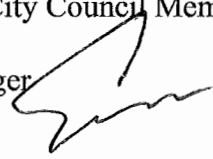


MEMORANDUM

TO: Honorable Mayor Strickland and City Council Members

FROM: Eugene Miller, Interim City Manager 

DATE: March 23, 2010

SUBJECT: Revising Orange City Utilities Miscellaneous Fee Schedule

MAR 16 2010



Introduction: After discussion of Alternative Water Fees and the direction of Council at the February 23, 2010 City Council meeting, staff is bringing forth this item as resolution 598-10 to consider revising the Orange City Utilities Miscellaneous Fee Schedule. It was further requested that the resolution be prepared reflecting no alternative water “flat-fee” and a reduction of the percentage fee from 25% to 15% as recommended by staff in the original presentation of this item to Council on April 28, 2009.

Background: On April 28, 2009, City Council approved Resolution 540-09 revising Orange City Utilities Miscellaneous Fee Schedule. An Alternative Water Fee was added as a result of workshops and the direction of City Council. Staff presented several scenarios indicating potential funding levels with a recommendation that a \$4.00 per account and 15% of the water usage charge be added as fees and Resolution 540-09 was prepared reflecting that recommendation. After Council discussion on the item, the Resolution was amended to reflect a \$4.00 per account charge and a charge of 25% for the usage in hope it would spur conservation.

Discussion: Council’s decision to plan ahead for the eventuality of having to supplement the City’s water supply with alternative sources has met the anticipated goals albeit with mixed impacts. As of February 1, 2010, \$409,085 has been collected in the Alternative Water/Capital Improvement Funding Fee fund. At the current rate we will meet the goal/budget of collecting \$540,000 this year. Also as a result, and one of the desired goals, we have reduced ground water pumping (Conserved) by 19%. The caveat is the fact that the current fee structure places a larger burden by percentage on lower volume users. Further discussion on this follows later.

There are many sound reasons to continue building this fund for the not so distant future some of which are listed here:

- A) Even though we are “partners” with the other three utilities in W. Volusia County our options as a group are expensive. Expansion of the reclaimed/reuse system to a reasonable number of customers would cost around \$60,000,000. Surface water/stormwater augmentation of reuse would cost about \$8,000,000. Enhanced recharge areas would add an additional \$3,000,000. New wellfields, transmission piping, and high service pumps would cost \$64,000,000 for a total of \$135,000,000. The costs associated with permitting, consultant engineers, and potential legal challenges and such would be in addition to the above costs. Orange City’s share of these costs would be about \$20,000,000.

- B) Participation in a river water treatment facility or desalination project are other options that may have to be considered. Although recent discussions with SJRWMD left us feeling a little “warm and fuzzy”, it appears they are headed back toward dictating what they will or will not accept as “Alternative Water” sources. This could result in Orange City being required to participate in one of their “listed” projects such as Yankee Lake or Coquina Coast.
- C) Our Consumptive Use Permit (CUP) requires us to submit a CUP application for the implementation of identified (“Listed”) alternative water supply projects in 2014. Our permit also requires us to submit annual reports (To SJRWMD) documenting activities taken to develop alternative water supplies including any planning, design, permitting, financing, and project schedules. Our report for January 2010 included a statement on Financial Planning that the City had implemented an “Alternative Water” fee to generate needed capital for alternative water projects. It further states that the fee will generate in excess of \$500,000 per year. It is unknown what reaction the District might have should we significantly reduce or eliminate the fee.
- D) The consultant for the W. Volusia Providers has suggested we all consider escalating block rates to spur conservation. The Alternative Water Fee has helped us meet this goal thus far. A reduction in our rates at this point could very well put us in the position of increasing rates along with our “partners” by the end of this year.
- E) Any financing required to obtain Alternative Water would be reduced by the fund balance at the time acquired thereby reducing the overall cost of the financing.
- F) The final impact to increased consumer rates due to the reduced additional funding needed for financing and construction will be somewhat more palatable by the offsetting reduction of no longer paying in to the Alternative Water Fund at that point.
- G) Council could elect to utilize the fund to encourage conservation (In the form of rebates for low flow toilets, High efficiency washing machines, high efficiency dishwashers, and rain barrels) or to subsidize the cost of customers converting to reuse water when available.

The attached “Exhibit 1” shows current rates and Alternative Water Fees compared to our standard rates (No fees) as well as several scenarios illustrating percentage fees only. (No “flat fee”) You will note that Council’s request to eliminate the “Flat Fee” and reducing the percentage fee to 15% results in an annual reduction of \$330,000 that would have gone toward the fund. In the current Alternative Water Fee comparison you can see that the lower volume user(s) experience a larger difference in cost (by percentage) than higher volume users. This appears to be contrary to the concept of higher volume users paying more as a means to encourage conservation.

Council has several options as to how to deal with this issue. The fee can be left as it is currently which will continue to build the fund at the desired rate but with no “relief” to any group of users. The “flat fee” can be eliminated and the percentage reduced to 15% giving all users “relief” resulting in a \$330,000 reduction to the amount collected for the fund and creating the need to increase rates in the near future to implement escalating block rates to spur conservation. The “flat fee” could be eliminated but the percentage fee kept at 25% resulting in a reduction of fund collections of about \$192,000 but providing “relief” for all users. Or, the “flat fee” could be

waived for users of 3,000 gallons per month or less but retaining the 25% usage fee. With about 1,100 customers currently using 3,000 gallons per month or less, this option would reduce the income to the fund by \$52,800 annually but would provide a significant reduction in rates to the lowest volume users.

Budget Impact: Should Council approve this Resolution as presented there will be a significant reduction (- \$330k annually) in the amount of revenue going toward the Alternative Water fund and budget adjustments will need to be made.

Recommendations: The Interim City Manager and Public Works Director recommend that Council reject the Miscellaneous Fees and Charges as presented and continue to build the Alternative Water fund as planned. The Interim City Manager and Public Works Director would also support Council's amending of Section 1 of the resolution to read "Alternate Exhibit A" waiving the \$4.00 flat fee to our lowest volume users. (3,000 gallons per month or less)

Prepared By: Paul Johnson, Public Works Director



Reviewed by: Paul Johnson, Public Works Director



Attachments:

- 1) Council Agenda Item from April 28, 2009
- 2) Condition #28 of Orange City Consumptive Use Permit
- 3) January 2010 Report to SJRWMD (Letter)
- 4) SJRWMD Required Response – Water Supply Entity Notification
- 5) Exhibit 1 – Alternative Fee Comparison Chart

RESOLUTION NO. 598-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, ADOPTING A REVISED MISCELLANEOUS FEE SCHEDULE FOR WATER AND WASTEWATER SERVICES PROVIDED BY ORANGE CITY UTILITIES; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the laws of the State of Florida and the City's Code of Ordinances empower the City Council to operate water utilities, and to establish and/or revise charges to its utility customers as are necessary in the operation of same; and

WHEREAS, Section 17.3-24 of the Orange City Code provides that the City Council may review and update the rates and charges by resolution; and

WHEREAS, the City Council wishes to revise and update the Miscellaneous Fee Schedule for Orange City Utilities' services as set forth in Exhibit "A" of this resolution, specifically to review the Alternative Water/Capital Improvement Funding Fee as established by Resolution 540-09.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, AS FOLLOWS:

SECTION 1. That the City Council of the City of Orange City adopts the miscellaneous fee schedule set forth in Exhibit "A", attached hereto and by this reference incorporated herein for all intents and purposes.

SECTION 2. The fees described in Section 1 shall become effective with all billings rendered after May 1, 2010.

SECTION 3. All resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed.

SECTION 4. If any section, part of a section, paragraph, clause, phrase or word of this resolution is declared invalid, the remaining provisions of this resolution shall not be affected.

SECTION 5. That this resolution shall take effect immediately upon its adoption by the City Council of the City of Orange City, Florida, and approval as provided by law.

ROLL CALL VOTE AS FOLLOWS:

Gary A. Blair _____
Bill Crippen _____
Anthony Pupello _____
Harley Strickland, Mayor _____

Jeff Allebach _____
Tom Abraham _____
Tom Laputka, Vice Mayor _____

ADOPTED THIS _____ DAY OF _____, 2010.

ATTEST:

AUTHENTICATED:

Deborah J. Renner, CMC, City Clerk

Harley Strickland, Mayor

This Resolution approved
as to form and legal sufficiency:

W. E. Reischmann, Jr., City Attorney

Amendments to Resolution No. 369-06, effective for all billings generated after May 1, 2009

MISCELLANEOUS SERVICE CHARGES**Page 1 of 2**

<u>Meter Installation:</u>	<u>Water</u>	<u>Irrigation</u>
3/4"	\$375	\$375
1.00"	450	450
1.50"	750	750
2.00"	900	900
3.00"	2,500	2,500
4.00"	3,000	3,000
6.00"	8,000	8,000
<u>Deposits:</u>	<u>Water</u>	<u>Wastewater</u>
3/4" – owner	\$100	\$150
3/4" – renter	100	150
3/4" – insufficient I.D.	300	150
3/4" – new construction	100	150
3/4" – commercial	Greater of 3 times ERU or \$100	Greater of 3 times ERU or \$100
1" to 6" commercial	Greater of 3 times ERU or \$100	Greater of 3 times ERU or \$100
Bulk Meter – new const.	\$1,000	0
<u>Fees:</u>		
Initial fee		\$15 plus turn on fee
Turn on – w/5 days notice	\$30	
Turn on – less than 5 days notice	40	
Turn on – after hours, emergency	35	
Turn on – after hours, non emergency	70	
Turn off – w/5 days notice	30	
Turn off – less than 5 days notice	40	
Turn off – after hours, emergency	35	
Turn off – after hours, non emergency	70	
Transfer account	\$15	
Name change	5	
Penalty (10 days past due/yellow tag)	15*	
Delinquent (15 days past due)	40	
Returned check		As per Florida Statutes **

MISCELLANEOUS SERVICE CHARGES

Page 2 of 2

Meter tampering – cut lock	100
Lien filing	Two times cost
Lien satisfaction filing	Two times cost
Lien (open) refile, every 3 years	Two times cost
Title company search	15
Minimum Interest Refund	2.50
Minimum Collectible Debt	2.50
Comparison test	50
Hydrant rental	100
Hydrant maintenance fee (annual)	100
Wastewater tap	190
Wastewater inspection	75
Backflow testing	40
Violation reconnection (per connection)	15
Premises visit (per connection)	15
Plan review (by staff)	100 per review or resubmittal
Engineer/Consultant costs	actual costs
Extra expenses	actual costs
Inspection fees (minimum one-hour)	30/hour
	45/hour overtime

Annual Fire Line Charges:

Line Size	Annual Charges
2"	\$400.00/yr
4"	\$800.00/yr
6"	1,600.00/yr
8"	2,700.00/yr
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12"	6,800.00/yr

Alternative Water/Capital Improvement
Funding Fee \$4.00 per account + 25% 15% of water usage charges

Water conservation penalties First-time violation – door tag
Second-time violation - \$50.00 fine
Each succeeding violation - \$100 fine

* Except for accounts with an amount due less than the water base rate.
** Florida Statutes
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Amendments to Resolution No. 369-06, effective for all billings generated after May 1, 2009

MISCELLANEOUS SERVICE CHARGES

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10"	4,200.00/yr
12"	6,800.00/yr

Alternative Water/Capital Improvement

Funding Fee \$4.00 per account over 3,000 gallons per month usage
+ 25% of water usage charges

Water conservation penalties

First-time violation – door tag
Second-time violation - \$50.00 fine
Each succeeding violation - \$100 fine

* Except for accounts with an amount due less than the water base rate.

** Florida Statutes


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MEMORANDUM

TO: Honorable Mayor and City Council Members

FROM: Paul Johnson – Public Works Director 

DATE: April 28, 2009

SUBJECT: Resolution 540-09 Utilities Miscellaneous Fees and Charges

STRATEGIC PLAN TRACKING NO: G-MA-3

APR 20 2009 

PURPOSE

The purpose of this item is to Request City Council approval of Resolution 540-09 updating the Utilities Miscellaneous Fees and Charges.

BACKGROUND

Section 17.3-24 of the Orange City Code provides that the City Council may review and update the rates and charges by resolution. On attached Exhibit "A", the underlined items reflect the recommended changes/additions.

An Alternative Water/Capital Funding Fee is being added. The City will have to commit to an Alternative Water Source project in the near future. As of now, the best (Lowest cost – least impact on customers) option for the City is to commit to partnering in Seminole County's Yankee Lake project. As a result of the Saint Johns River Water Management Districts' (SJRWMD) Implementation Strategy for Achieving the Minimum Flow Regime for Blue Springs and Other Water Resource Constraints in Volusia County, Orange City will be expected to pump no more than 600,000 gallons of water per day from its current source, groundwater, by 2025. However, in the City's current Consumptive Use Permit (CUP) issued by SJRWMD on January 13, 2009, we are required to submit for a new separate CUP for an Alternative Water source by 2014. Our current CUP also requires the City to have formed a partnership for an alternative source by the end of 2011.

Yankee Lake is currently the only project that will meet these time constraints. Seminole County is moving forward with this project and in order to build the correct size facility, wants a financial commitment from each stakeholder. It is estimated that the City's share for participation in the project will cost about 1.2 million dollars based on SJRWMD's projections in the Minimum Flow Regime. According to that document, the City will have to obtain 2.3 mgd from alternative sources. Although Yankee Lake is not the only solution, any option Council decides on will need funding. Some of those other options might include re-use water system expansion, stormwater storage and conveyance systems, conservation projects and the like.

Orange City Utilities needs to implement a fee that will help fund the commitment as well as provide funding for infrastructure improvements that will be needed over the next five years. During the workshop held last November, fees of about \$8.00 to \$10.00 per customer per month

were discussed as the fee that would be needed to raise about \$500,000 per year for these purposes. After review, staff feels that a “flat-fee” in those amounts does not place the burden of costs equitably across our customer base. By implementing a smaller fee and a percentage charge as recommended, much of the burden will fall on higher usage customers. This strategy will also encourage conservation which may lead to reducing our needs for alternative water to some extent.

RECOMMENDATION

That City Council approve Resolution 540-09.

RESOLUTION NO. 540-09

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, ADOPTING A REVISED MISCELLANEOUS FEE SCHEDULE FOR WATER AND WASTEWATER SERVICES PROVIDED BY ORANGE CITY UTILITIES; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Orange City adopted Resolution No. 369-06 on September 26, 2006; and

WHEREAS, the City of Orange City now finds it necessary to revise the Miscellaneous Fee Schedule; and

WHEREAS, the laws of the State of Florida and the City Code empower the City Council to operate water utilities, and to establish and/or revise such charges as are necessary in the operation of same; and

WHEREAS, Section 17.3-24 of the Orange City Code provides that the City Council may review and update the rates and charges by resolution; and

WHEREAS, the City Council wishes to revise and update the Miscellaneous Fee Schedule for Orange City Utilities' services as set forth in Exhibit "A" of this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, AS FOLLOWS:

SECTION 1. That the City Council of the City of Orange City adopts the miscellaneous fee schedule set forth in Exhibit "A", attached hereto and by this reference incorporated herein for all intents and purposes.

SECTION 2. The fees described in Section 1 shall become effective with all billings rendered after May 1, 2009.

SECTION 3. All resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed.

SECTION 4. If any section, part of a section, paragraph, clause, phrase or word of this resolution is declared invalid, the remaining provisions of this resolution shall not be affected.

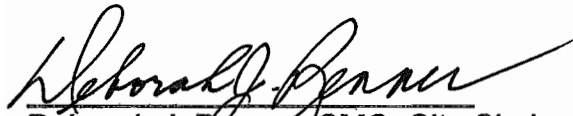
SECTION 5. That this resolution shall take effect immediately upon its adoption by the City Council of the City of Orange City, Florida, and approval as provided by law.

ROLL CALL VOTE AS FOLLOWS:

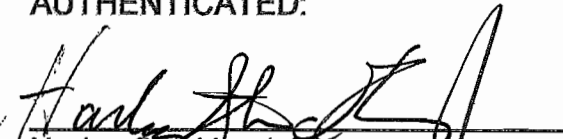
Jim Mahoney	<u>yes</u>	Donald C. Sherrill	<u>yes</u>
Tom Abraham	<u>yes</u>	Tom Luputka	<u>yes</u>
Jeff Allebach, Vice Mayor	<u>Absent</u>	Harley Strickland, Mayor	<u>no</u>
Paul Rasch	<u>yes</u>		

ADOPTED THIS 28th DAY OF April, 2009, as amended

ATTEST:


Deborah J. Renner, CMC, City Clerk

AUTHENTICATED:


Harley Strickland, Mayor

This Resolution approved
as to form and legal sufficiency:


W. E. Reischmann, City Attorney

Amendments to Resolution No. 369-06, effective for all billings generated after May 1, 2009

MISCELLANEOUS SERVICE CHARGESPage 1 of 2

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Alternative Water/Capital Improvement

Funding Fee \$4.00 per account + ^{25%}~~15%~~ of water usage charges *amended on A/oor 4/28/09*

Water conservation penalties . First-time violation – door tag
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** Florida Statutes

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ALTERNATIVE WATER SUPPLY C.U.P. REQUIREMENTS

It is certain you are aware of these but reiteration of some of our C.U.P. conditions and their impact on Orange City regarding obtaining an alternate water supply to “supplement” groundwater withdrawals is in order.

Condition 24 of our C.U.P. states “The permittee’s consumptive use shall not adversely impact wetlands, lakes, and spring flows or cause or contribute to a violation of minimum flows and levels adopted in Chapter 40C-8, F.A.C., except as authorized by an SJRWMD approved minimum flow level (MFL) recovery strategy. If unanticipated significant adverse impacts occur, The SJRWMD *shall revoke the permit in whole* or in part to curtail or abate the adverse impacts, unless the impacts are mitigated by the permittee pursuant to a District-approved plan.”

Condition # 28 of our C.U.P. dictates a specific timeline for tracking progress toward obtaining alternative water source(s). This section states “The permittee shall proceed as a member of WAV, with other partners, or on its own, to develop alternative water supplies that will be needed in addition to, or instead of, those allocated under this permit to meet water supply demands of the permittee in the future. The permittee shall provide an annual status report for District approval by January 15, 2010. The report shall document all activities taken to develop alternative water supplies by the permittee, including, but not limited to planning, design, permitting, financing, and the project schedule.”

28(a) states “Within 1 year of the date of issuance of this permit, (January 13, 2009) the permittee shall identify viable, potential water supply partners including those that could provide water supplies or partner with the permittee in the development of water supplies. In addition, the permittee shall identify potential water supply projects that could be implemented with these partners to secure quantities of water necessary to meet the permittee’s projected demands through 2030. The permittee shall contact these potential partners to determine the viability of developing partnership agreements with them for the identified potential water supply project(s). A written description of the potential partners and projects along with a description of the contacts between the permittee and the potential partners and the viability of the development of partnership agreements shall be submitted to the District as part of the annual report submitted in 2011.”

28(b) “As a part of the annual status report submitted in 2012, the permittee shall identify project(s) and partnership(s) that it proposes to implement to secure the quantities of water necessary to meet projected demands through 2030.”

28(c) “The permittee, as a member of WAV, with other partners, or on its own shall submit a consumptive use application for implementation of identified water supply project(s) in 2014.”

The items in condition # 28 must be submitted and approved by SJRWMD. A failure to submit required information or to receive SJRWMD's approval can be construed as a violation of our C.U.P. conditions and subject us to sanctions by SJRWMD. Some of those sanctions might include a review of our C.U.P. (Reduction), limitations on growth, and/or fines. It is clear that we must proceed down the path of obtaining alternative water supply(s) and remain on it if we are to achieve our goals and eventual "build-out".

Regarding allowing private wells vs. hooking into our supply system is not a reasonable way to address the projected deficits. Specifically, it is possible the City would suffer sanctions from SJRWMD if we were to implement this strategy. In the specific conditions of our C.U.P., condition # 9 states "If the permittee does not serve a new demand located within the service area upon which this annual allocation was calculated, the annual allocation will be subject to modification." This could be interpreted to mean if we allowed private wells, whatever quantity of water that was planned to be provided by the City, our C.U.P. could be reduced by that amount as well as the potential sanctions for violation of a C.U.P. condition as mentioned above.

Alternative Water Costs

Based on the economic impact study performed by SJRWMD in April 2007, certain costs were discussed and lead the W. Volusia "Partners" to aggressively pursue Yankee Lake as our best option for alternative water.

Originally, we were being steered by SJRWMD to co-build and operate a river water treatment plant near DeLand with our other 3 W. Volusia partners. One of the main reasons we (As a group) moved away from this project was the cost. Those estimated costs were:

The total capital cost for this project was over \$700,000,000.00 of which Orange City's share would be over \$20,000,000.00. Even if it were possible to fund the entire project without up-front contribution, the cost to Orange City would have been over \$11.00 per thousand gallons of water produced. If the City were to pay its capital share up-front, the water cost would be \$3.63 per thousand gallons. At today's pricing, our average customer would pay about \$104 per month as compared to our current average of about \$27 per month. (At today's costs/rates)

Coquina Coast – Orange City's capital share would be over \$50,000,000.00 Funding of the entire project without up-front contribution would result in a cost of water of about \$23.00 per thousand gallons produced. This option is extremely costly and does not fit the timeframe for required alternative supplies by SJRWMD. This option would equate to an average monthly bill of about \$188 per month. (Today's costs/rates)

Yankee Lake – Seminole County is fully funding the construction of the treatment plant therefore there is no up-front capital "cost" to Orange City. They do require a "Capital Contribution" which is currently expected to be about \$1,100,000.00 in order to reserve our share of water produced. The cost for this water is estimated to be about \$4.25 per thousand gallons. Orange City will have to fund its share of a transmission line from DeBary to Orange City. This cost would be a pro-rata share with DeLand and Deltona with our cost estimated to be about \$1,250,000.00 This project is the closest to meeting our timeframe for alternative supply. In comparison with the other options, this would make an average customer water bill about \$57 per month. (Today's costs/rates)

ALTERNATIVE WATER/CAPITAL FUNDING FEE POTENTIAL

CURRENT AVERAGE WATER CUSTOMER MONTHLY BILL IS ABOUT \$27.00

\$4.00 PER ACCOUNT + 15% OF WATER USAGE CHARGE WILL GENERATE ABOUT \$500,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$35.00/MO

\$4.00 PER ACCOUNT + 20% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$610,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$37.00/MO

✓ **\$4.00 PER ACCOUNT + 25% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$725,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$39.00/MO**

\$5.00 PER ACCOUNT + 15% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$560,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$36.00/MO

\$5.00 PER ACCOUNT + 20% OF WATER USAGE CHARGE WILL GENERATE ABOUT \$675,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$38.00/MO

\$5.00 PER ACCOUNT + 25% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$785,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT 41.00/MO

CONDITION #28 OF ORANGE CITY'S CONSUMPTIVE USE PERMIT

28. The permittee shall proceed as a member of the Water Authority of Volusia, with other partners, or on its own, to develop alternative water supplies that will be needed in addition to, or in instead of, those allocated under this permit to meet water supply demands of the permittee in the future. The permittee shall provide an annual status report for District approval by January 15 starting in 2010. The report shall document all activities taken to develop alternative water supplies by the permittee, including but not limited to planning, design, permitting, financing, and project schedule(s). The permittee must also accomplish the following tasks in accordance with the schedule set in this condition.

(a) Within 1 year of the date of issuance of this permit, the permittee shall identify viable, potential water supply partners including those that could provide water supplies or partner with the permittee in the development of water supplies. In addition, the permittee shall identify potential water supply projects that could be implemented with these partners to secure the quantities of water necessary to meet the permittee's projected demands through 2030 without unacceptable impacts to water resources and related natural systems. The permittee shall contact these potential partners to determine the viability of developing partnership agreements with them for the identified potential water supply projects. A written description of the potential partners and projects along with a description of the contacts between the permittee and the potential partners and the viability of the development of partnership agreements shall be submitted to the District as part of the annual status report submitted in 2011.

(b) As part of the annual status report submitted in 2012, the permittee shall identify the project(s) and partnership(s) that it proposes to implement to secure the quantities of water necessary to meet the permittee's projected demands through 2030 without unacceptable impacts to water resources and related natural systems.

(c) The permittee shall schedule a pre-application conference with District staff to discuss the development of a consumptive use permit application for the identified project(s) in 2013.

(d) The permittee, as a member of the Water Authority of Volusia, with other partners, or on its own shall submit a consumptive use permit application for implementation of identified alternative water supply project(s) in 2014.



January 11, 2010

Building
386-775-5423

City Clerk
386-775-5403

City Manager
386-775-5408

Finance
386-775-5430

Fire
386-775-5460

Human Resources
386-775-5457

Parks & Recreation
386-775-5454

Planning
386-775-5415

Police
386-775-9999

Public Works
386-775-5447

Utilities
386-775-5444

Director, Permit Data Services
St. Johns Water Management District
P.O. Box 1429
Palatka, Florida 32178-1429

Re: Consumptive Use Permit #9373

To whom it concerns:

This letter is to serve as the annual status report required by condition #28 of Orange City's Consumptive Use Permit.

As the Water Authority of Volusia has disbanded, Orange City is no longer participating with WAV. Orange City has endeavored to form partnership(s) with the West Volusia utility providers in order to develop alternative water supplies, as well as initiating other efforts, in order to satisfy projected future deficits. In addition to working with the utilities of DeLand, Deltona, and Volusia County, Orange City continues to hold an interest in developments of the Yankee Lake project in Seminole County.

Since the issuance of this permit, Orange City has participated with the West Volusia providers in the form of monthly meetings, by becoming a "partner" with them in the form of an Interlocal Agreement for studies creating a transient groundwater model, reclaimed water system expansion, conservation initiatives, and wellfield optimization. Also, on its own and as part of the group, Orange City is moving forward with a stormwater-to-reclaim augmentation project. We are also in the process of developing a Memorandum of Understanding with the other suppliers as an effort to "formalize" our commitment to work as a group.

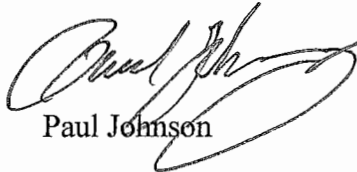
In May of 2009, Orange City instituted an "Alternative Water Fee" to its users. This fee is intended to generate capital for upcoming "alternative" water projects. Not coincidentally, this fee (25% of water fee billed added to billing) has caused significant conservation. This fee will generate about \$500,000 per year toward "alternative" water projects and appears to have reduced demands by about .3mgd.

Some of the projects being considered by the West Volusia providers are: New wellfields outside the Blue Spring watershed, wellfield optimization, reuse/reclaim retrofitting and expansion, stormwater to reclaimed augmentation and necessary storage (reservoirs), river water augmentation of reclaimed systems, and aggressive conservation initiatives. It is our intention that any project(s) selected should be the most cost efficient while minimizing or eliminating other impacts.

In addition to the above, Orange City has participated in the development of the Districts 2010 Water Supply Plan. We have participated in 5 meetings to-date along with the participation of our West Volusia "partners" and will continue until we can reach agreement among all parties as to the direction we should be moving toward to offset projected 2030 deficits.

Should you have any questions, please feel free to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Johnson", with a long horizontal line extending to the right.

Paul Johnson

Public Works Director
205 East Graves Avenue
Orange City, FL 32763
386-775-5447 office
386-775-5448 fax
pjohnson@ourorangecity.com

cc: Chester Murray – Interim City Manager

**St. Johns River Water Management District Required Response Format
District Water Supply Plan 2005 – Water Supply Entity Notification**

Please complete a separate form for each project to be implemented.

1. Name of water supply entity: City of Orange City

2. Contact person for this response:

Name: Paul Johnson

Title: Public Works Director

Address: 205 East Graves Avenue, Orange City, Fl. 32763

Telephone Number: 386-775-5447

E Mail address: pjohnson@ourorangecity.com

Date of response: November 13, 2009

3. Name of project: Yankee Lake

4. Brief description of project if not included in DWSP 2005. _____

5. Estimated quantity of finished water to be produced by the project, in millions of gallons per day (mgd): 70 mgd

6. Status of project implementation including:

Indicate if each listed step has been completed or, if not complete, provided projected completion date.

Financial planning: City has implemented an "Alternative Water" fee to generate needed capital for alternative water projects. This fee will generate in excess of \$500,000.00 per year.

Facilities master planning: By others

Permitting: By others but have had issues and additional challenges to this plant may be forthcoming.

Construction: Timelines are being re-established due to legal challenges.

If no major project specifications have changed since your water supply entity last reported on this project, STOP HERE. If major project specifications have changed since your water supply entity last reported on this project, please insert new information on the following page. Do NOT insert information if no changes have occurred in the listed topics.

Insert updated information below only for items that have changed since last report.

6. What type of alternative supply is to be developed? (Check box.)

Brackish groundwater for potable use	_____
Surface water for potable use.....	<u> X </u>
Seawater for potable use	_____
Reclaimed water.....	<u> X </u>
Reuse augmentation	<u> X </u>
Other (describe) <u>Wellfield management and development of new wells outside springshed area, enhanced groundwater recharge projects, interconnects with other utilities for efficient distribution of reuse/reclaimed water for irrigation.</u>	

7. What is the source and location of withdrawal? Reclaimed water will be augmented by water from the St. Johns River and stormwater-to-reuse projects. New wellfields would be located outside the Blue Spring watershed in S. East Volusia and N. West Volusia. Enhanced recharge would take place at Three Island Lake, Lake Colby, and by installing exfiltration piping in the Blue Spring Prime Recharge Area.

8. How much water will be withdrawn from the source? 10mgd for reuse, 7mgd from new wells, and 6mgd for recharge (returned to aquifer)

9. How much water will be made available for use by the projects?..... 20mgd

10. How much reject/concentrate water, if any, will be produced by the project?.. 0mgd

11. What are the project's major components and total capacities? (Check box if included.)

Wells	<u> 7 </u>	mgd
Surface water withdrawal facilities.....	<u> 10 </u>	mgd
Treatment facilities	_____	mgd
Tank storage	_____	mg
Surface reservoir storage	<u> 10 </u>	mg
Aquifer storage	<u> 6 </u>	mg
Transmission lines	<u> 20 </u>	mgd
Other (describe)	_____	mgd

13. What are the project costs?

Planning	\$ _____
Design	\$ _____
Capital construction cost.....	\$ _____
Non-capital construction cost.....	\$ _____
Total project costs	\$ <u>135,000,000</u>

14. What is the unit cost of production per 1,000 gallons of finished water? \$1.35

15. What are the proposed funding sources? (Specify amount from each funding source.)

Water Supply Entity.....	<u>\$20,000,000</u>
SJRWMD.....	<u>\$</u>
Other water management district (specify which district(s)).....	<u>\$</u>
State of Florida.....	<u>\$</u>
Federal.....	<u>\$</u>
Other Partnering Utilities (DeLand, Deltona, Volusia County.....)	<u>\$115,000,000</u>
TOTAL.....	<u>\$135,000,000</u>

EXHIBIT 1

Alternate Water Fee - Current - Generates \$540,000

Water Usage	3K	4K	5K	6K	7K
Base	\$ 8.49	\$ 8.49	\$ 8.49	\$ 8.49	\$ 8.49
Water	7.86	10.48	13.10	15.72	18.34
Bill Before Alt	16.35	18.97	21.59	24.21	26.83
25%	1.97	2.62	3.28	3.93	4.59
Alt Fee	4.00	4.00	4.00	4.00	4.00
Alt Fee Chrgs	5.97	6.62	7.28	7.93	8.59
Bill After Alt	\$ 22.32	\$ 25.59	\$ 28.87	\$ 32.14	\$ 35.42
% Difference	36.5%	34.9%	33.7%	32.8%	32.0%

Alternate Water Fee @ 15% of Usage Only – Would Generate \$210,000 est.

Water Usage	3K	4K	5K	6K	7K
Base	\$ 8.49	\$ 8.49	\$ 8.49	\$ 8.49	\$ 8.49
Water	7.86	10.48	13.10	15.72	18.34
Bill Before Alt	16.35	18.97	21.59	24.21	26.83
15%	1.18	1.57	1.97	2.36	2.75
Alt Fee	0.00	0.00	0.00	0.00	0.00
Alt Fee Chrgs	1.18	1.57	1.97	2.36	2.75
Bill After Alt	\$ 17.53	\$ 20.54	\$ 23.56	\$ 26.57	\$ 29.58
% Difference	7.2%	8.3%	9.1%	9.7%	10.2%

Alternate Water Fee @ \$4.00 for users over 3,000 gallons per month plus 25% of Usage – Would Generate \$487,000 est.

Water Usage	3K	4K	5K	6K	7K
Base	\$ 8.49	\$ 8.49	\$ 8.49	\$ 8.49	\$ 8.49
Water	7.86	10.48	13.10	15.72	18.34
Bill Before Alt	16.35	18.97	21.59	24.21	26.83
25%	1.97	2.62	3.28	3.93	4.59
Alt Fee	0.00	4.00	4.00	4.00	4.00
Alt Fee Chrgs	1.97	6.62	7.28	7.93	8.59
Bill After Alt	\$ 18.32	\$ 25.59	\$ 28.87	\$ 32.14	\$ 35.42
% Difference	12.2%	34.9%	33.7%	32.8%	32.0%