

Non-County Owned Utilities Systems



*Presented October 20, 2020
at the
Manatee County Board of County
Commissioners Work Session*

Purpose of Presentation

Discuss proposed modifications to the existing process for accepting ownership of non-County owned utilities systems



Outline

- *County Owned vs. Non-County Owned Utilities Systems*
- *What issues result?*
- *Current process for accepting non-County owned utilities*
- *Proposed process for accepting non-County owned utilities*



Utilities Systems

- *Potable water, wastewater and/or reclaimed water supply, treatment, transmission, collection, and distribution facilities (including wells, reservoirs, treatment plants, pump stations, storage tanks, pipes, valves, manholes, hydrants, meters and other associated appurtenances).*



Utilities Systems Ownership

- *Public*
 - *Municipal – county, city, town, etc*
 - *Special district – CDD*
- *Private*
 - *Investor owned, for profit – regulated by PSC*
 - *Apartment complex, Condo, Commercial park, MHP, HOA, etc.*



County Owned vs. Non-County Owned

- *For this discussion, ‘utilities systems’ are limited to collection and/or distribution facilities and appurtenances*
- *Typically dependent on property ownership – lines/appurtenances located on non-County owned property are not owned by County*
- *Determined when system constructed*
 - *Plans, permits, FDEP clearance for service*



County Owned vs. Non-County Owned (2)

- *Examples of where Non-County Owned Systems occur*
 - *Commercial site,*
 - *gated community,*
 - *Other non-County owned ('private') road,*
 - *in Coastal High Hazard Zone.*



County Owned vs. Non-County Owned (3)

- *Some Exceptions to property ownership norm*
 - *“POMD” agreement*
- *Non-County owned water lines with individual County meters – (County services meters, provides billing and collection)*



What Issues Result?

- *Variable levels of maintenance provided to non-County owned systems; many receive little or none – “out of sight, out of mind”*
- *As non-County owned systems age and require maintenance and/or repair, owners ask County to take over their system*
- *County accepting ownership of a system means County accepts responsibility and liability going forward*



Current Process for Accepting Non-County Owned Utilities

- *System must meet the current Utilities Standards for materials and installation*
 - *Utilities Standards are set to ensure facilities constructed to be owned by the County provide the optimum service life/cost*
 - *Accepting a sub-standard system means other rate payers will prematurely bear the cost of repair or replacement*
 - *Systems are inspected for compliance with standards – materials of construction, functionality, operability*
 - *Check lists of needed improvements provided to system owner*
 - *Most non-County owned systems submitted for County acceptance face a substantial investment to meet current standards*



Issues Encountered with Current Process

- *Owners balk at making required improvements*
 - *Many unaware they own the system*
 - *Do not have reserves to fund improvements*
 - *Unable or unwilling to raise funds (assessments, dues)*
- *Owners request various concessions from meeting standards*
 - *Negotiating concessions on case-by-case basis opens possibility of unequal treatment*



Issues Encountered with Current Process (2)

- *Most requests do not proceed due to costs of making system meet current standards*
- *Customers dissatisfied*
 - *Must complete repairs or replacement*
 - *Must maintain ownership*
 - *Upset:*
 - *“didn’t know”,*
 - *“unfair”,*
 - *“not all County owned system meets current standards”*



Proposed Process for Accepting Non-County Owned Utilities Systems

- *Developed an objective process that requires items deemed most critical for systems operation by County staff, considers the remaining useful service life of installed utilities systems and credits a portion of paid fees that would have gone to maintenance of the systems had they been County owned.*



Transfer of System Assets Fee

- *Utilize cost-value based calculation:*
 - *Inspection & Cleaning Charge*
 - *Asset Lifecycle Charge*
 - *Operation & Maintenance Credit*
 - *Deficiency Charge*

$$\text{Total Fee} = \text{Inspection \& Cleaning Charge} + \text{Asset Lifecycle Charge} - \text{O\&M Credit} + \text{Deficiency Charge}$$



Inspection & Cleaning Charge

- *Inspection of existing system required (as in current process)*
 - *Operability (system valves, hydrants, air relief devices, etc.)*
 - *Materials (pipes, fittings, manholes, wet wells in lift stations, etc.)*
 - *Equipment (LS pumps, electrical and instrumentation, etc.)*
- *Charge is the unit cost to have contractor conduct inspection (includes cleaning of sewer lines prior to video inspection)*
- *Owner may elect to conduct all or part of the inspection*



Asset Life Cycle (Depreciation) Charge

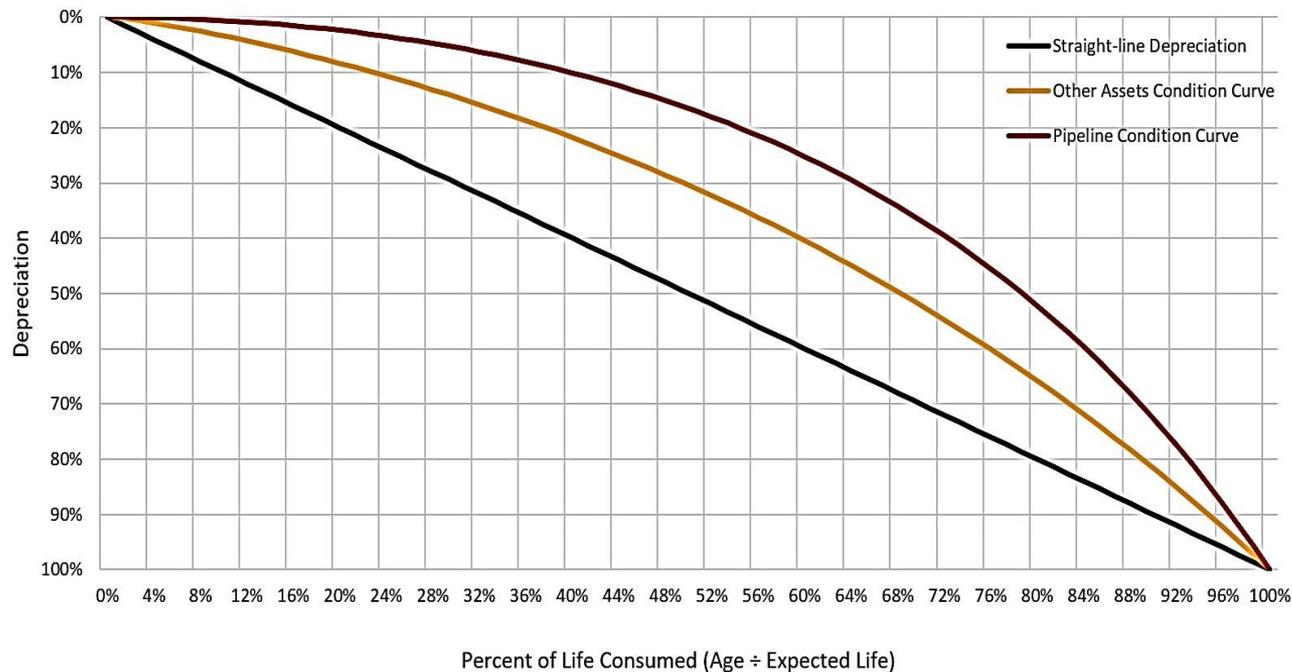
- *Recognize remaining life in installed assets by only recouping charge for 'spent' portion of useful life*

Asset Type	Useful Life
Pipelines	
Water Distribution	75 years
Reclaimed Water Distribution	75 years
Gravity Sewer	75 years
Sewer Force Main	75 years
Lift Station Components	
Pump	15 years
Wet Well	40 years
EI&C	20 years
Appurtenances	
Sewer Laterals	75 years
Water Service	40 years
Reclaimed Water Service	40 years
Hydrants	40 years
Manholes	50 years



Asset Life Cycle (Depreciation) Charge (2)

- *Use typical industry standard condition curves*
- *Non-linear depreciation*
- *Separate curves for pipelines and for other assets*



Operations & Maintenance Credit

- *Credit for portion of fees paid to UD that would have gone to system O&M by UD*
- *Applies only to years in which non-county owned system operated each asset*
- *Use total O&M expense per customer account to calculate annual credit*
- *Applies only to active number of customer accounts each year*



Operations & Maintenance Credit (2)

- *Typical O&M activities*
 - *Lift station O&M (electricity and labor for cleaning, inspection, and EI&C maintenance).*
 - *Routine sewer main cleaning/inspection and water main flushing.*
 - *Repairing water main leaks.*
 - *Fixing sewer line blockages.*
 - *Lift station equipment maintenance and repairs.*
 - *Hydrant and manhole maintenance.*
 - *Valve exercises.*



Deficiency Charge

- *Assessed for aspects of the system which must be corrected before the County would assume ownership*
 - *items that interfere with system operations*
- *Could be identified in design review or system inspection*
- *Items must be corrected by system owner or County will assess charge to have them corrected*



Deficiency Charge (2)

Minimum items on which charge is based:

- *Potable Water*
 - *Valves that are not operational.*
 - *Replacement of wheel valves at blow-offs.*
 - *Hydrants that are not operational.*
 - *Valve pads and/or valve tabs.*
 - *Meter boxes not at grade.*
- *Wastewater*
 - *Air release valves (ARVs) that are not stainless-steel*
 - *Cleanouts not at grade.*
 - *Telemetry missing or not operational at lift stations.*
 - *Forcemain valve missing or not operational.*
 - *Sags or dips in gravity lines that exceed 1-inch will be evaluated on a case by case basis. Factors to be considered include, but are not limited to, diameter of pipe, slope of pipe, flow, and existence of an upstream force main.*
- *Reclaimed Water*
 - *Missing customer meters. (Master meters are not allowed.)*



Example: 200 home system

System Summary	Water	Reclaimed Water	Sewer	Total
Pipelines				
Linear Feet of Pipe	9,726	9,195	9,411	28,332
Miles of Pipe	1.8	1.7	1.8	5.3
No. of Services/Laterals	264	274	271	809
Range of Pipe Diameter	6 - 12 in.	2 - 12in.	4 - 8 in.	2 - 12 in.
Pipe Install Year Range	2008	2008	2008	2008
Facilities				
Number and Type	-	-	1 Lift Station	1 Lift Station
Install Year Range	-	-	2008	2008
Appurtenances				
No. of Hydrants/Manholes	11	-	38	49
Install Year Range	2008		2008	2008



Example: 200 home system (2)

Item	Amount
Inspection and Cleaning Charge (cost per linear foot)	\$56,010
Asset Lifecycle Charge (approx. 4% value used)	\$239,721
O&M Credit (from 1 to 118 customers, 12 years)	- \$94,431
Deficiency Charge (needs individual reclaimed meters)	\$93,160
Total Transfer Fee	\$294,460



Example: 441 home system

System Summary	Water	Reclaimed Water	Sewer	Total
Pipelines				
Linear Feet of Pipe	27,612	27,689	26,093	81,384
Miles of Pipe	5.2	5.2	4.9	15.3
No. of Services/Laterals	1,013	420	594	2,027
Range of Pipe Diameter	4 – 10 in.	2 -10 in.	6 – 8 in.	2 – 10 in.
Pipe Install Year Range	2005 – 2009	2001 - 2009	2005 – 2009	2005 – 2009
Facilities				
Number and Type	-	-	1 Lift Station	1 Lift Station
Install Year Range	-	-	2005	2005
Appurtenances				
No. of Hydrants/Manholes	34	-	130	164
Install Year Range	2005 – 2009	-	2005 – 2009	2005 – 2009



Example: 441 home system (2)

Item	Amount
Inspection and Cleaning Charge (cost per linear foot)	\$155,267
Asset Lifecycle Charge (approx. 4% value used)	\$740,868
O&M Credit (from 85 to 441 customers, 13 years)	- \$664,326
Deficiency Charge	\$TBD
Total Transfer Fee	*\$231,809

** Determined Deficiency would add to Total Transfer Fee*



Proposed Process for Accepting Non-County Owned Utilities Systems (2)

- *UD produces Policy and a Procedures Manual*
 - *Includes description of process*
 - *All required actions by system owner and UD*
 - *All required documents (Bill of Sale, easements, etc.)*
- *Policy and Manual Adopted by BCC resolution*



Questions?

