

**Joint Meeting of the City of New Smyrna Beach
and
New Smyrna Beach Utilities Commission
January 16, 2024**

Attendees: New Smyrna Beach Utilities

UC Commissioners – Chairman - J. Davenport, R. Hawes, L. J. Smith, L. Kelly,
CEO – J. Bunch

City Commission:

Mayor – F. Cleveland, Commissioners R. Hartman, J. McGuirk, L. Martin, V. Perrine
City Manger – K. Resheidat

Opening of Joint Workshop:

Mayor Cleveland opened the meeting. He expressed the collaboration and strong relationship the City and Utilities have had over the past year. Chairman, Davenport thanked the city for appointing him to the Utilities Commission for a third term giving him 9 years on the board.

Public Participation:

- A resident of Silver Sands asked how far south the Septic to Sewer project would encompass.
- Another Silver Sands resident was pleased that the state had awarded \$7.5 million to the septic to sewer project and understands it is a priority for the Governor. He was surprised that he and other residents of Silver Sands hadn't heard about the Meade Hunt study or the project. He offered to act as a conduit for information connecting the city and residents. He was an engineer, and has concerns and questions about capacity, location and number of lift stations, the time frames and overall impact of the Septic to Sewer project being discussed.
- A third Silver Sands resident wanted to bring the following points to the Commissioners' attention:
 - The Temple St. Bridge and the Rt. 44 bridge are failing because they do not allow enough water to flow in both directions during storms and high tides. It causes flooding on Temple St.
 - He noted that the city has spent a lot of money yearly cleaning out homeless encampments and has ideas on how to deal with the challenge.

Special Meeting

Septic –to-Sewer Discussion

Mr. Resheidat outlined that the Septic-to-Sewer project was part of the city's strategic plans. It is a multi-year project, but the city needs to take some action now. The city contracted with Meade and Hunt to do a study in conjunction with NSBU. There are over 2,682 septic systems in areas that the NSBU services but not all are within city limits. The city has designated Aqua Golf as the number one priority project. Silver Sands is outside the city limits. NSBU has been able to acquire a \$7.5M grant from the state for Silver Sands due to its association with the Indian River Lagoon, which is rated number 2 in the Meade Hunt study. Mr. Resheidat feels that Aqua Golf can be the pilot project and if all goes well, it will be a blueprint for future conversions. To receive monies from the state, shovel-ready projects are necessary to produce designs.

Meade & Hunt Septic Sewer Study Presentation - Brad Blaise Engineer/Mead & Hunt.

Brad highlighted what the City and Utilities commissions have currently achieved. The planning is complete. Design & permitting are the two next steps. These are being driven by legislative requirements. Public outreach will come after the design process and funding have been established. Future steps are Bidding and eventual construction. He showed the 15 areas prioritized according to the

ability to impact surface water, ground water and regulated water bodies. Cost factors were also weighed to come up with a blended cost. Pollution potential was added to the overall scoring with determined ranks. Aqua Gold has 138 septic systems and Silver Sands has 526. The proposed cost of the Aqua Golf project is \$2.8M and it was determined 8-9 months ago, therefore subject to change. Questions from commissioners arose asking if the two areas fell within the new state regulated Priority Focus Areas. If so, any new or replacement costs associated with a septic would force the homeowner to install the new Anaerobic Septic System with approximately a \$30,000 cost plus ongoing cost of maintenance. The need for public outreach and effective communication was stressed as being the key to the success of these projects. Mr. Blaise noted that he would have an answer within the next two days to confirm the two areas selected fell within the new Primary Focus area.

The Silver Sands project, due to its size, should be a phased project due to many underlying factors such as topography, existing utility information etc. Mayor Cleveland wanted to stress for clarity, that this project is strictly a combined, NSBU and County project. The city of NSB does not have a say in this. Design and Proposal costs were sent to NSBU in November.

Mr. Blaise outlined 6 Funding Opportunities that would help pay for the cost of the system installations but would not pay for connections to the homes. Water Quality Improvement Grant

- State Revolving Fund - offers low interest rates at approximately 8%
- Non-Point Source Management
- St. John's River Water Management District Cost Share – this would be a good source for Aqua Golf
- Legislative Appropriations – monies are being allocated during the legislative session
- Indian River Lagoon (IRL) Protection Program – This is where the \$7.5M for Silver Sands was obtained. Its perfect for smaller \$3.0-\$5.0M projects.

Commissioner Martin asked if there was a deadline for conversion to the aerobic system. Mr. Blaise noted that final rules are being worked on and once established, it's the trigger point and the homeowner will not be able to get a permit from the Volusia County health department. At this point the conversion will be required. It could be up to the city to establish financial incentive to have the homeowners convert sooner than later if their property falls with the Primary Focus Areas.

There was much discussion over when the project for Aqua Golf could be presented to the public. Mr. Resheidat noted that the city could approve the \$281.0 to start the design process but did not need to spend it all if, after presenting it to the residents, it did not proceed. 51% of the residents must agree in writing to move forward. The costs will be shared by the City and NSBUC. In April 2023, the conceptual costs for the two projects were: Aqua Golf – Construction \$2-3M;\$14,500-\$21,800 per parcel. For Silver Sands – Construction \$6.5-7.5M; \$12,400 - \$14,300 per parcel.

NSBU Headquarters Building and Western Complex Plans CEO Bunch

Mr. Bunch discussed the need to move the fleet building from Swoop St. so that the city can complete the new boat ramp. He also reviewed the possible sale and use of the current headquarters on Canal St and how these two areas could be moved to 952 acres, west of 95 between Venetian Bay and Walmart. An economic analysis of the potential sale price of the building as well as the best use of the Canal St. building was completed. The possible sale of 36 acres fronting Rt. 44 was also included. The UC contracted with Dr. Hank Fishkind, a well-known economist who represents Fishkind Litigation Services, Inc. He has worked with many municipalities to determine the best use of the buildings and land. Fishkind presented an economic analysis and future economic impacts. Julie Couillard, NSBUC

Director of Engineering and IT will present recommendations to move forward based on the Fishkind analysis.

Mr. Fishkind presented his assignment that called for the quantifying of the economic and fiscal impacts of the potential sale and redevelopment of the properties owned by NSBU. The properties being considered are the Administration Building at 200 Canal St. in addition to approximately 36 acres of property on RT. 44. He was to review the economic impacts by measuring jobs created, earnings and value added from redevelopment and the fiscal impact measurements of the revenues and costs to NSB from the redevelopment. After reviewing his methodology, Mr. Fishkind developed a plan for 200 Canal St. His results are as follows:

- Establish Retail/commercial use on the ground floor with 23 Condominiums on the upper two floors
- Potential to add an additional floor, depending on zoning, with more condominiums.

The sale of approximately 36 acres on SR44:

- Sale of 6 outparcels on 8 acres
- 300 apartments on 28 acres.
- The fair market value with the sale of the properties totaled \$17.7M which would go to offset the \$41.M to build new headquarters and Fleet Maintenance buildings.

The economic impact summary notes substantial job creation with approximately 300 direct and indirect jobs supported, primarily driven by increased local spending from the condos and apartments, significant contributions from retail sales on Canal and RT 44. Mr. Fishkind estimated the fiscal contributions to city revenue to be around \$130.0M increase in ad valorem tax base. City service requirements would result from new growth and more than offset by total revenue generated by the new growth. The net fiscal impact on revenue would be greater than \$600,000 per year. He suggested this net fiscal impact can fund improved services and/or lower taxes. He determined that the consolidation and updating of NSBU facilities would achieve greater productivity and enhanced sustainability.

Multiple questions and observations were posed by the commissioners including questions on traffic, impact to the loss of employees in the Canal St area, the possibility of a boutique hotel vs. Condos and the true value of the building. Mr. Fishkind answered questions to the satisfaction of all. As to traffic, it would change from 9-5 employees to a 24/7 model so the impact would be negligible. An RFP could be issued asking developers which would be more viable, condos or a boutique hotel. A question arose as to the viability of mixed use property that have not worked in the past on Canal St.. Mr. Fishkind felt that due to the success of Canal St. now, with almost 100% occupancy, the need for more businesses would exist. Any sale of the building would have to be approved by the city.

Julie Couillard's presentation centered on the plan. The possible sale of the Canal St building along with the 36 acres would yield approximately \$17.7M. The cost for the new headquarters and Fleet building is about \$41.0M so the net of \$23.3 would need funding. Because the Swoope St. Fleet building would need to be moved sooner rather than later, it would make sense to develop the land for both the headquarters and the fleet building, at a cost of approximately \$19.6M. NSBU should receive an approximate \$800,000 credit for the sale of the easement for the Williamson Blvd. Extension. The Volusia County Tax collector is considering partnering with the NSBU for a 7,000 sq. ft building to house thier office, currently located on N. Riverside Dr. He and the Sheriff would like to move to a more central western location. Moving the sheriff's office could free up 50 parking spaces behind Canal St. The County is also looking for a fuel depot and laydown area. There is the potential to accommodate facilities to support the development of the Williamson Blvd, Ext.

- The economic benefits beyond NSBU in the local community are significant with construction, jobs, taxes, business revenue, etc.
- The potential sale of the Canal St. HQ Building and land parcels fronting SR44 significantly offset the Western Complex development and construction costs with the potential of maybe an even higher price for the sale of Canal St.
- This makes the development t and HQ move more feasible.
- The staff recommends continued work with NSBU Commission to develop a strategy and go forward with a plan.

Vice Chairman Hawes commented that perhaps the city and county could co-ordinate with NSBU in the sale of the property on N. Riverside but he'll leave that up to the city. Chairman Davenport has spoken with the Tax Collector and Councilman Danny Robbins about the possible move of all county offices to a Western governmental complex. They like the idea, but further discussion is needed. Vice Mayor Perrine spoke about the revenue that could help the taxes from the sale of the County buildings and sees this as a "win-win." Commissioner McGuirk likes the ideas that Mr. Fishkind proposed and still likes the idea of a boutique hotel but supports the option presented.

Mayor Cleveland supports NSBU doing what they must do and if the county partners, that will be good, but wants to move forward. Commissioner Martin is concerned about the wetlands in the western complex area and flooding in Venetian Bay. Ms. Couillard stated they have researched the issue and there are plans to build to current code and adhere to permitting standards to mitigate flooding. CEO Bunch stated that costs for development are conservative, but the sale of the properties might generate more than the estimates. Mayor Cleveland spoke with County Manager Reckenwald and he is willing to research combining resources. Mayor Cleveland emphasized that both the NSBU and the City Commission should determine what they want NSB to look like. Mayor Cleveland believes the new center of town will be adjacent to I-95 and the current downtown will become "Old Town". He is open to the county partnering with the city and NSBU if they "do not get in the way" of what New Smyrna Beach wants to accomplish and its goals for growth.

Commissioner Hartman renewed the idea of looking at combining the city and county in a new fleet building in section "A" of the Western complex because the city will need to expand in the future. It could possibly help reduce the square footage costs.

Mayor Cleveland asked CEO Bunch if a rate hike would result from a bond Issue. CEO Bunch estimates a minor increase to rate payers. Commissioner Martin asked about the future reverse osmosis plant and what the cost increase would be for drinking water with this implemented. Ms. Couillard stated the new pellet water softening plant was kicking off on Jan 17th thereby pushing the need for the Reverse Osmosis plant out about 25-30 years.

CEO Bunch reminded those in attendance that a 2021 agreement requires that any sale of buildings by NSBU would need a unanimous vote by the NSBU commission and a majority vote of the city commission, so collaboration is required to move forward.

Closing remarks by all commissioners were positive.