



## **The Success of Port St. Lucie's Water, Sewer Expansion Program**

By Port St. Lucie Mayor Robert E. Minsky

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Port St. Lucie's municipally owned water and wastewater utility has had a unique history in relatively short life. It has been owned and operated by three distinct entities. General Development Utilities (GDU), a subsidiary of General Development Corporation (GDC), the original developer of Port St. Lucie, formed the Utility in the late 1950s. GDU planned its small water and wastewater treatment facilities solely to provide services to homes and commercial buildings it was selling at the time. The Northport Water Treatment Plant, was constructed by GDU in 1959 as a 150,000-gallon steel ground storage tank serving the River Park subdivision and a small commercial plaza. The Southport Water Treatment Plant and Southport Wastewater Treatment Plant were constructed in 1960 and 1961 to serve GDC's Sandpiper Bay golf resort/hotel, and the homes GDC intended to build surrounding the resort's three golf courses. The 375,000 gallon per day Westport Wastewater Treatment Plant was constructed in 1980 to serve the Windmill Point community, a cluster of apartments, town homes, and lower priced single-family residential units.

By the early 1980's, GDC had platted more than 80,000 1/4-acre lots within Port St. Lucie's city limits. Residential contractors other than GDC had also begun building custom homes in the City, the majority of which did not have benefit of GDU's limited water and wastewater service availability. As a result, thousands of homes were built with private, shallow aquifer wells and septic systems.

Subsequent to GDC's and GDU's bankruptcy filings in 1990, St. Lucie County acquired the utility through a "quick take" action. In 1993, the City of Port St. Lucie and St. Lucie County began discussions regarding a potential transfer of the utility to the city. The City Council wanted to own and operate the utility and make public water and wastewater services available to its ever-growing number of residents. The City reached a transfer agreement on October 1, 1994. At that time, the utility had 17,228 water customers and 10,800 wastewater customers.

### **System Expansion Plan Driven by Public and Economic Health Concerns:**

The city embarked on an unparalleled multi-phased water and wastewater expansion program that relied on a utility special assessment methodology.

Under this program, property owners are assessed their share of costs associated with the infrastructure improvements within their respective neighborhoods.

Driving the program was the clear understanding (supported by the local Health Department) that the continued construction of up to four septic systems per acre was jeopardizing the health of thousands of residents. The septic systems threatened to pollute the ground water supply and contaminate private shallow aquifer wells, the only source of residential water.

While the health of residents and the protection of the area's natural water resources was a primary concern, a second concern was the economic health of the community. Significant commercial development was doomed without an adequate water system. The absence of a diversified tax base that commercial development could bring would place the cost burden of providing all public services on the single-family residential property owner. Additionally, continuing to use private septic systems would limit house sizes, and thus property values. And that problem translated into limitations on the city's property tax revenues.

## **A Rocky Start**

The first seven phases of the assessment program, which included extending potable water mains, low-pressure sewer mains and all related equipment to nearly 60,000 lots throughout the northwestern, central, and southwestern portions of the city is complete. The final phase of the program is under construction and is scheduled to be in service by early 2007. When complete, this last phase will provide water service to nearly 100 homes and sewer service to approximately 1,000 homes. These properties have always had city water service, but have had to rely on private septic systems.

The first assessment notices were mailed to nearly 40,000 property owners in the summer of 1994. The notices were not generally well received. Administrative support staff charged with responding to related phone calls received bomb threats! The first public hearing was so heavily attended that the line of property owners wanting to voice their opinions against the program spilled out of the City Council Chambers, into the City Hall lobby, and further out into parking lots. Tents, bleachers and television monitors were set up in the parking lot to accommodate the overflow crowd at the second public hearing. Those wishing to speak had to pre-register, and they were issued numbered tickets. Time and time again, owners stated they weren't necessarily against the concept of the program, but instead they feared the financial hardship it might cause them.

The City Council clearly heard its constituents and implemented several measures to lessen financial burdens related to the assessment program and for connection fees, and this attempt to recognize residents concerns eventually proved to be the key to building public support.

## **Assessments**

1. Extensive research determined that a low-pressure sewer system would best serve Port St. Lucie's residents in lieu of a gravity system. A low-pressure system substantially lowered the cost over a gravity system.

Those cost savings were realized in part by reducing pipe purchase costs, and placement at three feet below ground instead of much deeper for a gravity system. By limiting the depth cost

savings were realized because de-watering was not required and the contractor could utilize smaller equipment.

2. Owners could choose to pay their assessments in full before an established cutoff date, and they received a discount on their payment.

3. Owners who were not able to pay the assessment up front were allowed to pay it over a 20-year period (interest included). Annual billings appear on the annual property tax bill; therefore, most residents actually make monthly payments via escrow accounts attached to their mortgages that are intended to cover property taxes, home insurance, etc.

4. Homesteaded property owners who owned up to three contiguous vacant lots were allowed to have the lot/s exempted from the assessment until such time that they choose to develop them. Owners seeking the exemption were cautioned that the exempted assessment, plus all accrued interest, would be immediately due and payable before any building permit could be issued for the exempted lots.

### **Connection Fees**

1. Working closely with the Florida Department of Environmental Protection, the state's regulatory agency governing the utility, the city obtained a variance from state laws related to mandatory connections. The result was that homes with private wells and septic systems in good working order do not have to connect to the city's systems until one or the other fails.

2. When an existing residence needs or desires connection to city utility services, the homeowner can finance their connection fees over a 10-year period with no interest.

3. Upon connection to the city's water system, existing homes are able to retain use of their private wells for irrigation purposes.

4. All new construction is required to connect to the city's utility system. All associated fees must be paid in full up front as part of the building permit issuance process.

### **Program Popularity Grows out of Tragedy**

Tragedy struck Port St. Lucie in April 1999 when wildfires destroyed 40 homes in neighborhoods not yet served by city water. Because fire hydrants were not available for use, firefighters had to haul water in tanker trucks and/or drag local drainage canals and drop water from helicopter buckets. Neighborhoods where the fires occurred were not scheduled to receive water service for a year or more.

Thus, the City Council directed that the city's contractor immediately begin constructing of an eight mile emergency fire loop water main circling the affected areas. The fire loop and 100 additional fire hydrants significantly improved fire fighting abilities for those neighborhoods until the proposed water distribution system could be completed in those areas.

Now the city is completing the last phase of water & sewer installation so that every neighborhood in the city will be connected. As a result of the project,

61,767 customers now have city water, and 43,472 have city sewer service. And many thousands more are anticipated in the next decade. The utility debt for all this growth is now nearing \$381 million, mostly in outstanding high-rated bonds, but the cost has been a wise investment because the expansion has helped the city to become the fastest growing city in the nation, according to the U.S. Census Bureau, and taxable property values grew by 40 percent in 2004, and 42 percent in 2005. Both years are records in Florida, surpassing even the best of boom times in cities like Orlando, Boca Raton, and Miami Beach.

### **Historical Growth of Port St. Lucie's Utility**

*When the City assumed ownership of the Utility:*

1994 water connections – 17,228

1994 sewer connections – 10,800

*Today:*

January 2006 water connections – 53,188

January 2006 sewer connections – 34,754