



MEMORANDUM

Utilities Department

TO: The Honorable Mayor and City Commission

THROUGH: A. Jerome Fletcher II, ICMA-CM, MPA, City Manager

THROUGH: Jason Yarborough, ICMA-CM, Deputy City Manager

FROM: Tricia Wisner, Interim Utilities Director

SUBJECT: Funding Strategy Evaluation for the Effluent Pumping Station & Pipeline (CIP U23EPS)

DATE: July 14, 2025

Background

During high rain events in 2024, the North Port Wastewater plant experienced unauthorized discharges of treated reclaimed water and untreated wastewater. Following report of these occurrences, the Utilities Department received notification from the Department of Environmental Protection (DEP) that a Consent Order will be enacted. Staff and DEP are currently working through revisions to the draft Consent Order; however, this order will mandate the Utilities Department to complete system improvements to prevent additional unauthorized discharges.

Needed improvements to the effluent pumping station and pipeline had previously been identified and Capital Improvement Project U23EPS was created within the FY2023 budget to address undersized pumps and pipes that connect the wastewater treatment plant to the permitted deep injection well. This project is at 100% design with an estimated cost of approximately \$17M.

Funding Strategy Considerations

In order to complete this mandated project, the Utilities Department has been exploring multiple funding options including the following:

➤ State Revolving Fund Program

The West Village Improvement District (WVID) has identified the need for additional reclaimed water to meet irrigation demands within the district. Following evaluation of the improvements needed for North Port Utilities to meet DEP requirements, WVID representatives and City staff identified a potential synergistic solution. During high

rain events, the North Port Wastewater plant has surplus effluent. Rather than pumping all surplus to the deep injection well, some of the surplus effluent treated to reclaim water specifications could be pumped to and stored by WVID for use during dry months. In coordination with City Utilities staff, WVID engineers have submitted a Request for Inclusion (RFI) for consideration under the State Revolving Fund (SRF) Program Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires (SA-HMW) funding opportunity. The RFI submitted requested \$35,348,900 in funding for the additional design required and the permitting and construction of new reclaimed water mains, upgrades to the reclaimed water pumping station and the new effluent pipeline and upgrades to the existing effluent pumping station to meet the requirements of the pending Consent Order.

If this project is selected, the State Revolving Fund (SRF) Program will provide a low to zero percent interest loan to WVID, with possible forgiveness of a portion of the principal. In accordance with the SRF program, a development agreement between the City of North Port and WVID will be created to memorialize terms regarding the responsibility of repayment of the SRF loan and debt service, along with repair and maintenance responsibilities, water delivery charges, and similar conditions. Staff anticipates that this agreement will be brought to the City Commission for consideration this fall.

➤ Borrowing Funds to Complete the Project

In an effort to obtain approval to incur debt to finance the project, Ordinance No. 2025-05, approved on February 11, 2025, outlined a referendum question for the May 13, 2025 Special Election asking voters:

To finance capital improvements to the City's wastewater treatment facility located on Pan American Boulevard, shall the City of North Port be authorized to issue bonds in one or more series in a total aggregate principal amount not to exceed \$17,000,000, maturing no later than 30 years from issuance, bearing interest at no more than the maximum lawful rate and payable from the revenues of the City's water and sewer utility system?

This referendum question was narrowly defeated, prohibiting the City borrowing authority to compete this project.

➤ Pay as You Go Funding

Since the referendum was not successful, the Utilities Department has moved funding from other needed capital improvements to finance CIP U23EPS. Projects impacted include: Wastewater Treatment Plant Improvement project (U21WWI), Building Upgrades at the Pan American Wastewater Treatment Plant (U24SBU), Raw Water Intake Structure Rehabilitation (U22WIS), and the Myakkahatchee Creek Water Treatment Plant Improvement project (U23WPI). CIP U23EPS is currently fully funded, however, the projects listed above will be delayed until funds are accumulated to complete these needed improvements which may result in higher project costs when implemented later and will impact efficiency of operations and create other potential regulatory repercussions.

➤ Public Private Partnership (P3)

The City of North Port has received an Unsolicited P3 Conceptual Proposal from Florida Development Solutions, LLC (FDS), accompanied by the required review fee. The proposal encompasses three infrastructure projects including the Effluent Pumping Station & Pipeline project.

During the City Commission's Regular Meeting on July 8, 2025, the Commission directed the City Manager to move forward with accepting the P3 conceptual proposal for substantive review and this process is underway.

While multiple funding options are being explored, each presents different impacts to project timing, finances, and operations. Staff will continue working with DEP, the City Commission, and regional partners to pursue the most practical and cost-effective solution. Updates will be provided as funding is secured and the project progresses.