PARKER
CITY COUNCIL MEETING

Council Chambers, City Hall
Tuesday, February 18, 2025, at 5:30 P.M.

AGENDA

MAYOR:
Andrew Kelly
COUNCILMEMBERS:
Tonya Barrow, Mayor Pro Tem
Katy Bodiford
Ron Chaple
John Haney

CITY ATTORNEY:
Tim Sloan
CITY CLERK:
Ingrid Bundy

NOTE: AT EACH OF ITS REGULAR OR SPECIAL MEETINGS, THE CITY OF PARKER COUNCIL ALSO SITS, AS EX OFFICIO, AS THE CITY OF PARKER COMMUNITY REDEVELOPMENT AGENCY (CRA) AND MAY CONSIDER ITEMS AND TAKE ACTION IN THAT CAPACITY.

AGENDA

CALL TO ORDER

INVOCATION

ROLL CALL

ITEMS FROM THE AUDIENCE: (non-agenda items)

REGULAR AGENDA

1. **APPROVAL OF COUNCIL MEETING MINUTES**
   - February 7, 2025

2. **Recommendation of award – Anchor CEI**
   FDEP SRF Water System Improvements project

3. Impact Rate Study – Florida Rural Water Association (Michael Chase, PE)

Ingrid Bundy, City Clerk

If a person decides to appeal any decision made by the City Council with respect to any matter considered at the meeting, if an appeal is available, such person will need a record of the proceeding and such person may need to ensure that a verbatim record of the proceeding is made, which record includes the testimony and evidence upon which the appeal is to be made.

Any person requiring special accommodation at this meeting because of a disability or physical impairment should contact the City Clerk at clerk@cityofparker.com or by phone at 850-871-4104. If you are hearing or speech impaired and you have TDD equipment, you may contact the City Clerk using the Florida Dual Party System, which can be reached at 1-800-955-8770 (Voice) or 1-800-955-8771 (TDD).

ALL INTERESTED PERSONS DESIRING TO BE HEARD ON THE AFORESAID agenda are invited to be present at the meeting.

1001 West Park Street – Parker, Florida 32404
Telephone: 850-871-4104 – www.cityofparker.com

CITY OF PARKER
AGENDA ITEM SUMMARY

1. *DEPARTMENT MAKING REQUEST/NAME OF PRESENTER:*	2. *MEETING DATE:*
Council	02/18/2025

3. ***PURPOSE:***

APPROVAL OF COUNCIL MEETING MINUTES

4. ***IS THIS ITEM BUDGETED (IF APPLICABLE)***

YES ☐ **NO** ☐ **N/A X**

February 7, 2025

AGENDA ITEM # 1

CITY OF PARKER
REGULAR MEETING MINUTES
HELD AT 1001 W. PARK ST, FEBRUARY 7, 2025 – 5:30 PM

Mayor Andrew Kelly called the meeting to order with invocation followed by the Pledge of Allegiance.

The following were present: Mayor, Andrew Kelly, Councilmembers Tonya Barrow, Katy Bodiford, Ron Chaple, John Haney, City Clerk Ingrid Bundy, City Attorney Tim Sloan.

City Attorney, Tim Sloan, presented clarification that agenda item 3 (Coastal Acquisitions of Florida, LLC) will be held as a Quasi-Judicial and individuals will be sworn in. He further explained that the old application will be superseded by the decision at this meeting.

ITEMS FROM THE AUDIENCE (Non-Agenda)
No items were presented by the audience.

AGENDA
Approval of Council Meeting Minutes
A motion to approve the minutes was made by Councilmember Barrow; seconded by Councilmember Bodiford. The motion was carried with all voting in favor; 5-0.

Reaffirmation of Planning Commissioner Terry Stryker
A motion to approve the reaffirmation of Planning Commissioner Terry Stryker was made by Councilmember Haney; seconded by Councilmember Barrow. The motion was carried with all voting in favor; 5-0.

Planning Board Recommendations – 909 West St – Coastal Acquisitions of Florida, LLC (Santora)
Mr. Phillip Santora was present to request approval of the Development Order submitted. After public testimony was heard and all documents considered, a motion was made to approve the Development Order with the standard conditions by Councilmember Haney; seconded by Councilmember Barrow. The motion was carried with all voting in favor; 5-0.

Planning Board Recommendations – East Bay Apartments
The applicant was not present. A motion to table the item was made by Councilmember Barrow; seconded by Councilmember Haney. The motion was carried with all voting in favor; 5-0.

Planning Board Recommendations – Parcel # 25163-000-000 (512 N 11th Street) and Parcel # 25160-000-000 (518 N 11th Street) - Farrell
Mr. Jeremy Farrell was present to discuss the request. After discussion, a motion was made to table the item until a further date by Councilmember Barrow; seconded by Councilmember Haney. The motion was carried with all voting in favor; 5-0.

Auction Surplus Items

A motion to declare items to surplus and submit them to auction was made by Councilmember Barrow; seconded by Councilmember Bodiford. The motion was carried with all voting in favor; 5-0.

DISCUSSION ITEMS BY COMMISSIONERS

Councilmember Chaple expressed his desire to start considering the Easter event and the community yard sale for the City of Parker.

With no further discussion the meeting adjourned at 6:57 P.M.

Approved this _____ day of _____, 2025.

_____ _____

Andrew Kelly, Mayor Date

_____ _____

Ingrid Bundy, City Clerk Date

CITY OF PARKER
AGENDA ITEM SUMMARY

1. *DEPARTMENT MAKING REQUEST/NAME OF PRESENTER:*	2. *MEETING DATE:*
Anchor CEI	02/18/2025

3. ***PURPOSE:***

Recommendation of Award

4. ***IS THIS ITEM BUDGETED (IF APPLICABLE)***

YES ☐ **NO** ☐ **N/A X**

FDEP SRF Water System Improvements project

AGENDA ITEM # 2

Anchor CEI
Engineering and Inspection

450 Magnolia Avenue
Panama City, FL 32401
P.850.215.1285 F.850.215.1286

February 7, 2025

Sent via e-mail to: parkerfire911@aol.com

Mayor Andy Kelly
City of Parker
1001 West Park Street
Parker, Florida 32404

Re: ITB 2023-02: Water System Improvements
Construction Bid No. DW030721
Recommendation of Award | Anchor Project No. 1620.006

Dear Mayor Kelly:

Anchor Consulting Engineering and Inspection, Inc. (Anchor) is pleased to present this ***Recommendation of Award*** for ***ITB 2023-02 – Water System Improvements (Construction Bid No. DW030721)*** to the City of Parker (City) for review and City Council approval.

BIDDING PROCESS

On Sunday, June 25, 2023, the above-referenced invitation to bid was advertised in the Orlando Sentinel per the requirements set forth in the Florida Department of Environmental Protection (FDEP) State Revolving Fund (SRF) program and on the City's website. In addition, the Bid was advertised in the Panama City News Herald on Tuesday, June 27, 2023 and Tuesday, June 18, 2023. Prospective Bidders were permitted to download digital copies of the bid documents from the City's website and/or obtain hard copies from the City at City Hall.

Addenda was issued for this project and e-mailed to all registered bid holders as well as posted on the City's website, as follows:

- Addendum No. 1 - August 10, 2023
- Addendum No. 2 - August 18, 2023
- Addendum No. 3 – September 9, 2023

The bid due date was extended to Thursday, September 14, 2023. Bids were received up to 2:00 p.m. CST on Thursday, September 14, 2023. Bids were opened and publicly read aloud after a City Council Public Hearing on Thursday, September 14, 2023. A copy of the Bid Tabulation is included as ***Attachment 1***.

BIDS RECEIVED

Bid Packages were received from the following Bidders for the following Bid Amounts:

BIDDERS	AMOUNT OF BASE BID
Extreme Land Clearing & Excavation LLC/CBC Construction	**$6,436,635.00**
Mainline Construction LLC	**$7,998,673.25**
Marshall Brothers Construction and Engineering, Inc.	**$8,639,300.00**
North Florida Construction, Inc.	**$12,902,700.00**
Royal American Construction Company, Inc.	**$6,144,264.00**

The apparent lowest bidder with a Base Bid of **$6,144,264.00** was:

Royal American Construction Company, Inc.
1022 West 23rd Street, Suite 300
Panama City, Florida 32405

RECOMMENDATION OF AWARD

Anchor recommends that the project be approved by the City Council and awarded to the apparent lowest bidder, **Royal American Construction Company, Inc.**, in the amount of **$6,144,264.00**.

Due to a request by the City to increase FDEP funding for construction, this project was put on hold until a new Construction Loan could be approved for the increased inflationary cost. FDEP SRF provided the revised fully executed Construction Loan on January 14, 2025.

Per conversations with **Royal American Construction Company, Inc. (RAC)** following receipt of the executed construction loan, RAC was asked to review its bid to ensure it could still honor the bid prices that were included in the original bid package from September 14, 2023. In early February 2025, RAC contacted Anchor to confirm that they could honor their original bid.

CONTRACT DOCUMENTS

Anchor has included the Notice of Award for this project in order to initiate the construction phase. Refer to ***Attachment 2*** for a copy of the Notice of Award to be executed by the City of Parker.

CONSTRUCTION SCHEDULE

Substantial Construction Completion: **335 Days from the NTP**
Final Construction Completion: **30 Days from Substantial Completion**

We appreciate the opportunity to be of continued service to the City and look forward to awarding this important project. If you have any questions or comments, please call me at your earliest convenience.

Sincerely,
Anchor Consulting Engineering and Inspection, Inc.

Elizabeth S. Moore, P.E.
President

ATTACHMENTS:

Attachment 1	Detailed Bid Tabulation
Attachment 2	Notice of Award

Copy: Mr. Tony Summerlin, City of Parker (via e-mail at tsummerlin@cityofparker.com)
Ms. Taylor Jeffreys, City of Parker (via e-mail at tjeffreys@cityofparker.com)

Attachment 1

Detailed Bid Tabulation

CITY OF PARKER
WATER SYSTEM IMPROVEMENTS CONSTRUCTION BID NO. DW030721
BID OPENING TABULATION
RECEIVED BIDS VALUE VERIFICATION

#	Description	Qty	Unit	EXTREME LAND CLEARING & EXCAVATION LLC/CBC CONSTRUCTION		MAINLINE CONSTRUCTION LLC		MARSHALL BROTHERS CONSTRUCTION AND ENGINEERING, INC.		NORTH FLORIDA CONSTRUCTION, INC.		ROYAL AMERICAN CONSTRUCTION COMPANY, INC.	
				Cost Per Unit	Total	Cost Per Unit	Total	Cost Per Unit	Total	Cost Per Unit	Total	Cost Per Unit	Total
BASE BID													
1.	Mobilization/Demobilization	1	LS	$ 172,125.10	$ 172,125.10	$ 29,900.00	$ 29,900.00	$ 863,600.00	$ 863,600.00	$ 500,000.00	$ 500,000.00	$ 122,885.00	$ 122,885.00
2.	Bonds and Insurance	1	LS	$ 153,535.50	$ 153,535.50	$ 156,800.00	$ 156,800.00	$ 431,800.00	$ 431,800.00	$ 300,000.00	$ 300,000.00	$ 92,164.00	$ 92,164.00
3	Maintenance of Traffic	1	LS	$ 160,833.60	$ 160,833.60	$ 55,640.00	$ 55,640.00	$ 554,200.00	$ 554,200.00	$ 200,000.00	$ 200,000.00	$ 184,328.00	$ 184,328.00
4	As-Builts by PLS	1	LS	$ 82,620.00	$ 82,620.00	$ 151,450.00	$ 151,450.00	$ 27,800.00	$ 27,800.00	$ 30,000.00	$ 30,000.00	$ 108,802.00	$ 108,802.00
5	Testing, Flushing, and Disinfecting	1	LS	$ 148,096.35	$ 148,096.35	$ 93,730.00	$ 93,730.00	$ 106,800.00	$ 106,800.00	$ 100,000.00	$ 100,000.00	$ 26,481.00	$ 26,481.00
6	Water System Improvements (excludes directional bore and water service laterals)	1	LS	$ 2,895,731.64	$ 2,895,731.64	$ 4,705,507.34	$ 4,705,507.34	$ 3,258,500.00	$ 3,258,500.00	$ 6,600,000.00	$ 6,600,000.00	$ 3,926,961.00	$ 3,926,961.00
7	8-Inch FPVC Direction Bore Piping (STA. 8+00 TO STA. 11+26)	1	LS	$ 38,191.26	$ 38,191.26	$ 33,077.10	$ 33,077.10	$ 40,600.00	$ 40,600.00	$ 50,000.00	$ 50,000.00	$ 30,996.00	$ 30,996.00
8	8-Inch FPVC Direction Bore Piping (STA. 14+00 TO STA. 15+20)	1	LS	$ 23,756.26	$ 23,756.26	$ 29,844.00	$ 29,844.00	$ 25,000.00	$ 25,000.00	$ 35,000.00	$ 35,000.00	$ 18,469.00	$ 18,469.00
9	8-Inch FPVC Direction Bore Piping (STA. 25+11 TO STA. 26+59)	1	LS	$ 28,808.51	$ 28,808.51	$ 28,600.50	$ 28,600.50	$ 29,700.00	$ 29,700.00	$ 40,000.00	$ 40,000.00	$ 22,937.00	$ 22,937.00
10	8-Inch FPVC Direction Bore Piping (STA. 30+35 TO STA. 34+10)	1	LS	$ 56,235.01	$ 56,235.01	$ 49,118.25	$ 49,118.25	$ 58,600.00	$ 58,600.00	$ 70,000.00	$ 70,000.00	$ 48,851.00	$ 48,851.00
11	3/4" Water Service Connection (Short)	262	EA	$ 1,054.04	$ 276,158.48	$ 1,817.06	$ 476,069.72	$ 1,340.00	$ 351,080.00	$ 1,250.00	$ 327,500.00	$ 1,176.66	$ 308,284.92
12	2" Water Service Connection (Short)	10	EA	$ 1,456.36	$ 14,563.60	$ 2,571.06	$ 25,710.60	$ 3,250.00	$ 32,500.00	$ 3,000.00	$ 30,000.00	$ 2,021.70	$ 20,217.00
13	3/4" Water Service Connection (Long)	127	EA	$ 1,480.01	$ 187,961.27	$ 2,182.43	$ 277,168.61	$ 3,910.00	$ 496,570.00	$ 3,230.00	$ 410,210.00	$ 2,032.57	$ 258,136.39
14	1" Water Service Connection (Long)	3	EA	$ 3,335.26	$ 10,005.78	$ 3,094.66	$ 9,283.98	$ 4,750.00	$ 14,250.00	$ 3,330.00	$ 9,990.00	$ 2,167.00	$ 6,501.00
15	Restoration	1	LS	$ 2,188,012.64	$ 2,188,012.64	$ 1,876,773.15	$ 1,876,773.15	$ 2,348,100.00	$ 2,348,100.00	$ 4,200,000.00	$ 4,200,000.00	$ 968,250.69	$ 968,250.69
TOTAL OF BASE BID				$	6,436,635.00	$	7,998,673.25	$	8,639,300.00	$	12,902,700.00	$	6,144,264.00

#	Description	Qty	Unit	EXTREME LAND CLEARING & EXCAVATION LLC/CBC CONSTRUCTION		MAINLINE CONSTRUCTION LLC		MARSHALL BROTHERS CONSTRUCTION AND ENGINEERING, INC.		NORTH FLORIDA CONSTRUCTION, INC.		ROYAL AMERICAN CONSTRUCTION COMPANY, INC.	
				Cost Per Unit	Total					Cost Per Unit	Total	Cost Per Unit	Total
DEDUCTIVE ALTERANTE BID													
A.1	Provide a lump sum price to be deducted from the total if a chase pipe is not installed for each long service connection under the road as shown in the details.	1	LS	$ (32,988.00)	$ (32,988.00)	$ (44,750.00)	$ (44,750.00)	$ (33,400.00)	$ (33,400.00)	$ (8,000.00)	$ (8,000.00)	$ (5,000.00)	$ (5,000.00)
Subcontract Bid Amount for Bid Item E – Thornton Lane (Thornton Lane and Soule Drive Intersection – Milling and Resurfacing)				$	(32,988.00)	$	(44,750.00)	$	(33,400.00)	$	(8,000.00)	$	(5,000.00)

	Bid Item Checklist	EXTREME LAND CLEARING & EXCAVATION LLC/CBC CONSTRUCTION	MAINLINE CONSTRUCTION LLC	MARSHALL BROTHERS CONSTRUCTION AND ENGINEERING, INC.	NORTH FLORIDA CONSTRUCTION, INC.	ROYAL AMERICAN CONSTRUCTION COMPANY, INC.
1	Valid Florida General Contractor's License	UNDERGROUND UTILITY LICENSE/GENERAL CONTRACTOR - EXPIRES 8/31/2024	UNDERGROUND UTILITY LICENSE - EXPIRES 8/31/2024	UNDERGROUND UTILITY LICENSE/GENERAL CONTRACTOR - EXPIRES 8/31/2024	UNDERGROUND UTILITY LICENSE/GENERAL CONTRACTOR - EXPIRES 8/31/2024	UNDERGROUND UTILITY LICENSE - EXPIRES 8/31/2024
2	Bid Form	✓	✓	✓	✓	✓
3	Bid Bond	✓	✓	✓	✓	✓
4	Addenda Acknowledgement	✓	✓	✓	✓	✓
5	Anti-Collusion Clause	✓	✓	✓	✓	✓
6	Conflict of Interest Disclosure Form	✓	✓	✓	✓	✓
7	Identical Tie Bids/Drug Free Workplace	✓	✓	✓	✓	✓
8	Certification Regarding Debarment, etc.	✓	✓	✓	✓	✓
9	Certification Regarding Lobbying	✓	✓	✓	✓	✓
10	Certification Regarding Scrutinized Companies List	✓	✓	✓	✓	✓
11	Subcontractor's List	BTC - DIRECTION BORE ($52,314)/ WATER SERVICES GROUP - TAP DRILLING ($16,300)/ MCCALLS SOD FARM - SOD ($97,620)	BTC - DIRECTION BORE ($65,000)/ ROBERTS AND ROBERTS - ASPHALT ($405,000)/ ARS OR TIGHTLINE - CONCRETE WORK ($300,000)	BTC OR TB LANDMARK OR CINCH - DIRECTION BORE / CWR CONTRACTING OR AMERICAN SAND OR ROBERTS AND ROBERTS - PAVING (NO COSTS INCLUDED)	BTC - DIRECTIONAL BORES ($50,000o	NO SUBS TO BE USED
12	Certificate of Compliance with the Florida Trench Safety Act	✓	✓	✓	✓	✓
13	Appendix A to the FDEP Supplemental Conditions	✓	✓	✓	✓	✓

Attachment 2

Notice of Award

NOTICE OF AWARD

TO: **ROYAL AMERICAN CONSTRUCTION COMPANY, INC.**

1022 WEST 23RD STREET, SUITE 300

PANAMA CITY, FLORIDA 32405

PROJECT DESCRIPTION:

The OWNER has considered the BIDs submitted in response to its advertised **ITB 2023-02: CITY OF PARKER - WATER SYSTEM IMPROVEMENTS CONSTRUCTION BID NO. DW030721**.

All interested parties are hereby notified that the BID submitted by **Royal American Construction Company, Inc.** for the **City of Parker - Water System Improvements Construction Bid No. DW030721 (ITB 2023-02)** has been accepted for the Work described in the Bid Documents in the amount of **$6,144,264.00**.

As required by the Instruction to Bidders, please acknowledge this Notice of Award in the space below, execute the Agreement and the Construction Bond, and deliver all Contract Forms along with the CONTRACTOR's Certificates of Insurance to the City of Parker within 10 business days from the date of this notice. If you have any questions, please contact Mandy O'Regan, Anchor (OWNER's Representative), moregan@anchorcei.com; (850) 215-1285.

Dated this _____ day of February 2025.

City of Parker

By: _____

Name: Andrew Kelly

Title: Mayor

ACCEPTANCE OF NOTICE

Receipt of the above Notice of Award is hereby acknowledged:

By _____

This _____ day of February 2025.

Name: _____

Title: _____

CITY OF PARKER
AGENDA ITEM SUMMARY

1. *DEPARTMENT MAKING REQUEST/NAME OF PRESENTER:*	2. *MEETING DATE:*
FL Rural Water Association – **Michael Chase, PE**	02/18/2025

3. *PURPOSE:*

Presentation of Impact Rate Study

4. *IS THIS ITEM BUDGETED (IF APPLICABLE)*

YES ☐ NO ☐ N/A X

Impact Rate Study

AGENDA ITEM # 3

FLORIDA RURAL WATER ASSOCIATION

2970 Wellington Circle • Tallahassee, FL 32309-7813
(850) 668-2746

EMAIL
frwa@frwa.net

WEBSITE
www.frwa.net

February 18, 2025

Mr. Tony Summerlin
Public Works Director
City of Parker
1001 West Park Street
Parker, FL 32404
Phone: (850) 871-5599
Email: tsummerlin@cityofparker.com

RE: Water and Wastewater Final Capacity Fee Study
City of Parker, Bay Co., PWS: 1030520, Fac. No. FLA645541

Dear Mr. Summerlin:

Florida Rural Water Association is pleased to provide this Capacity Fee Study to the City of Parker as a membership benefit. FRWA is dedicated to assisting water and wastewater systems provide Floridians with an ample affordable supply of high-quality water and wastewater disposal services, while protecting natural systems.

You should be congratulated on your water and wastewater system and operations staff. With unfunded mandates continuing to roll down from state and federal governments along with the aging of pipes, pumps, and plants, you have risen to the challenge and continue to provide quality services. To make a very difficult job more difficult, revenues have lagged behind expenses. Utility operators have done more with less each year, as measured in real dollars. They have shouldered the responsibility of running the system in a responsible manner and in compliance with state rules and regulations.

Capacity Fees. Capacity Fees (Connection Charges) are one-time charges assessed to the new commercial and residential connections to reimburse utility systems for infrastructure required to supply water and collect, treat, and dispose of wastewater from these new commercial and residential connections. Capacity Fees are proportional to the capacity set aside for the new customer. In some systems these charges are called Capacity Fees while others may be called Benefit Assessments, User Fees, Contributions In Aid of Construction (CIAC), Impact Fees or System Development Charges. [1]

The goals and objectives considered in the study include the following:

- ✓ Proposed Capacity Fees should be equitable among customer classes;
- ✓ Proposed Capacity Fees should minimize "shock" to customers if possible;

[1] AWWA, *Manual M1 - Principles of Water Rates, Fees and Charges*, 7th Edition, American Water Works Association, Denver CO., 2017, pp. 321-347

- ✓ Proposed Capacity Fees should reimburse the City for infrastructure required to supply water and collect treat, and disposal of wastewater from new commercial and residential connections; and
- ✓ Proposed Capacity Fees should provide for capital improvement needs and not operation and maintenance costs

Executive Summary

Findings & Recommendations

The City of Parker has two options for setting Capacity Fees:

Option A – Use the **Remaining Useful Life Basis** to capture the existing cost of running the City of Parker Water and Wastewater Utility.

Option B – Use the **Replacement Value Basis** to capture the true and sustainable cost of running the City of Parker Water and Wastewater Utility.

Remaining Useful Life (RUL) is the length of time the utility infrastructure, piping, pumps, tanks, and equipment is likely to be functional before it requires replacement. A piece of equipment may last longer than its estimated useful life, but it will need more and more maintenance as it reaches that point. It may become obsolete or require major repairs. An especially old asset, while technically functional, may be more of a liability than a benefit if it requires frequent repair work.

The Remaining Useful Life basis for computing Capacity Fees provides a value to existing utility assets based on their depreciated condition, estimated based on the years it is expected to continue to function. This can also be called Replacement Cost New Less Depreciation. This basis does not provide for the cost of replacing the pipe or equipment when it reaches the end of its useful life, the cost that the utility will have to bear to serve the development being added to the utility.

As an example of the implication of Remaining Use Life Basis, a community has an Elevated Storage Tank at the school constructed around 1952, over 70 years ago. The AWWA useful life of an elevated storage tank is 44 years. The elevated storage tank at the school would have no value when computing Capacity Fees based on Remaining Useful Life Basis. For this portion of the Capacity Fee, the new user will have almost no Capacity Fee to pay. However, the true, sustainable value to the utility is the replacement cost for the elevated storage tank, this is the cost the utility will have to bear to keep treated water available for new users as they are added to the system.

Replacement Value is the original cost escalated to current-day dollars. That is, the cost to the utility to install new infrastructure to replace existing piping, pumps, tanks, and equipment in today's dollars. The Replacement Value recognizes the expense the utility must incur to purchase new piping and equipment as the existing piping and equipment have become unusable due to age and wear. This is the cost the existing users have been incurring for all the previous years in keeping sufficient and usable piping and equipment available for the users now coming onto the system.

Replacement Value reasonably reflects the cost of providing new expansion capacity to users as if the capacity was added at the time the new user connected to the water system. The utility is fairly compensated for the carrying costs of the excess capacity that needed to be built into the system in advance of the new users connecting to the system so it would be available at the time the connection was needed. With pipelines and treatment plants it is impossible to put in increments of capacity at exactly the time a new development needs to have it available. Capacity-related

infrastructure must be planned, designed, and constructed in large increments and the new users the capacity is intended to serve will typically connect to the system over many years. Utilities must make investments in capacity-related infrastructure that will provide services to new development well in advance of the time when the new development occurs. Meanwhile, the utility is incurring the cost of keeping the capacity-related infrastructure in proper working condition so it will be fully available when needed by the new development.

With Capacity Fees based on Replacement Value, the new users are paying for the true, sustainable value of the capacity that the utility has purchased and kept available for them until now to us. While Replacement Value capacity fees represent a higher cost per Equivalent Residential Connection (ERC) than Remaining Useful Life, FRWA recommends Replacement Value because it represents a more equitable compensation to the utility for the cost of constructing and keeping necessary, effective capacity available for new users when it is needed.

1. Water Capacity Fee Finding

The current Water Connection Fees charge only for tapping the city water main. The tapping fee for a 5/8" tap is $500.00. For the Water Capacity Fee, the City has the option of using the evaluated Fee of **$2,190 per ERC** using the Remaining Useful Life Basis –or- **4,250 per ERC** using the Replacement Value Basis to capture the true and sustainable cost of running its Water Utility. FRWA recommends using the Replacement Value.

2. Wastewater Capacity Fee Findings

The current Wastewater Impact Fees for Parker is $1,400 per ERC. There is an additional capacity charge for the Bay County wastewater treatment plant. For Wastewater Capacity Fee, the City has the option of using the evaluated Fee of **$2,880 per ERC** using the Remaining Useful Life Basis –or- **$6,350 per ERC** using the Replacement Value Basis to capture the true and sustainable cost of running its Wastewater Utility. FRWA recommends using the Replacement Value.

Capacity Fees per ERC are proportional to the existing Average Day Flow per connection. Parker has an average day flow per connection of 105 gpd. According to the Water Research Foundation, average water use per household is 138 gpd (Water Research Foundation, *Residential End Uses of Water, Version 2*, 2016) Wastewater discharge would be even less than 138 gpd/household because not all water used is returned to the wastewater system. That means the wastewater flows for Parker are in line with the Water Research Foundation recommendation and infiltration/inflow is not an issue for the wastewater system.

Water & Wastewater Capacity Fee Findings

In combination both the Water and Wastewater Capacity Fees are:

Equivalent Residential Water & Wastewater Connection (ERC) Calculation Comparison

Category	Current Impact Fees	Option A Remaining Useful Life Value	Option B Replacement Value
Water	$500/ERC	$2,190/ERC	$4,250/ ERC
Wastewater	$1,400/ERC	$2,880/ ERC	$6,350/ ERC
Totals	**$1,900/ERC**	**$5,070/ ERC**	**$10,600/ ERC**

3. Water and Wastewater Capacity Fee Recommendations

FRWA recommends that the City use the evaluated fees to capture the true and sustainable cost of running its Water and Wastewater Utility and to maintain and protect the City's vital infrastructure. We recommend and can assist with continuing to establish a 5 and 10-year Capital Improvement Program to keep the City's utility financially sound.

4. Other Utility Fee Recommendations

- Fees for turn-ons, turn-offs, and late fees might need to be increased for inflation. Fees should be reviewed / updated at least annually by staff based on actual time and material costs for meters, fittings, boxes, equipment costs, fuel costs, and salaries.
- The Utility's policies on payments, late charge fees, illegal turn on penalty, or returned check penalty should also be reviewed / updated at least annually by staff.

- FRWA recommends implementing annual adjustments in accordance with the Florida Public Service Commission. The Public Service Commission price index is established annually to allow franchised water and wastewater utilities to adjust rates and charges as a reflection of the determined increase in operation and maintenance expenses. The following table shows the Public Service Commission Annual Approved Index for water and wastewater utilities.

Year	Commission Approved Index	Year	Commission Approved Index
2013	1.63%	2019	2.36%
2014	1.41%	2020	1.79%
2015	1.57%	2021	1.17%
2016	1.29%	2022	4.53%
2017	1.51%	2023	7.07%
2018	1.76%	2024	3.24%

- It is recommended that you revisit this Capacity Fee study every 3 to 5 years or as needed. Indicators of need include changes to revenue or CIP expenses predictions, current financial position and other indicators that become evident during the annual budget approval process.

Capacity Fee Evaluation

Capacity Fee Calculations.

Capacity Fee Calculations are performed in accordance with the American Water Works Association *Manual M1 - Principles of Water Rates, Fees and Charges* guidelines for calculating and allocating Capacity Fees to new customers.[2] FRWA uses a rational and conservative approach when performing these evaluations. This approach is transparent, defendable, and complies with statute and case law. Since there is a rational nexus of allocating Capacity Fees to customer groups it also follows the intent of the Florida Statutes that set the basis for rates and Capacity Fees by counties and municipalities. Such fees shall be just and equitable. [3]

Capacity Fees are set using the following criteria:

- The water / wastewater system has the legal authority to charge Capacity Fees.
- Costs are allocated to specific customer classes based on use of the water / wastewater system infrastructure.
- New customers add incremental capital costs to the utility and the fees are set to recapture their impacts to the system.
- The evaluation of system data is sufficient to reasonably estimate the value of water / wastewater system infrastructure and support charges to new customers. The evaluation includes water / wastewater consumption, historical flow trends, growth, and inventories of water lines, wells, treatment, collection, manholes, lift stations, etc.
- Justification of capital costs is clearly provided in the calculation of fees.
- The costs of grant-funded and contributed assets are not included in the Capacity Fee calculations.
- Outstanding principal on debt that has been incurred for infrastructure is not included in asset value for Capacity Fee calculations.
- The capital costs / fee requirements for new customers are consistent, predictable, and uniform.
- Each customer class equitably pays its own way. No undue burden is placed on one class over another customer class.

Compliance with the Dual Rational Nexus Test

The City is responsible for compliance with Florida statutes for all aspects of Capacity Fees – establishment, collection, and expenditures. The dual rational nexus test is a basis for the validity of impact fees. The test has two prongs, each of which are a rational nexus that must be found:

> The local government must demonstrate a reasonable connection, or rational nexus, between the need for additional capital facilities and the growth in population generated by the subdivision. In addition, the government must show a reasonable connection, or rational nexus, between the expenditures of the funds collected and the benefits accruing to the subdivision.[4]

To understand the first prong of the dual rational nexus test, a rational nexus between the need for additional capital facilities and the growth in population generated by a new development, it is first important to understand what is considered rational. To be rational, the nexus must be substantial, demonstrably clear, and present. The Capacity Fee Study attempts to define (monetarily) the benefit new customers receive from hooking up to the

[2] AWWA, *Manual M1 - Principles of Water Rates, Fees and Charges*, 7th Edition, American Water Works Association, Denver CO., 2017, pp. 321-347

[3] See Florida Statutes Chapter 153 for County Water & Sewer Systems and Chapter 180 - Municipal Public Works.

[4] *St. Johns County v. Northeast Florida Builders Ass'n, Inc.* 583 So.2d 635, 637 (Fla. 1991),; *Hollywood, Inc. v. Broward County,* 431 So.2d 606, 611-612 (Fla. 4th DCA 1983)

utility in demonstrating the value of infrastructure capacity made available to the new customer. The Capacity Fee Study specifically focuses on the pro-rate share new customers should pay for the infrastructure required to meet the new demand. The goals of the Capacity Fee Study are rational and consistent with the first prong of the dual rational nexus test.

The second prong of the dual rational nexus test is that there must be a rational nexus between the expenditures of the funds collected and the benefits accruing to the payor of the impact fee. This can be satisfied by specifically earmarking the funds collected for use in acquiring capital facilities to benefit the new residents. How the City handles the fees collected is the responsibility of the City and is not addressed in this Capacity Fee Study.

Cost Savings and Benefits.

Capacity Fees provide a revenue source for replacement and upgrade of existing infrastructure as new customers are added to the system and the funds collected must benefit the new customers paying the fee. This revenue is intended to be used for funding major expansions as well as minimizing future debt or reducing the need for future debt. Capacity Fees also provide for the utility to maintain an appropriate level of retained earnings and cash reserves to meet capital improvement needs. Utilities that are committed to regular renewal and replacement of aging infrastructure regularly see cost savings in their O&M budget, avoid unnecessary costly emergency repairs and minimize community health and safety concerns due to critical water and wastewater equipment failures.

Accuracy of Revenue Predictions.

We have performed our analyses using the data and information obtained; we have relied upon such information to be accurate. Projected Capacity Fee revenue precision is limited by the accuracy of the financial information provided – good information "in" equals good information "out", and *vice versa*. Should our capacity fees not meet your expectations, we will work with you to carefully review and update financial records, revisit our calculations, valuation parameters, assumptions, etc. We are always happy to return, revisit your Capacity Fees, and adjust the analyses as necessary, consistent with Florida law.

Growth should pay for Growth.

Growth causes the need for expansion and should therefore pay its fair share for the costs incurred. These new connections use existing capacity or require expanded capacity in the form of plant expansions and water / sewer line extensions -- requiring significant capital expenditures. Existing ratepayers have supported and maintained the existing facilities, and new customers should support any new, additional, or expanded facilities plus pipelines that are required for the use of these new customers.

Some officials and new customers have argued incorrectly that the utility should allow new customers on the system without charge or at original plant costs (not adjusted for inflation). It's not fair to existing ratepayers and it is not a prudent utility practice. Nor would it be good business practice. Public officials may be tempted at times to trim budgets; lower utility rates below operational costs; and keep Capacity Fees below actual capital investment needs -- but this seriously reduces utilities' ability to perform its central mission, shortchanges ratepayers by delaying costs, sets up unrealistic expectations, and undermines the future vitality of the community.

Dealing with Growth & Infrastructure Decay.

Communities must maintain adequate levels of service for public facilities and anticipate and prepare for growth. Some older or aging infrastructure may need to be upgraded which requires adequate funding.

As new customers come online more and more of the treatment capacity is used up until the plant is at capacity and must be expanded. Further, the Florida Department of Environmental Protection requires that when a water plant reaches 75% of capacity that the supplier of water must submit source/treatment/storage capacity analysis reports by a professional engineer documenting projected flows. If the operating capacity of the water treatment plant or finished water storage is exceeded in less than 5 years, documentation of timely design, permitting, and

construction must be submitted with the report (Rule 62-555.348 F.A.C.). Similarly, for wastewater treatment plants, FAC 62-600.405 requires timely planning, design, and construction of needed wastewater treatment facility expansion. This requirement includes a statement signed and sealed by a professional engineer that planning and preliminary design of the necessary expansion has been initiated if the Capacity Analysis Report documents that the permitted capacity of the facility will be exceeded within the next five years. Bay County operates and maintains the water treatment plant supplying treated source water to Parker. Parker is a consecutive wholesale customer.

Existing Water System Demand.

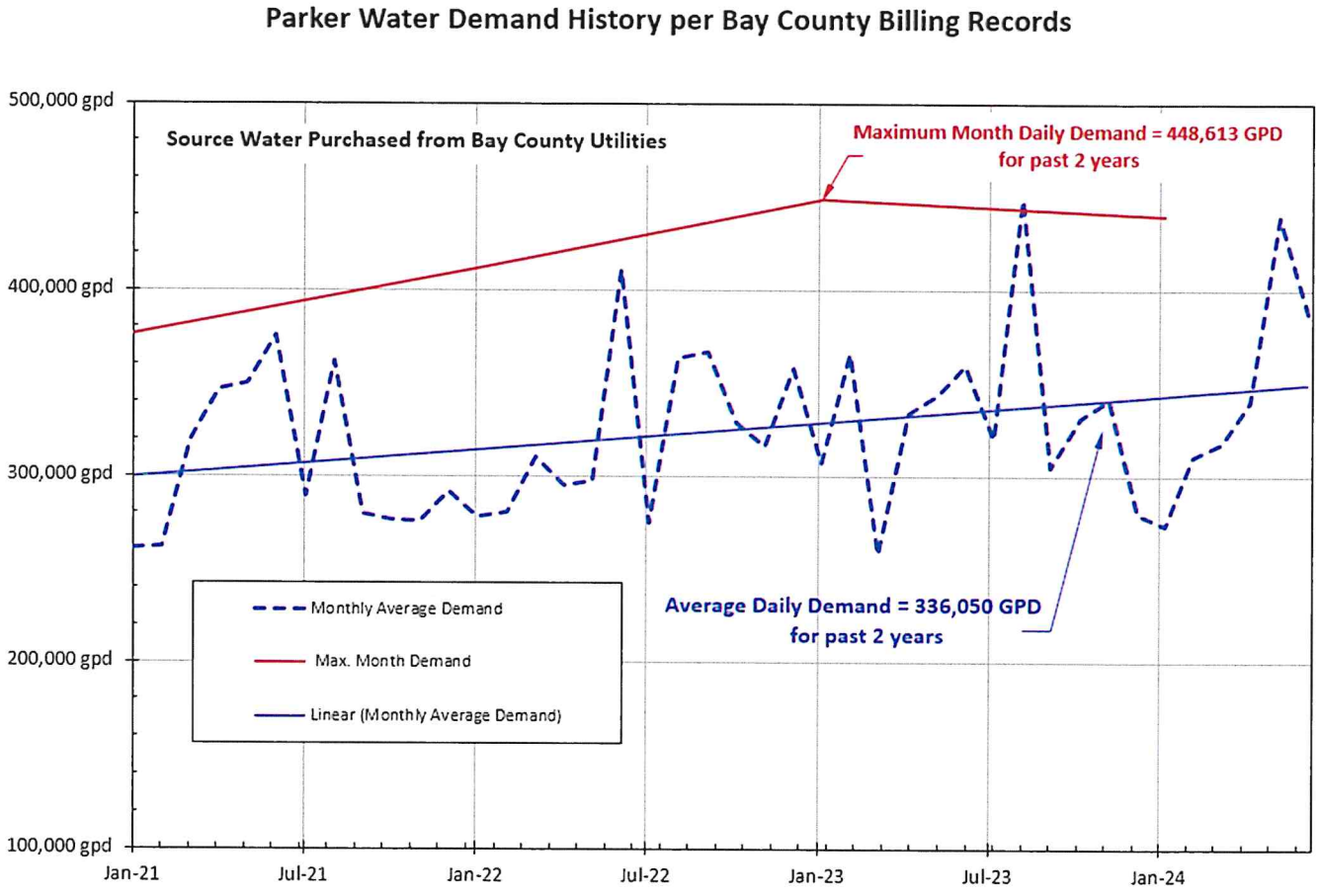

Figure 1 ~ Historic Water Demands

(GPD denotes Gallons per Day)

The amount of water used by the customers on the system is provided below, see Figure 1 for flow records:

City Population 4,010
(based on data.census.gov - 2020)

Equivalent Residential Connections (ERC) 2,279

Average Daily Demand (ADD) for past 2 years ..... 336,050 gpd (233 gpm)

Maximum Daily Demand (MDD) for past 2 years ..... 448,613 gpd (311 gpm)

Total Permitted Plant Capacity (MDD) ..... N/A – Purchased water from Bay County

Percentage of total water treatment plant capacity used ..... N/A

Water used per Equivalent Residential Connection (ADD / ERC) ..... 147 gpd

The City of Parker is a distribution only system that purchases water from Bay County Water System, PWS ID 1030050. The water system receives treated water under pressure directly from Bay County Water System through eight interconnects. The interconnect flow meters are maintained by Bay County Water System. The City of Parker maintains a water service contract with Bay County Water System on file. The contract is effective through July 2041. The contract stipulates conditions of sale including water quality, water quantity, area of service, and water rates. City of Parker serves 1882 residential connections, 4 multi-family connections, 102 commercial connections, and 38 unclassified connections.

Existing Wastewater System Demand.

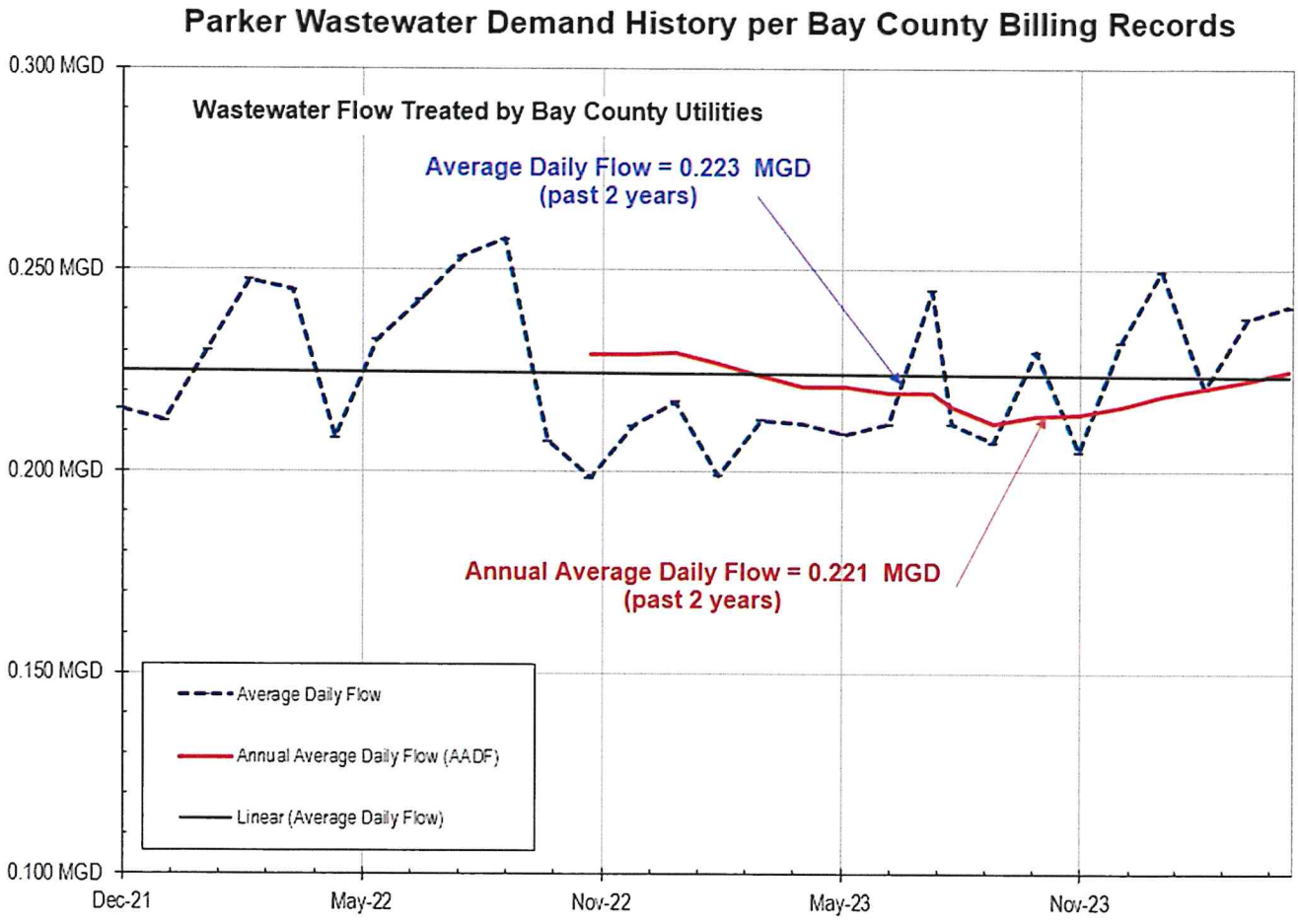

Figure 2 ~ Historic Wastewater Flows

(MGD denotes Million Gallons per Day)

The amount of wastewater used by the customers on the system is provided below, see Figure 2 for flow records:

City Population 4,010
(based on data.census.gov – 2020)

Equivalent Residential Connections 2136

Monthly Average Daily Flow per DMRs (for past 2 years) ..... 0.223 MGD (155 gpm)

Permitted Plant Capacity (Monthly Average Day Flow) ..... 0.7189 MGD (500 gpm)

Percentage of wastewater treatment plant used..... 30 %

The City's wastewater system consists of approximately 25 miles of gravity collection lines to 16 pump stations and a master pump station to the Bay County operated Military Point Regional Wastewater Treatment Facility, FL0167959. An interlocal agreement between Bay County and Parker dated September 24, 1996, reserves treatment capacity of 0.719 MGD for the City of Parker's raw wastewater. Parker's wastewater collection system and pump stations are also maintained and operated by Bay County under an interlocal agreement.

Utilities are Capital Intensive.

The water supply and wastewater treatment industry are very capital intensive because almost every component of these systems requires fixed capital investments in long-term infrastructure. Water facilities include water supply, treatment, storage, distribution, and disposal of treatment residuals. Wastewater facilities include sewage collection, pumping (lift stations), transmission, treatment, disposal of treated effluent, and disposal of biosolids.

Funding Utilities.

Utilities typically operate for many years without fully recovering the initial construction costs. Loans and grants supported by rates are used to finance capital facilities. In addition to paying the debt obligation for existing facilities, rates support operation, maintenance, salaries, chemicals, power, vehicles, equipment, repair and replacement. Rates frequently cannot be structured to accommodate new or expanded facilities for new customers. Capacity Fees are used to assess new customers for capital construction costs and allow new customers to "buy-in" to the system. Capacity Fees bridge the funding gap needed to build the new facilities to provide service to new residents and businesses. Capacity Fees cannot be used for operation, maintenance, repair, replacement, or normal utility administrative costs. Capacity Fees should be held in a separate account from water/wastewater revenue and general funds. Finally, Capacity Fees must benefit the new users paying the Capacity Fees.

It is just too easy to neglect existing facilities and run them into the ground instead of being proactive in their repair and replacement. Problems with this approach are:

1. Cost for replacement is several times greater than for repair and maintenance;
2. Real cost of utility operation is hidden from the ratepayer and governing board;
3. Assets are not properly valued and preserved;
4. Improper stewardship of public assets;
5. Grants never cover all replacement costs; and
6. Diversion of public funds from more worthy uses.

FRWA Rough Order of Magnitude Capital Improvement Cost Projections.

Twenty years ago, conventional lime softening water treatment plants would cost about $4 to $6 per gallon to construct, today one would expect to spend approximately $10 to $15 per gallon to construct. Actual costs vary greatly by community, by region, and between design consultants. Plus, any estimate must include unique site-specific needs like new raw water wells, piping, land, instrumentation & controls, emergency power generation, or deep wells. The FRWA has developed cost estimating curves based on construction work in Florida for various types of water treatment techniques. These estimating curves have been used to prepare the rough order of magnitude costs for replacement shown herein.

Establishing the cost for new wastewater treatment capacity is equally difficult for wastewater treatment plants. Rough order of magnitude costs is included for wastewater plants, collection systems, lift stations, and force mains. Twenty years ago, an extended aeration secondary treatment plant would cost about $3 to $5 per gallon to construct, today you would expect to spend approximately $20 to $40 per gallon to construct. Actual costs vary greatly by regulated treatment requirements, by community, by region, and between design consultants. Recent final construction costs for advanced treatment wastewater plant and effluent reuse systems required by regulatory consent order for a Florida utility similar to Parker have been more than $30/gallon. All costs included are the Engineer's opinion of probable costs based on professional judgement and reviewing a sample of recent bids submitted to the FDEP State Revolving Fund program.

Scheduling Presentation of Capacity Fees Study Findings and Recommendations.

We are happy to come to your next City Council meeting to explain our analysis and report. We anticipate that you will have questions to discuss and options to consider. The presentation is between 20 to 30-minutes in length, which would be followed by commission discussion. This activity typically takes about 60 to 90 minutes and can be held during a special workshop or a normal commission meeting. This is an informative meeting and decisions about Capacity Fees are usually taken at subsequent meetings. It is important that all commission members be in attendance since the adoption of Capacity Fees increases can produce public comment.

We have enjoyed serving you and wish your water and wastewater system the best. Please feel free to contact me if you have any further questions.

Sincerely,

Michael Chase, P.E.
Florida Rural Water Association