main, once installed?

Miami-Dade County Code requires connection of properties to abutting water mains within 90 days of their availability.

10. Where will the pipes be installed?

The pipes will be installed within the grassy swales or under paved streets in the public right-of-way. Special care will be taken in design and construction to avoid damaging existing vegetation along the water line routes.

11. What will be the impact on property values?

There is no verifiable evidence that connecting to the County water system will affect the value of your home. Opinions from real estate agents in the area vary, some claim that connection to the County's water system makes a home more attractive for buyers, and that in some cases lack of County water can be a "deal breaker" for a buyer.

12. What is the quality of the ground water now? Is it safe?

Private wells are unregulated, and the responsibility for water quality testing resides with the owner. Available information to answer this question is limited.

Residents should be testing their well periodically for high-risk pollutants to assure that their water is safe to drink.

13. What risks do we face in the future?

One potential risk is the intrusion of brackish (i.e. salt) water which could affect private wells. A salinity intrusion line (at 70 feet deep) has been established by Miami-Dade County's Department of Environmental Resources Management (DERM) which includes an area in southeastern Pinecrest. This salinity intrusion line can migrate, depending on the aquifer water table and sea level. Hurricanes or droughts can contribute to the migration of the salt water intrusion line, resulting in wells going bad. Wells just to the east of Pinecrest have been contaminated by salt water. The threat of potential sea level rise in the future adds concerns to the quality of water from the well systems.

Our well water comes from the Biscayne aquifer. This aquifer is extremely porous, shallow and unconfined. In layman's terms, this means that groundwater will move

very quickly through the soil. Since the aquifer is not isolated or shielded from water and from the other substances which percolate down from the ground surface into the aquifer, any pollutant contamination could be easily carried to your well and pose a health risk.

14. Will existing wells need to be removed?

The existing well can still be used for other purposes such as irrigation, but there may be additional costs to reconnect the well and modify the irrigation system accordingly. If the homeowner chooses to abandon the well the plumber simply needs to cap the well.

DRAFT

PINECREST/EPA/FL. DEP CONFERENCE CALL SUMMARY

APRIL 20, 2016

Participants

Pinecrest: Cindy Lerner, Yocie Galiano

Alcalde & Fay: Anne Cullather, Danielle McBeth

FL DEP: Tim Banks (FL SRF), Paul Randell (Drinking Water SRF)

EPA Region IV: Sheryl Parish

The meeting was opened by Mayor Lerner, who provided a background in the water infrastructure challenges facing the Village of Pinecrest for Tim. She reported that 815 homes still don't have access to public potable water, and rely on wells. The public water in Pinecrest is current provided by the Miami Dade County Water Department. A portion of the system that reaches some of the homes in the Village was financed by the Village using bonds, and after the Village designed and built the water system it was turned over to Miami Dade County to operate. There is still \$12 million worth of infrastructure that is needed to complete the project and serve the remaining 815 homes in the Village. Miami-Dade County has imposed a \$10 million annual cap on SRF loans, but the County uses their SRF loans to upgrade existing infrastructure but not build new infrastructure.

DEP noted that Pinecrest could be the project sponsor if it executed an inter-local agreement, but the Village would need a source of revenue to pay back the loan (either by imposing an assessment that would be collected over 20+ years or form its own utility).

If the cost were \$14,724/home collected over 20 years, the assessment would be an estimated \$737/year per homeowner. There is a 30 year option available if the average household income is less than the state average (which is estimated to be in the mid-\$40K).

Mayor Lerner outlined the public health risks that threaten the water supply for Pinecrest, including salt water intrusion and sea level rise. The DEP didn't think that Pinecrest would have trouble getting on their list and agreed to send Yocie the website that will outline next steps, eligibility criteria, etc.

At 2.2% interest rate, the project could cost \$918/home/year for a total of \$748K. If the project is charged against all homeowners and not just the remaining 815 homes, the per-home charge would be even lower.

DEP noted that Miami-Dade County is capped by FDP on how much they can receive (a "segment cap"), so it would be better for Pinecrest to get its own loan.

Mayor Lerner also mentioned that the Village wants to replace septic tanks with a public sewer system. In addition, the Village has about \$40 million worth of storm water improvement projects (the first 10 of these projects could cost an estimated \$13 million). The DEP mentioned that it was working with the City of Miami Beach on a \$7 million loan just for planning. Mayor Lerner suggested that Pinecrest could utilize a planning loan for all three projects (waterline infrastructure, sewer system, stormwater system) and then a construction loan for all three projects. Loans for planning and design cost about 1.9%; construction loans are less than 1%. There is a \$40 million segment cap, but that shouldn't present a problem if the Village were to break up the projects.