

Comments on 500 Atlantic Water & Sewer Questions

Green = CONB comments

Blue = COAB comments

How did this need for water come about? There have been businesses operating in the Neptune Beach shopping center for decades, including several grocery stores. Why is there currently a need for an increased supply of water?

This is a question of both potable and fire flow needs. Possibly the previous users of water at 500 Atlantic didn't need as much as the projected project. After working through zoning with CONB, the developers approached COAB with a certain potable water demand that might need refining. With respect to fire flow needs at 572 Atlantic, NFPA requirements have become more stringent over the years. Once 572 was redeveloped, it became subject to those updated standards.

Did Neptune Beach study their existing water resources prior to approving the new projects?

The developer planned a certain development. CONB approved the development under zoning which is unrelated to utility service. When the developer requested a verification of utility availability, that is when the inability to provide service was discovered, and they then approached COAB.

There is a water tank behind the new Publix store which has caused some objection from neighbors behind the shopping center. The City of Neptune Beach has promised to remove it. Is this why they now need help from Atlantic Beach to increase their access to water?

Yes, the agreement is the tank comes down once the fire flow is secured from COAB via the pipe to be built across Atlantic Boulevard by developers of 500. The fire flow connection is zero impact to COAB ... unless there's a fire.

What exactly is Neptune Beach asking for? Just water for fire suppression for Publix and the neighboring stores? Water for fire suppression plus everyday use for Publix and the other stores? Water for fire suppression plus any everyday use for Publix, adjacent stores and future projects that would be constructed on the Kmart section of the shopping center? Are sewer services included in the request at any level?

CONB is supplying potable water and sewer service to 572. COAB would provide potable water and sewer services to the proposed 500 Atlantic, thereby deriving revenue for its utility which has the capacity to serve according to COAB. The potable water used by COAB and CONB comes from the same aquifer, and both utilities are permitted and regulated by St. Johns River Water Management District. Both utilities have sufficient permit capacity to serve 500 and 572; the issue for CONB is that its piping grid is insufficient to provide the needed water to 500.

Is this an interim remedy for Neptune Beach's problem? Do they have plans for an

Infrastructure project that will provide water in the future? Would an agreement between Atlantic and Neptune Beach have a sunset date or regular renewal periods?

CONB's goal is for its utilities to serve the needs of everyone in its community. CONB is reviewing the hydraulic model created by JEA to understand what piping improvements would be required, estimated costs and construction timelines.

If Atlantic Beach declines this agreement, does Neptune Beach have a Plan B to address its need for water?

As noted previously, CONB's goal is to serve everyone in its community and is reviewing infrastructure options.

What would be the actual usage request in numbers? How much water does Atlantic Beach currently use per day and how much more would be needed to meet the Neptune Beach request? What percentage of our water resources are they requesting?

The developer of 500 Atlantic is estimating their maximum demand at 88,200 gallons per day (gpd). COAB currently pumps an average of 2.4 million gpd from the Floridan aquifer and is permitted to pump up to 3.75 million gpd. The developer's request represents approximately 3.5% of our current demand and about 2.3% of our overall permitted pumping capacity. With respect to impacts to the Floridan aquifer, it makes no difference whether the potable water provided to 500 Atlantic comes from COAB or CONB, we both draw our water from the same source.

There was a study performed by J. Collins regarding this water issue. Does the information in the report add additional context to such an agreement? How much has Atlantic Beach spent to date on studies or reports regarding this issue?

The work performed by J. Collins & Associates was strictly a technical feasibility analysis regarding COAB's ability to provide potable water and sewer service to 500 Atlantic without negatively impacting existing customers. Cost for this work was approximately \$2,500.

If Atlantic Beach agrees to provide water to Neptune Beach, would there still be adequate water to meet our future needs? Would this provide increased stress on our current infrastructure? Would it affect our Atlantic Beach water/sewer rates?

There unequivocally is adequate water to meet our future needs. Our current Consumptive Use Permit for water withdrawals, which is valid through 2039, allows us to sustainably withdraw as much as 3.75 million gallons per day and our current withdrawal rate is about 2.4 million gallons per day. Between COAB's three potable water treatment plants, we have the ability to pump over 6 million gallons per day. Adding the proposed 500 Atlantic water demand to our system will not increase stress on our system, especially since WTP No. 1 is currently undergoing a modernization

project and WTP No. 2 is scheduled to be upgraded next year.

Providing water and sewer service to 500 Atlantic will not affect our current rates. In fact, the addition of 500 Atlantic will result in them paying ~\$280,000 in system development charges that will help offset the cost of the planned work at the water treatment plants.

If Atlantic Beach agrees to provide water to Neptune Beach, would the agreement be between the two cities or between Atlantic Beach and the developers/owners of the Neptune Beach shopping center. Who would pay for the actual infrastructure work? What would happen if the developers/owners go out of business?

The agreement will be between the developer, COAB and CONB. The developer will pay for the infrastructure work required to connect the development to the COAB water and sewer system. If the developer goes out of business, the water meter serving the development will be removed and there will be no demands on our system until a new owner requests service and CONB is unable to provide that service.

Is there any precedent for Atlantic Beach supplying water and sewer outside our city limits, for example, the area along Mayport Road up to Mayport Village that is technically the City of Jacksonville? How has that arrangement worked and has it provided any benefit to Atlantic Beach?

The City bought the Buccaneer Service District, which is outside of the city limits, a number of years ago. JEA provides water and sewer service in Mayport Village. However, JEA pumps wastewater to our system for treatment under agreement where they pay us for service. In the late 1980s, we also had an agreement between the developer, COAB and CONB to provide water and sewer service for a limited period of time to the shopping center where the existing Publix is located. However, we do not believe service by COAB was ever provided as CONB was able to extend service to the development.

The ability to provide these services outside of our city limits benefits Atlantic Beach by ensuring that wastewater produced in our area is adequately treated and does not result in polluting the marsh areas and also ensures that residents and businesses in our area have a clean, safe and reliable source of potable water and fire protection. The system development charges applied to new connections and the monthly service fees charged to customers outside of the city augments the fees we receive from customers within the city limits to help us finance and operate, through an economies of scale, the infrastructure we need to assure modern, reliable and environmentally sustainable water and wastewater treatment systems.

In January 2023, the Commissioners of Atlantic Beach agreed on two priorities for this year that pertain to water use. They are 1) to decrease overall water consumption in the City; and, 2) to make progress toward the new state mandated net zero deposit of sewer

discharge into the Intracoastal Waterway. Will providing water to Neptune Beach make it more difficult for Atlantic Beach to advance these priorities?

The Commission priority is to reduce residential water consumption by 15%. Providing service to 500 Atlantic does not impact our efforts to reach that goal as 500 Atlantic is a commercial development. With respect to the state mandated zero discharge of treated wastewater to the St. Johns River by 2032, the wastewater expected to be produced by 500 Atlantic is a small incremental increase in the overall daily volume of wastewater treated by COAB.

Could an agreement of this type produce a new income stream for Atlantic Beach? What could these new dollars be used for?

500 Atlantic will be required to pay a substantial system development charge and will be charged for monthly water and sewer use plus a 25% surcharge, similar to our other existing customers located outside of the city limits. This income stream will be utilized within the water and sewer systems to fund operations and continued infrastructure improvements. Much of the COAB water and sewer system is of advanced age and fees collected from 500 Atlantic will be utilized as prioritized by our capital improvement plant where necessary throughout our system for rehabilitation and replacement of water and sewer pipelines and improvements at our treatment facilities. Monthly fees will also be utilized to augment funds required for system operation and maintenance.

It seems like staff in both cities have been the ones studying and discussing this issue. Why has it not been addressed in a significant way by the Atlantic Beach City Commission?

When the City of Neptune Beach determined it could not adequately provide water and sewer service to 500 Atlantic Beach, the City of Neptune Beach agreed to allow the developer to approach the City of Atlantic Beach to provide the utilities. Current efforts, involving minimal staff time, have been centered solely on the technical feasibility of providing service to 500 Atlantic. The purpose of this effort was to inform the developer if their request was technically feasible (typical effort for any large commercial request for service) and to be able to provide the Commission with defensible data if and when an official request is made by CONB and the developer.

Mayors in our three beach cities often say we are three cities but one community. Is there a fundamental reason for us to share our water with Neptune Beach? What will be the impact on Atlantic Beach specifically and the community in general if we don't agree to this request?

If our neighboring City has a need where COAB can assist without impacting our finances or residents, it behooves us to at least consider the request (although a specific request has not been made yet). If this request is not agreed to there will be no specific impact to COAB. However, the

proposed scale of redevelopment of the 500 Atlantic may have to be reassessed by the developer.