



**AGENDA SUMMARY  
MINNEOLA CITY COUNCIL**

**March 2, 2010**

**AGENDA ITEM TAB: 6  
SUBJECT TITLE: US 27 Water Project**

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**OBJECTIVE:** Council direction regarding the water portion of the project for N. Hwy. 27

**SUMMARY:** Directed at the Feb. 2, 2010 meeting to be brought back at this meeting.

**OPTIONS:**

**STAFF RECOMMENDATION:**

**FISCAL IMPACT:**

**COORDINATION:**

**City Attorney: X  
City Manager: X  
City Engineer:  
Public Works:**

**Finance Director:  
Fire Department:  
Planning:**

*City Clerk's Office*

*"Delivering Excellence"*

**Project Objective:** To promote “smart-growth” development, the City will offer both water and sewer utility service along the US 27 corridor starting near Sullivan Road and continuing north to the Lake County Correctional Institute (LCCI) entrance road

**1. Given:**

- City has a signed contract with Mercon for the US 27 Utilities for \$1,441,924; for both water (\$618,015) and sewer line (\$823,909) construction.
- A loan with a partial principal forgiveness has been obtained from FDEP for the sewer portion of the project. First repayment due in summer 2011.
- Mercon was given the notice to proceed for the sewer portion and should begin on-site work in early February 2010.
- Mercon had agreed to a 90 day hold on the prices of the water portion, effective Jan 14, 2010, to allow the City time to try to obtain a grant through the Water Resources Development Act (WRDA) with the help of Congresswoman Ginny Brown-Waite's office.
- As of January 27, 2010 the Congresswoman's legislative assistant informed the City's consultant (PBS&J) that it is very unlikely that the US Congress will take up the WRDA until well after the 90 day agreement with Mercon has expired.

**2. SWOT Analysis:**

**Strengths** (attributes of the project helpful in achieving objective):

- Completion of both the water and sewer line construction will:
  - Allow the City to advertise to land owners and potential developers that the utilities are available
  - Allow the City to actively negotiate –potentially with “payments over time” incentives- with the Department of Corrections on providing municipal utility service in lieu of the existing on-site systems at the LCCI. This will also fully secure the City's right to serve the LCCI in the future even if an immediate agreement cannot be reached
  - Allow the Race Trac gas station at the intersection US 27 and CR 561 (proposed for Spring 2010 construction) to connect to the City system at certificate of occupancy which would provide City revenue through connection fees and monthly utility billing
  - Allow the City to have a water source at the pump station being constructed with the sewer portion without having to find an alternative temporary water source
  - Allow Mercon to complete all construction in a timely and efficient manner

**Weaknesses** (attributes of the project harmful in achieving objective):

- Without grant money, the water portion will have to be financed through the Unrestricted Utility Fund. The current balance is \$1,700,000 and a City ordinance requires a minimum of three months reserve of approximately \$650,000. (Using this fund to pay for the water pipe construction would still leave a balance of approximately \$1,082,000.)

**Opportunities** (external conditions helpful in achieving objective):

- Construction Costs included in the current contract are at a historic low (delaying construction of the water line could result in an increased cost anywhere from 10%-50% depending on factors like: inflation, oil prices, government stability here and abroad, etc.)
- US Congress could address WRDA or other grant funding, in the very near future, that the City could qualify for and that would recoup the water line construction costs
- It is possible that economic conditions could improve enough that would allow development to occur within the corridor, and even at a moderate rate, could provide significant revenue to the City. Having both the water and sewer lines in place under this scenario would also project the City Council to the public as forward-thinking, pro-active, and pro smart-growth.

**Threats** (external conditions harmful in achieving objective):

- It is possible that poor economic conditions could continue for several more years which could prevent any viable development from occurring, and as a result, no revenue to the City to offset construction costs. (Even under this condition, the financing of the water lines has been done prudently through an unrestricted utility fund-not the general fund- and still leaves approximately \$432,000 in the utility fund above the three month reserve required by City Ordinance)

### **3. Conclusion**

It appears that the strengths and opportunities associated with the construction of both the water and sewer lines greatly outweigh the weakness and threats. In addition, the weaknesses and threats have been at least partially mitigated though prudent fiscal planning. Therefore, it is City staff's recommendation to move forward with the full utility construction as soon as possible.