

Summary of Significant CDD Agreement Elements

For the 12/17/2024 Town Council Workshop

Timeline of attached agreements/draft agreements:

2007 Wholesale Wastewater Service Agreement for The Mission Rise, The Reserve and Venezia North and South (“20070719 CDD Agreement Venezia South North and Reserve a” Dated 7/9/2007, Signed 8/7/07)

2012 Bouis Agreement (“BOUIS&CDD WastewaterAgreement” Signed 2/27/2012)

2021 Proposed Agreement revisions from Town (“Am_d Rest_d Wholesale WW AGT Howey CDD Howey Responses 9-24-21_45374066v3” version from 9/24/2021)

2024 Proposed Agreement to CDD with Miles edits as of 3/17/2024 (“A_R Wholesale WW Agmt - Howey_CDD 2-23-21(45374066.5)”) (This has tracked changes from Councilor Miles from the 2/23/2022 version sent to the CDD from Mr. Wilkes, which received no response from them.)

2024 Latest Draft Proposed Agreement from CDD [“A_R W_wtr Trtmt Agmt - CDD draft rec'd 11_26_2024 (tracked)(45374066.24)”]

Right of First Refusal proposal (“ROFRhowey-S&WP12-3-24”)

Other Documents:

- PowerPoint presented to Council on 1/22/2024
 - Development Projections spreadsheet from 1/2024 with general development numbers, including ERUs for commercial, etc.
 - Central Lake CDD Service Area Map
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Notes on four items from the 2021 Proposed Agreement from Town Manager and Town Attorney:

2.8. “Excluded Parcels” means the following four parcels of real property: Lake County Parcel Number/Alternate Key 22-20-25-0003-000-00700, 1092515; 21-20-25-0004-000-01901, 1780411; 22-20-25-0003-000-01800, 3355792; and 22-20-25-0003-0000-2300, 3871761.

[THIS REQUEST IS TO EXPAND THE CDD SERVICE AREA, THEREBY EFFECTIVELY REDUCING THE TOWN’S ISBA.] [12/2024 additional notes: The parcels are north/northwest of Cedar Creek, owned by Silver Springs Citrus and used as a spray field for the citrus plant.]

Section 7.b Wholesale Wastewater User Charges

(b) The initial rate payable by Howey shall be \$37.49 per month per ERU for customers connected to Howey’s Collection Facilities. This rate shall remain in effect for no less than four (4) years running from the effective date of this Agreement unless [...]

[THIS INCREASES THE RATE BY 56% FROM THE CURRENT \$24, WHICH SHOULD REQUIRE A RATE STUDY PER THE CURRENT AGREEMENT.] [12/2024 additional notes: Legal no longer says that a study would be necessary for allowing a rate increase. A simple CPI or other comparable rate increase metric from 2007 to today would be a 50% rate increase. This then becomes more of an implementation question about stepping up rates.]

SECTION 26. MARINA PROPERTY CONNECTION. Notwithstanding any other provision of this Agreement, the Owner of the Marina Property, the legal description and map depicting the area of which are attached as Exhibit “E” to this Agreement, shall have the right, at the sole cost and expense of the owner of the Marina Property and without becoming a customer of Howey, to connect to Howey’s nearest lift station without payment of any costs or fees to Howey, and Howey shall allow the wastewater from the Marina Property to flow through the Howey Collection Facilities free of charge to the Point of Connection. The cost and expense, if any, to (i) upsize Howey’s lines or pipes, (ii) repair, replace, or add any lines or pipes, or (iii) repair, replace, or add any other component of Howey’s Collection Facilities so that Howey can accommodate the wastewater from the Marina Property, shall be paid by the owner of the Marina Property. Should the owner of the Marina Property exercise this option, then Howey and the owner of the Marina Property will have their respective engineers work together to memorialize in a separate writing the details of the connection to Howey’s lift station.

[THIS CLAUSE IS NECESSARY (FROM THE CDD’S POINT OF VIEW) DUE TO THE NON-CONTIGUOUS EXCLUSION OF THE MARINA PROPERTY FROM THE TOWN’S ISBA IN A PREVIOUS CDD AGREEMENT. A SUITABLE SOLUTION FOR DELIVERY OF WATER AND WASTEWATER TO THE MARINA WOULD NEED PROPER COORDINATION WITH THE ADJACENT LAKE HILLS/FOUR SEASONS DEVELOPMENT.] [12/2024 additional notes: From the viewpoint of the CDD this point is essential for them to serve what used to be their land; current Lake Hills plans have upsized the pipes to at least allow for this possibility of connection/flow.]

SECTION 27. AMENDMENT OF COUNTY INTERLOCAL AGREEMENT. The CDD intends to seek amendment of the County Interlocal Agreement to include the Excluded Parcels within the area for which the CDD is

authorized to provide potable water and wastewater utility services. Howey hereby consents to such amendment, agrees to provide to the County confirmation of such consent if and to the extent such confirmation may be required, and agrees that the CDD shall be the exclusive provider of potable water and wastewater utility services to the Excluded Parcels.

[EXCLUSIVITY IS REQUESTED BY THE CDD TO ALLOW FOR DEFINITIVE PLANNING OF PLANT EXPANSION.]

[12/2024 additional notes: At this point, exclusivity was limited to the CDD service area, which was proposed in this agreement to be expanded to include the Silver Springs parcels north of Cedar Creek.]

Notes regarding the 2021 Proposed Agreement revisions from Town (“Am_d Rest_d Wholesale WW AGT Howey CDD Howey Responses 9-24-21_45374066v3” version from 9/24/2021) compared to the 2024 Latest Draft Proposed Agreement from CDD [“A_R W_wtr Trtmt Agmt - CDD draft rec'd 11_26_2024 (tracked)(45374066.24)”]

Summary of Significant Elements:

Exclusive Rights and Limitations on Town Service

1. The updated agreement grants the CDD **exclusive rights** to serve within its retail service territory, including future developments unless specific exceptions are agreed. Additionally, and more importantly, the agreement proposes service exclusivity for Howey Developments’ wastewater.
2. **Addition of RAM fees** (potentially \$9,600 per month for the 1,600 ERUs).
3. **First Right of Refusal** (see separate document)
4. **Marina Service Access**
 - This “island” of the CDD service area (outside of the Town limits) needs access to the wastewater plant through the incorporated limits of the Town in order to be a retail customer of the CDD.
5. **Capacity Allocation and Costs**
 - The agreement appears to shift significant responsibility and cost for capacity expansion onto the Town. This includes:
 - The Town needing to request capacity expansions in specific increments (e.g., 0.435 MGD), potentially limiting the Town's flexibility to scale services as needed.
 - Cost-sharing requirements for capital repairs or replacements for infrastructure that benefits both parties may disproportionately impact the Town.
6. **Unilateral Rate Adjustments**
 - While the agreement includes an initial fixed rate, the CDD retains the authority to adjust rates annually based on either:
 - The Florida Public Service Commission’s price index, or
 - A rate study controlled by the CDD.
7. **Limited Recourse for Service Interruptions**
 - The agreement includes disclaimers where the CDD does not guarantee uninterrupted service or specific performance standards, which could affect the Town’s ability to ensure reliable services to its retail customers.
8. **Ambiguity in Capacity Allocation**

- The allocation of “Excess Capacity” for future developments may prioritize CDD-preferred developments over Town-specific needs. The prioritization process is not fully clarified, creating potential conflicts in service allocation.

9. Ownership of Treated Wastewater

- Treated wastewater becomes the property of the CDD. The Town’s ability to utilize treated wastewater for reuse or resale purposes is limited, affecting potential revenue streams and CUP compliance.

10. Rate Study Cost Sharing

- The Town is required to share the costs of future rate studies after a four-year period, even though the study process and control remain largely with the CDD.

11. Bishops Gate as Retail to CDD

- The Agreement proposed that Bishops Gate becomes a CDD retail customer at the end of the term.