SEPTIC FUNDING MECHANISMS

The cost to convert all 120,000 septic tanks in Miami Dade County to sewer has been estimated to be $4 billion. For far too long, the burden of funding this transition has fallen to individual property owners. This unfair practice has also delayed the urgent need to advance urban to septic to sewer conversion. This involves an overhaul of wastewater infrastructure and the government should take the lead in financing this significant investment. Bonds, grants, loans and other funding mechanisms outlined below exist to facilitate such a transition.

Note: Decisions about financing must be consistent with County Ordinance 93-134, Section 613, which is part of the Department’s bond ordinance known as “No Free Service.” This Section prohibits providing free services or preferential charges to any customer. As such, before utilizing any of the following financing alternatives it will be necessary to assess the impact the “No Free Service” section of the County Ordinance 93-134, Section 613 may have on any new funding mechanism and to proceed accordingly.

FINANCING "COLLECTION" FACILITIES

Wastewater collection facilities (generally referred to as local facilities) are defined as those lines and pump stations that are needed to provide service only to retail customers.

IO-10-8, Section 3.02(3) stipulates that the customer is responsible for the expense of installing any new laterals or collection lines needed to provide wastewater service. For new developments, the collection lines are generally installed by the developer and turned over to the Department when the development is complete. For existing developments the rule requires new customers to fund the cost of the new collection facilities. This can be done either by creating a Special Taxing District or establishing fees and charges which allow the Department to recover the costs of installing the collection system.

a. General Obligation Bonds.
Funding for the project’s local collection system component from general obligation bonds would provide the greatest relief to property owners. Assignment of available general obligation bond funds for this purpose would require approval by the Board of County Commissioners.

b. Revenue Bonds Issued by WASD.
The bonds are amortized through payments made by utility customers through water and sewer rates. While revenue bond proceeds have routinely been allocated to fund wastewater transmission facilities, they historically have not been used to provide funding for local collection systems to service new customers due to provisions of the bond ordinance. The use of Department funds for the extension of local collection systems must be reimbursed to the Department through a Special Taxing District, fees, and charges paid by the customers benefiting, or from other nondepartmental revenues.

c. Rate Surcharge.
The Department could recover the high cost of the wastewater collection improvements by imposing a surcharge on the new customers. However, if water and wastewater sales were lower than expected, the Department would be at risk of failing to fully recover the anticipated revenue. Because of this risk, a rate surcharge may be less attractive compared to forming a Special Taxing District, which would not share this same risk.
d. Special Taxing District.

Under this method, the Department would fund the improvements with bond proceeds and recover the
debt service through a recurring tax on the project's beneficiaries, the new customers. The impact to each
customer would vary according to how much of the total project cost was financed in this way, the size or
frontage of the parcels comprising the Special Taxing District, and the interest rate and duration of the
bonds. However, the costs could be substantial based on the high cost of the collection and transmission
system improvements. Additionally, per Chapter 18 of the Miami-Dade County Code, the Special Taxing
District can be established by either a petition of 100% of the property owners in the district, a vote of the
majority of the resident property-owners, or through Board ordinance.

FINANCING “TRANSMISSION” FACILITIES

Wastewater transmission facilities (often referred to as regional facilities) are those pump stations and lines that are
needed to serve all customers, both retail and wholesale.

Section 3.04 of IO 10-8 dictates that the Department may require the developer, or customer, to provide main,
or transmission lines, or the Department may recover its investment in these facilities through connection fees.
These fees are based on the average day gallons of wastewater expected to be produced by each new customer.
This section also stipulates that the extension of transmission facilities may be paid for through a Special Taxing
District.

a. Connection Charges.

Connection charges are deposited into the Department's Plant Expansion Fund and can be used to support
capacity improvements to the regional wastewater transmission system. Therefore, to the extent that Plant
Expansion Funds are available, the regional system costs can be funded in that way.

b. Connection Surcharge.

The Department could alternatively impose a connection surcharge on each new customer as a condition
of connection. This would help to recover system expansion costs for some or all of the regional and local
collection systems. To recover the full cost of the transmission facilities not covered by standard connection
charges; the typical new customer would be assessed approximately $15,000.

OTHER POTENTIAL WASD FUNDING SOURCES

a. Bondable Revenue Stream

Establish a new bondable revenue stream, similar to the existing Utility Service Fee. The existing Utility
Service Fee is collected from existing utility customers, through their quarterly water and sewer bills. This
model could be explored to fund the extension of sanitary sewers to areas that are currently unserved, with
the intent of reducing health exposures and environmental impacts to groundwater, stormwater, and surface
waters attributable to failing septic systems.
a. U.S. Environmental Protection Agency (EPA) Clean Water State Revolving Fund  
This fund supports water quality protection projects for wastewater treatment, control of nonpoint sources of pollution, decentralized wastewater treatment, and watershed and estuary management through low-interest loans to a variety of borrowers. Available online at: https://www.epa.gov/cwsrf

b. EPA Nonpoint Source Section 319 Grants  
Under Section 319 of the Clean Water Act, the agency provides grants to states to control nonpoint sources of pollution, such as agricultural runoff and malfunctioning onsite septic systems. Grants may be used to construct, upgrade, or repair onsite systems. Available online at: https://www.epa.gov/nps/319-grant-program-states-and-territories

c. EPA Water Infrastructure Finance and Innovation Act (WIFIA)  
The WIFIA program accelerates investment in U.S. water infrastructure by providing long-term, low-cost supplemental loans for regionally and nationally significant projects. Available online at: https://www.epa.gov/wifia

d. U.S. Dept of Agriculture, Rural Development  
Funding covers repair and maintenance of onsite septic systems. Available online at: https://www.rd.usda.gov/

e. U.S Dept of Housing and Urban Development  
The department provides funds to states through Community Development Block Grants (CDBG). The grants fund various projects, including rehabilitation of residential and nonresidential structures, construction of public facilities, and improvement of water and sewer facilities. Available online at: https://www.hud.gov/program_offices/comm_planning/communitydevelopment

f. U.S Economic Development Administration  
The Administration manages various funding programs to promote collaborative regional innovation, public/private partnerships, national strategic priorities, global competitiveness, and environmentally sustainable development. Available online at: https://www.eda.gov/funding-opportunities/

g. Catalog of Federal Funding Sources for Watershed Protection  
A searchable database of financial assistance sources (grants, loans, cost-sharing) available to fund a variety of watershed protection projects is available online at: https://www.epa.gov/nps/funding-resources-watershed-protection-and-restoration

h. EPA Environmental Finance Center Network  
EPA grant funding started 10 university-based environmental finance centers, the Environmental Finance Center Network, and works together with the public and private sectors to fund environmental programs. Available online at: https://www.epa.gov/waterfinancecenter/efcn

i. Economic Development Administration's Public Works and Development Facilities Program  
The Public Works Program empowers distressed communities in economic decline to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment. In many cases, public works projects are used to upgrade or expand an area's economic infrastructure to support the next generation of industry or commerce. Whenever possible, this program seeks to redevelop existing facilities and industrial/commercial locations. Available online at: https://www.eda.gov/programs/eda-programs/#:-text=Public%20Works,private%20sector%20jobs%20and%20investment.
a. **Florida Water Quality Grants**
This is a grant program administered by the Florida Department of Environmental Protection (DEP). The amount of funding available is $25 million. A local match is required with a minimum of 50% unless the following proviso applies: no match is required for local governmental agencies defined as a rural area of opportunity under Section 288.0656, F.S., or if a local governmental agency is implementing a public/private partnership pay for performance agreement. The types of eligible projects include: septic to sewer conversions, wastewater treatment plant expansion or upgrades, stormwater treatment. Available online at: https://protectingfloridatogether.gov/state-action/grants-submissions

b. **Clean Water State Revolving Fund**
The Clean Water State Revolving Fund (CWSRF) Program provides low-interest loans to local governments to plan, design, and build or upgrade wastewater, stormwater, and nonpoint source pollution prevention projects. Discounted assistance (e.g., very low interest rates, grants, etc.) for small communities is available. Available online at: https://floridadep.gov/wra/srf/content/cwsrf-program

c. **Florida Job Growth Grant Fund**
Florida Job Growth Grant Fund is an economic development program designed to promote public infrastructure and workforce training across the state. Available online at: https://floridajobs.org/jobgrowth

d. **The Florida Small Cities Community Development Block Grant Program**
The Florida Small Cities Community Development Block Grant Program is a competitive grant program that awards funds to eligible cities, counties, towns and villages. There are approximately 249 eligible communities in Florida. To be eligible for the Small Cities CDBG Program, a city must have a population under 50,000, and a county’s population must be under 200,000. The Program awards subgrants in four categories: Economic Development, Neighborhood Revitalization, Housing Rehabilitation, and Commercial Revitalization. Available online at: https://floridajobs.org/community-planning-and-development/assistance-for-governments-and-organizations/florida-small-cities-community-development-block-grant-program

e. **The Drinking Water State Revolving Fund (SRF) Program**
The SRF provides low-interest loans to Eligible Entities for planning, designing, and constructing public water facilities. Available online at: https://floridadep.gov/wra/srf/content/dwsrf-program

f. **Enterprise Florida: Rural Infrastructure Fund**
The Rural Infrastructure Fund is a resource available to rural communities in Florida to facilitate the creation, capital investment, and the strengthening and diversification of rural economies by promoting tourism, trade and economic development. Available online at: https://floridajobs.org/community-planning-and-development/rural-community-programs/rural-infrastructure-fund

f. **Enterprise Florida: Rural Community Development Revolving Loan Program**
The Rural Community Development Revolving Loan Program provides financial assistance to local governments in the form of either a loan or loan guaranty. The purpose of the program is to provide financial assistance for a specific project that will lead to the creation of new jobs and increase the economic vitality and diversification of Florida’s rural counties. The maximum amount of financial assistance available for the program is $560,000. There is no minimum amount. The program is not designed to be the sole source of financing for any project. No application or administrative fees will be charged for the use of this program. Available online at: https://floridajobs.org/community-planning-and-development/Small-and-Minority-Business-Development-Resources/Small-and-Minority-Business-Programs/rural-community-development-revolving-loan-program
a. **The Florida Rural Water Association (FRWA)**
FRWA was originally formed for the benefit of small water and wastewater systems throughout Florida. They now serve all systems, large and small. They are a nonprofit, non-regulatory professional association. Their primary purpose is to assist water and wastewater systems with every phase of the water and wastewater operations. Available online at: https://www.frwa.net/

b. **Solar Energy Loan Fund (SELF)**
SELF is a 501(c)3 and a Community Development Financial Institutions Fund (CDFI) that provides low interest long term loans to homeowners to assist them in covering the cost of abandoning their septic system and connecting to sewer. Available online at: https://solarenergyloanfund.org/