



INNERARITY ISLAND SEWER PROJECT BRIEFING

BRIEFING STATEMENT

This briefing has been created to assist our fellow neighbors, property owners and residents in gaining the facts of the historical and current state of events specific to the sewer project and Seascape Conservation efforts. This document will continue to live as a fluid record and will be updated as events unfold or change.

Compiled by: Innerarity Island
Residents & Property Owners
July 26, 2020

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Glossary of Terms:

II – Innerarity Island

IIDC = Innerarity Island Development Corporation

IIA = Innerarity Island Association

RB HOA = Russel Bayou HOA

EC = Escambia County

EC BOCC = Escambia County Board of County Commissioners

Horne Study = Study of the II water and sewer systems’ condition performed by Kenneth Horne

ECUA = Emerald Coast Utilities Authority

BFE = Base Flood Elevation

Executive Summary

How we arrived here?

Innerarity Island water and sewage was privately managed prior to 2014 by the most recent owner /developer of the island (Fayette Dennison and his heirs). The IIDC (Innerarity Island Development Corp) entity managing the water and sewer systems was formed in May of 1974. In December 2012 Mr. Dennison passed away leaving his assets to his heirs. The IIDC was part of these assets along with the remaining undeveloped land on the island. In 2014, Mr. Dennison's heirs abandoned the private sewer system that had operated there for approximately 40 years. At the time the system was thought to need very costly repairs disclosed in what has been referenced as the [2014 Horne report](#). The 2014 & [2015 Horne reports](#) can be found in the IIA web site in the Sewer Project page file archive.

According to ECUA Mr. Dennison approached the utility provider multiple times over the decades requesting for them to take over managing the system. ([Link](#)) ECUA rejected doing so until upgrades were performed, and the system brought up to their standards. The system was thought to be built to minimum standards at the time and below current 2014 standards.

On March 23, 2014. As required by law, Escambia County (EC) became the receiver of the IIDC utility.

Summary Timeline of historical events ([Expanded Legal Timeline Version Link](#))

Date	Event
1/27/2014	Notice of Abandonment served to Escambia County by IIDC (Dennison heirs)
2/18/2014	Escambia County BOCC votes to appoint ECUA as receiver
3/21/2014	Escambia County is appointed by a judge as receiver of the systems
3/24/2014	ECUA board rejects the BOCC proposal due to previous concerns to the systems condition and cost to replace/repair.
4/10/2014	BOCC requests that the court make ECUA a joint receiver
4/25/2014	IIDC provides financial issues concern over \$750,000 loan mortgaged by undeveloped lots. Loan stated due to costs for managing the water and sewerage system as well as payment for the Horne study.
9/08/2014	Judge conditionally agrees to appoint ECUA as a co-receiver, but no order entered.
9/11/2014	ECUA estimates \$4-7 million to upgrade the system and will not accept the system if their standards are not met.
1/26/2015	Letter sent in February 2015 by IIA HOA President to all II residents informing of the current situation and potential of an MSBU. ECUA estimated total costs of over \$7,000,000
10/28/2015	Kenneth Horne issues report providing cost of water improvements to be approx. \$0.59 million and sewer improved to be approx. \$2.73 million.
2/18/2016	DEP agrees to provide funding up to \$1 million for water system repairs
12/20/2016	ECBOCC settled the court case to secure assets under the IIDC tax records. IIDC provided receipts and paper trails that show a loan against

	the property was used to maintain and operate the systems. The county paid the Dennison heirs \$750,000 on 1/2017.
3/02/2017	Ordinance created IIDC Sewage Systems Improvements MSBU
5/04/2017	EC BOCC approved selling 21 lots for an estimated market value of \$1,552,000 via online auctions.
9/21/2017	DEP increased grant funding for water system replacement total \$1.5 million
9/21/2017	Revised water system replacement cost estimate increased to \$810,000
12/04/2017	At the IIA Annual meeting, options for what to do with the Seascape area lots were presented. IIA residents voted for Option A to preserve the Seascape area lots as a conservation area. (Link to Presentation of options)
5/17/2018	Sewerage system improvement project cost estimated to be at \$4.2 million
7/18/2019	Revised sewerage system improvement do-not-exceed cost increased to \$5.7 million
7/18/2019	BOCC approved interfund loan in the amount of \$5,605,174 to be paid by its owners via MSBU assessments.

Key notes from the above historical events

It is important to understand that the IIDC was a private utility provider that essentially went bankrupt and abandoned our water and sewerage system. The water system was arguably in a better condition due to the significantly less complicated design of the system. The sewage system is a far more complicated system with much more costly components requiring extensive labor and hardware costs to repair and or replace. More detail on the system is explained in this document. *Note* though the DEP provided grant funding to cover the water system replacement costs as well as some costs of the sewer upgrade.

The county was required by law to take over the abandoned system, as receiver. The county is not currently in the business of managing such systems which is why they requested ECUA to take over the system. Here is where the impact to the II residents is encountered. ECUA would not take over managing the system in its present condition. Due to this stalemate the county and ECUA legally argued as to who should become the receiver of the system. While this argument continued the heirs of the IIDC requested to be relieved of a loan in the amount of \$750,000 that was secured by the remaining undeveloped lots they owned on the island. Arguably the stated reason for the loan was for costs associated to the management of the water and sewerage systems. A settlement was agreed upon to satisfy the \$750,000 by Escambia County paying the loan off and with EC taking possession of the undeveloped lots on the island.

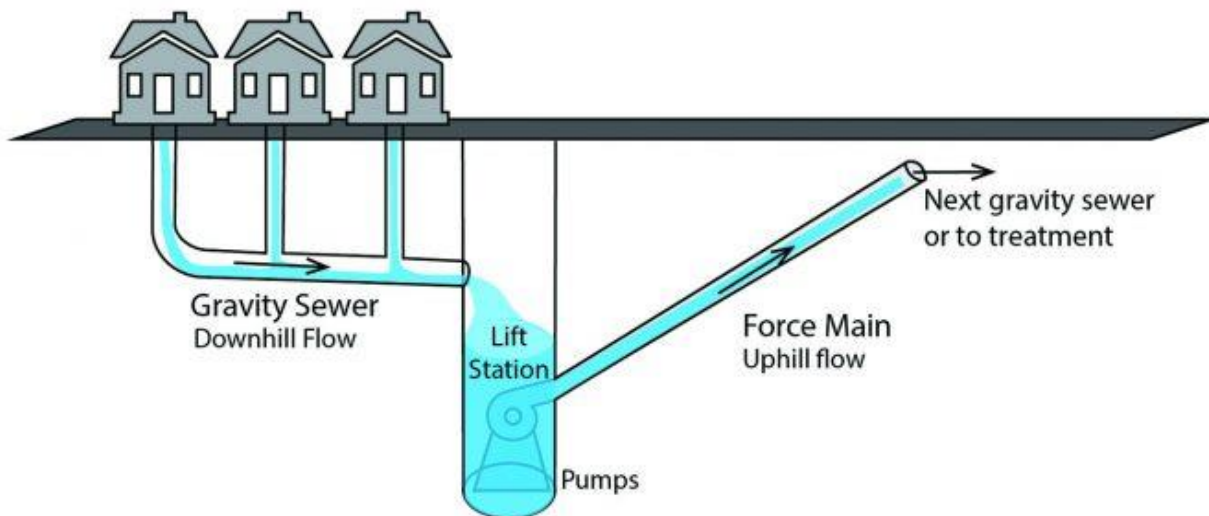
The EC BOCC and ECUA eventually compromised and agreed that EC BOCC would pay for the sewage system replacement costs via an MSBU and ECUA would take over the water and sewage systems after replaced and brought up to their standards. In the meantime, Gulf Breeze would manage the systems.

A 1/26/2015 [letter](#) was sent to all IIHOA property owners providing an update and a cost estimate of over \$7 million dollars with the potential of an MSBU being created to pay for the costs.

Initial estimates of repair and replacement of the water and sewerage systems appear to have been adjusted from the initial estimate from ECUA of \$7 million downward via the Horne studies to \$4.32 million, then back up again after a final contractor bid was approved at approx. \$4.5 million in costs. An adjustment of the engineering study estimates to reflect actual contractor estimate is not uncommon, and cost-inflation over time has also increased the dollar amounts.

Did we need a new sewage system or not?

In finding the answer to this we have heard from many residents that the system was working fine and did not need to be replaced. First thing one needs to understand is the system itself. Wastewater is currently collected in a gravity sewer system and conveyed via a system of 4 lift stations and force mains to an ECUA lift station outside of our gate. Example of such a system below.



Some of you may recall hearing a loud diesel generator/pump running day and night 2 years ago when one of the lift station pumps broke down for several months. The temporary pump was required until a new one was found and installed.

Lift stations are required when a gravity sewerage system cannot achieve the slope required to be truly gravity only throughout the entire system. The lift stations help push the sewage up the next level of main pipes. Those pipes enter a downward slope again until they require another lift station. This repeats as needed to finally move all the sewage through the system.

As you can imagine, replacing a gravity system would require digging up all the main lines that generally reside in the middle of all the streets, replacing them and then repairing or replacing most of each street. Also, if you have ever dug a hole on the island, after about 2 feet you hit water, so a method called dewatering is then required to dig further. This requires a pump or pumps to drain the water out of the hole and then keep it

drained throughout the digging process. This is a time consuming and expensive process which would add to the replacement costs of a gravity system.

The Horne study showed in summary that the system did not meet ECUA standards and that the system required repairs in many areas such as lift stations, sewer main repairs or replacement and repairs to manhole cover areas. A study was done that showed the normal rate of flow during dry weather conditions as well as the rate of flow during rain condition. The rate increased during the rain which shows that water was penetrating the raw sewage pipes thus increasing the rate of flow. If water can get in, sewage can get out. To be fair older gravity systems are known for approx. 30% water intrusion rates compared to new gravity systems to current day standards that have a far lower 2-4% rate. Going with a new gravity system would obviously decrease these issues significantly but would be more expensive than the current route. Also note water intrusion is not just via pipe leaks but also via manhole covers. Repair of these covers is mentioned in the study. The entire [2014](#) and [2015 Horne](#) reports are linked here.

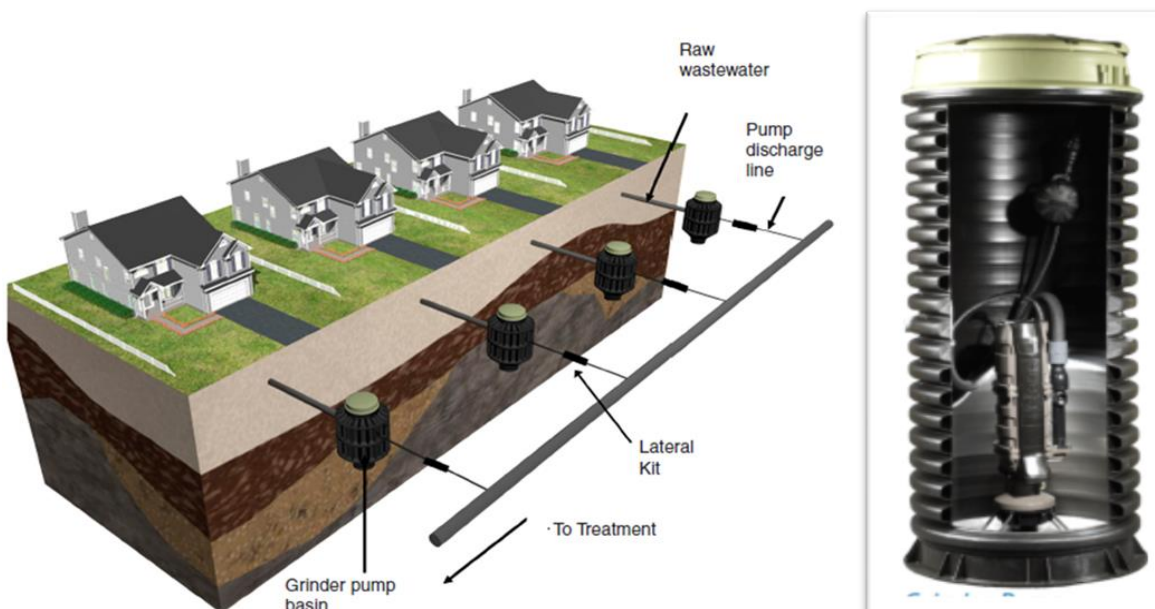
Summary

In short, the current system is 35+ years old and was originally built to minimum standards and codes at the time. It required long overdue repairs noted in 2 studies that are now 5/6 years old. Think of car repairs put off, they do not get better.... The system was near end of life asset wise and replacement of the same type of system was not cost effective.

To be noted: The RB gravity fed system was found to be acceptable except for two issues; the original main sewer line ran beside the potable water line and due to risks of contamination needed to be moved to the other side of the street; the lift station at the tennis court needed to be replaced.

The only utility provider that could take over managing it would not take it over due to the current condition. Not much in the way of options for the community other than replacement with the most cost-effective system possible.

Why a sewage low pressure / grinder pump system for replacement?



The use of low-pressure sewers has become widespread in the last 25 years and has resulted in the provision of sewer service in many areas where gravity sewers would have been either physically impossible or considerably more expensive in terms of both resources and environmental damage. The grinder pump is the key component of the low-pressure sewer.

The fact is the replacement of the current system with a low-pressure system was approx. half the cost of the estimates of a gravity system replacement that would still require the lift stations. The lines are far less deep and required less excavation and repair in the roads. Environmental concerns appear to be a large reason many communities are now installing the systems. I have had them explained as similar a car's coolant system. A closed system throughout reducing the number of points where issues can occur such as the lift stations and manhole covers. Repairs are far less invasive than tearing up an entire street.

- Negatives to the homeowner, yes, the grinder pump is another item we need to care for. It is a cost we may need to take on for repair and eventual replacement. (Estimates for complete replacement = \$3500. Repairs or replacement of the internal pump itself are far less.)
- Does it look great in the yard, no. Can it be visually more appealing by adding plants around it, yes.
- Does it have a warranty, yes, 5 years? The IIA [website](#) has all the info you need for this along with videos and more documentation that one would care to learn about it.
- Care for it, simple, only flush human waste and TP. Same concept as the gravity system. Flushing toys are bad in both. Flushing grease, dental floss, fishing line, fabrics, oil etc. are all bad.
- System Lifespan? Gravity systems have a far longer life span than pressure systems almost double. Pressure systems estimates I found via different sources are 25-35 years compared to gravity system estimates of 40-60 years. The catch though is repair costs of the gravity systems are more complex & expensive. The pressure systems are easier to repair and replace as well. I found good and bad for both and ultimately came down to initial cost if we are paying for it now and ECUA is paying replacement at end of life. Also, to be noted, we live on an island where water is a couple feet below the ground. Dewatering is involved for the deeper gravity system pipes and would obviously increase cost to add that additional element into the cost.
- Grinder pump lifespan? Several searches provided a pump life span anywhere from 8-20 years. Basically, if taken care of the outer limit is possible, if not or many toys are flushed expect far less than 8 years once the 5-year warranty is out...

FAQ Regarding Grinder Pumps

Does a grinder pump need regular maintenance? Grinder pumps average eight years between service calls, so minimal regular maintenance is required when operated under normal conditions.

What happens during a power failure? If the power goes out, the grinder pump and its alarm system will not work because they both require electricity. However, the pump unit does have storage capacity. During power outages, the two largest producers of wastewater (dishwater and washing machine) are not in use; therefore, your water usage decreases. Because the length of the power outage cannot be planned, you should conserve water to the best of your ability or consider a generator.

My septic tank sometimes has an odor. Will the grinder pump also produce an odor? No. When wastewater sits, as it does in a septic system, it becomes septic and produces a distinctive odor. Since the grinder pump will remove wastewater by pumping it into the sewer system, you should not smell an odor.

Summary

In summary the low-pressure system is the most cost effective and practical system for the island landscape we live on. Gravity systems are far more expensive and costly to maintain when lift stations are required. Many of the new local and water proximity communities being built and now using these systems. In reviewing many case studies from other communities, I was not able to find a single instance of leakage concerns or issues. To be noted I found one site that warned of pipes bursting but that was in a cold climate. That would make sense if not below the freeze line. As coming from someone that lived in the North, pipes bursting in the winter was a common occurrence. In searching for non-low-pressure system issues specific to leaks, many can be found.

Now to be realistic we live in a high water and salt environment. I would expect less than standard lifespans for any system so we need to be crystal clear as to what ECUA will be responsible for and what we are responsible for.

Why is ECUA not willing to pay for the new system?

This is best described using the new town house development near Publix as an example. The developer installed all the new water and sewer lines, then will build the homes and sell them. The buyer of each home pays for the construction costs in the purchase price. ECUA takes over the managing of the systems that are new once they are complete and operational. Part of the new property owner's monthly invoices for services has a portion allocated to maintain, repair and replacement costs earmarked for when such time those repairs are required. As for our community, ECUA would be taking over a system that requires repair/replacement in short order but has had zero benefit from monthly fees over the years to contribute to the replacement costs.

Unfortunately, it comes down to money and who really should pay for the cost. ECUA has stated that they should not take on the financial hardship of a privately-owned system and will be happy to take over management of it after it is brought up to their standards. With that said, who would or should take this cost on. The County and ECUA believe the residents should take this on via the MSBU. **To be noted:** ECUA inspects all newly installed water/sewer systems before accepting them, even in new developments.

Note: this next section is based on research and findings but is not intended as legal advice or a legal opinion. The linked documentation it provides the context for the following statements. Other parties may debate the legality of options that can be taken via litigation.

Can the County create an MSBU for the cost of the system?

This question has been the center of flawed statements due to the misunderstanding of the MSBU petition/consent process:

1. *"According to Escambia County's own Municipal Services Benefit Units (MSBU) Guidelines and Procedures document, 66% of all homeowners consent is required to assess an MSBU on the residents."*

2.

“Before such a tax could be levied, however, at least two-thirds of the affected property owners would have to consent’. “

Both of these statements are simply wrong.

Our MSBU was not citizen initiated. It was initiated by the County Commission in their Sewer - MSBU Ordinance 2017-10, which was later amended by Sewer – MSBU Ordinance 2018-3. Links to PDFs of both ordinances are available on the County’s “Innerarity Island Water and Sewer Project” webpage, which you can access directly at <https://myescambia.com/open-government/projects/project-details/innerarity-point-water-system>, or via the “PROJECT INFO” button on our HOA sewer webpage at <https://liveinnerarityisland.org/sewer-project>.

Escambia County’s authority to create a sewage (and water) system MSBU and impose the related taxes are found in FL Statutes section 125.01(k), (q), and (r). These statutory provisions say nothing about a petition/consent process by individual residents. Those requirements are imposed *for citizen initiated MSBUs* by the MSBU Guidelines and Procedures document that was cited (though it’s not always clear which edition of that document was being referred to: October 2018 or April 2014).

The 2014 edition of the MSBU Guidelines document states, at the top of page 15, “EXCEPTIONS TO THE GUIDELINES”

“The Board of County Commissioners may address exceptions to any of the guidelines on a case-by-case basis.”

The 2018 edition of the MSBU Guidelines states, in boldface type at the bottom of page 2, “**There are also services/improvements funded through MSBUs that are generally not citizen initiated, and these services are not the subject of these Guidelines and Procedures. Examples include fire protection, holding pond maintenance, endangered species habitat management, code and law enforcement efforts, natural resource protection, and safety related measures.**” Both editions of the MSBU Guidelines are available via links on our HOA sewer website at <https://liveinnerarityisland.org/sewer-project>.

The fourth recital in the Sewer - MSBU Ordinance 2017-10 (cited above) says, “WHEREAS, due to public safety concerns, the Board of County Commissioners waived the Application and Petition requirements specified in the Escambia County Municipal Services Benefits Units Guidelines and Procedures.” The language quoted above from the MSBU Guidelines documents are ample support for this decision, using either edition of the MSBU Guidelines document.

In short: neither the HOA, the HOA Board, or any individual resident was required to consent before the County undertook this project and imposed the MSBU.

To provide an example of a typical **citizen initiated MSBU** would be the request to add new streetlights in a residential community.

Can we rescind the MSBU and breach the county-ECUA Contract?

The May 17, 2018 Interlocal Agreement (contract) between Escambia County and ECUA provides in Section 2.4 that, “[t]he County agrees to promptly reimburse ECUA, in accordance with the terms of this Agreement, all of the costs of the Project....” That same Interlocal Agreement provides in Section 1.1 that, “so long as this

Agreement remains in effect, neither Party shall take any action, legal or otherwise, to alter their existing positions regarding the sanitary sewer system on Innerarity Island....” This Interlocal Agreement and a number of other important documents are available on the Escambia County project webpage available by clicking the “PROJECT INFO” button on our HOA sewer project page, <https://liveinnerarityisland.org/sewer-project>. That HOA sewer project webpage also has links to several other important documents.

A vote by a County Commissioner to rescind our MSBU would be a vote to put Escambia County into willful breach of its contract with ECUA. It would leave the County with the reimbursement obligations discussed in the previous paragraph, without any corresponding source of revenue. It is inconceivable that any of our County Commissioners would vote to rescind our MSBU without getting advice from the County Attorney. It is also inconceivable that the County Attorney would fail to point out the disastrous potential consequences if the County were to breach its contract with ECUA.

Focus on the reality of what is in front of us. Cost of a new system.

As of today, we have the likelihood of an MSBU requiring all residents on the island to pay for some portion of the replacement cost. The MSBU can be taken to the full length of the life of the asset (system). We have discussed 10- & 15-year terms and will show the costs associated with both terms against the category of resident specific costs. To be noted we can also request an MSBU out to 20 years which would further reduce the annual payment.

Also **note** we have additional means of reduction of cost specifically in the sale of lots owned by the County. We will walk through multiple options as well.

We have also noted a few other options that should be asked of the County regardless of the lot sale option taken or not taken.

Reminder: in 2017 the IIA annual meeting posed options on selling or conserving parts or all the Seascapes lots. The overwhelming majority of the residents voted to conserve all the Seascapes area lots to keep the island environmentally protected. [Presentation Link](#)

As of 7/2/2020 in speaking directly with the county the most current estimate of project costs that will become the MSBU is \$5,147,000. This number is based on the following.

- Projected project cost to date based on the significant % complete of the project.
- A 10% contingency budget.
- No change orders have been requested by the contractor
- 1% administrative fee
- 2% fee from the Tax Collector

Current project spends = \$4.5 million

Total projected MSBU cost = \$5,147,000 including the above bulleted items. If the contingency budget is not utilized the cost would be lower.

What should I personally expect to pay? (without additional cost reductions via the sale of county owned lots)

The below estimates are based on 15-year MSBU payment plan.

INNERARITTY ISLAND ESTIMATED MSBU, JUNE 2020								
15 year @ 4%	Island Parcels (Developed-147)		Island Parcels (Undeveloped -176)		Island Parcels w/Septic (44)		Russell Bayou Parcels (132)	
	w/ New Grinder Pump		w/o New Grinder Pump		Abandon septic tank & New Grinder Pump		New Lift Station	
Total Cost To Be Repaid	\$2,014,641.41		\$1,272,078.80		\$674,557.36		\$1,185,887.53	
# of Assessed Properties	147		176		44		132	
Total Annual Payment	\$159,897.52		\$100,962.01		\$53,538.09		\$94,121.20	
Annual Assess. per parcel for 15 Years @ 4%	Monthly	Annually	Monthly	Annually	Monthly	Annually	Monthly	Annually
	\$91.00	\$1,087.74	\$48.00	\$573.65	\$102.00	\$1,216.77	\$60.00	\$713.04
Lump Sum payoff at Year1	\$13,705.04		\$7,227.72		\$15,330.85		\$8,984.00	

The below estimates are based on 20-year MSBU payment plan.

20 year @ 4%	Island Parcels (Developed-147)		Island Parcels (Undeveloped -176)		Island Parcels w/Septic (44)		Russell Bayou Parcels (132)	
	w/ New Grinder Pump		w/o New Grinder Pump		Abandon septic tank & New Grinder Pump		New Lift Station	
Annual Assess. per parcel for 20 Years @ 4%	Monthly	Annually	Monthly	Annually	Monthly	Annually	Monthly	Annually
	\$74.00	\$890.00	\$39.00	\$470.00	\$83.00	\$996.00	\$49.00	\$584.00

We are hopeful that the County will also grant the lower interest rate the HOA Board has requested, and that the contingency fund built into the calculations above will not be spent. Each of those factors would lower these numbers further, though neither is yet confirmed. The estimated numbers above assume that enough surplus property will be sold by mid-July 2021 to pay the remaining balance of the settlement payment made to the Dennison heirs. That may or may not be a realistic assumption. In the hypothetical worst case scenario where no additional surplus properties were sold and we may be required to pay the entire interfund loan balance (reported at the May 7, 2020 BOCC Regular Meeting to be approximately \$539,000) via the MSBU beginning in 2021, we would expect the amounts above to increase by \$8 per month/\$97 per year for a 15-year, 4% MSBU; or \$7 per month/\$80 per year for a 20-year, 4% MSBU. (These estimates allocate the adjustment equally to each of the approximately 499 lots in the MSBU.)

Note: See [Memo to the Board](#) revised July 10, 2020 for further detailed explanation of the above estimates.

Do we expect the MSBU costs to decrease?

Yes, it is expected additional MSBU cost reduction will be found via sales of county auctioned lots. There are currently **14 County owned "surplus" lots up for sale via auction**. The proceeds from the sale of these lots will be used to pay off the Dennison family settlement. Once that debt is paid the remaining proceeds will be used to reduce the MSBU.

The map below shows which lots on the island are still currently up for sale via auction.



Many residents have stated that the auction prices are above the current market values. The below table provides for possible adjusted sales prices based on values that would be more in line with the market value.

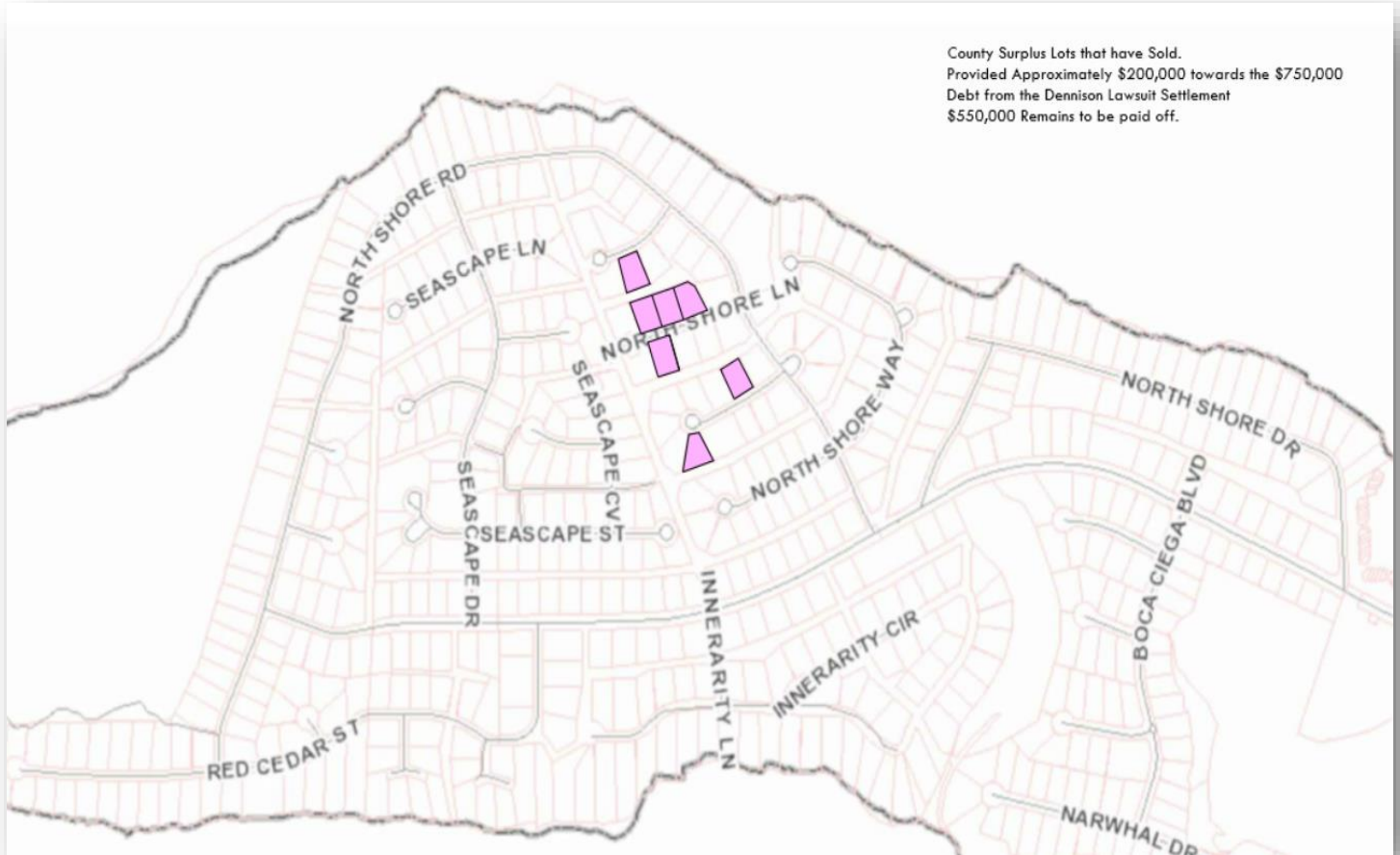
These prices would need to be approved by both HOAs and requested to be reduced by the BOCC.

Breakdown of current auction prices versus a "priced to sell" value of the lots.

Address	Current Price	"Priced to Sell"
16651 Seascape Street	\$27,563	\$21,000
16795 IPR	\$66,750	\$50,000
16797 IPR	\$66,750	\$50,000
5305 N Shore Road	\$63,945	\$50,000
5307 N Shore Road	\$63,945	\$50,000
5309 N Shore Road	\$63,945	\$50,000
5426 N Shore Road	\$77,175	\$65,000
16505 N Shore Lane	\$33,075	\$30,000
5901 Red Cedar	\$88,200	\$65,000
5931 Red Cedar	\$88,200	\$65,000
5941 Red Cedar	\$88,200	\$65,000
5951 Red Cedar	\$88,200	\$65,000
5980 Red Cedar	\$330,750	\$225,000
5990 Red Cedar	\$346,500	\$250,000
Total	\$1,493,198	\$1,101,000
Money to Apply to MSBU	\$943,198	\$551,000
Average Savings on MSBU per Lot		
Owner if ALL lots sell:	\$1831	\$1070

Lots that have already sold

Seven of the County surplus lots have sold via during auctions are shown below and have provided approx. \$200,000 towards the lawsuit settlement. The map below shows which lots have been sold and their location on the island.



Option #1 Additional MSBU reduction via sale of 5 lots outside of the Seascap gates.

The middle of the island contains lots that the county currently owns as per the Dennison lawsuit settlement. Currently these lots are planned to be placed into conservation as per the 2017 HOA vote. Before the conservation would take place, there are options to sell some additional lots to decrease the MSBU overall cost. Three options for lots that could be sold with the least impact to the planned Seascap Conservation area are shown on the next 3 pages. Option 1 would be to sell the 5 Seascap lots that are outside of the current gates. This would add \$15,000 to the Sewer project cost to add sewer tie ins to these 5 lots.

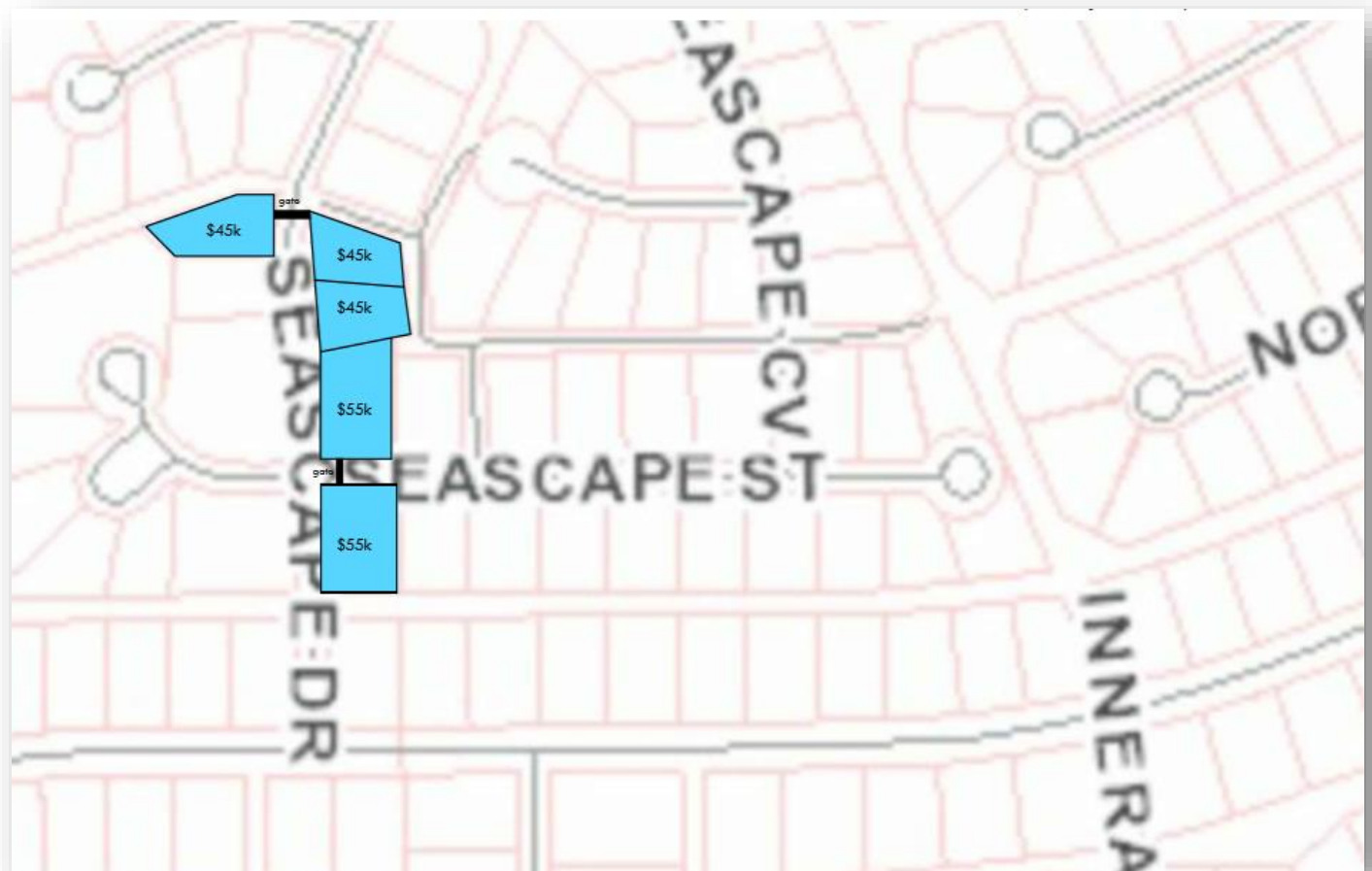
Additional Sale Lots: Option 1

5 Lots Currently Outside of Seascap Gates
3 @ \$45,000: \$135,000
2 @ \$55,000: \$110,000

Total in Sales: \$245,000
Cost to Install Sewer Connections: \$15,000
Net Revenue: \$230,000

499 Lots Prior to Sales.
Adds 5 Lots to Share in Costs and pa HOA Dues.
Total becomes 504 Lots

**Average savings of \$456 per lot owner
off of the MSBU.**
**Savings of \$30.00 per year over 15 Year MSBU
(\$2.50 per month)**



Option #2 Sell the 5 Lots outside of the Seascapes gates plus one side of Seascapes Street.

Note: Estimates of sewer costs are estimates only, and cost could be much higher if a contractor must remobilize after the current construction project is complete. An actual change order would be required and estimated by the contractor if this option would be selected. This would also add additional road maintenance costs.

Option 2 would be to sell the 5 Seascapes lots that are outside of the current gates and to sell the lots along the south side of Seascapes Street. This would add \$55,000 to the Sewer project cost to add sewer tie ins to these 14 lots. It is anticipated that the lots along Seascapes Street would sell a bit higher than average because they will look out at a conservation area.

Additional Sale Lots: Option 2

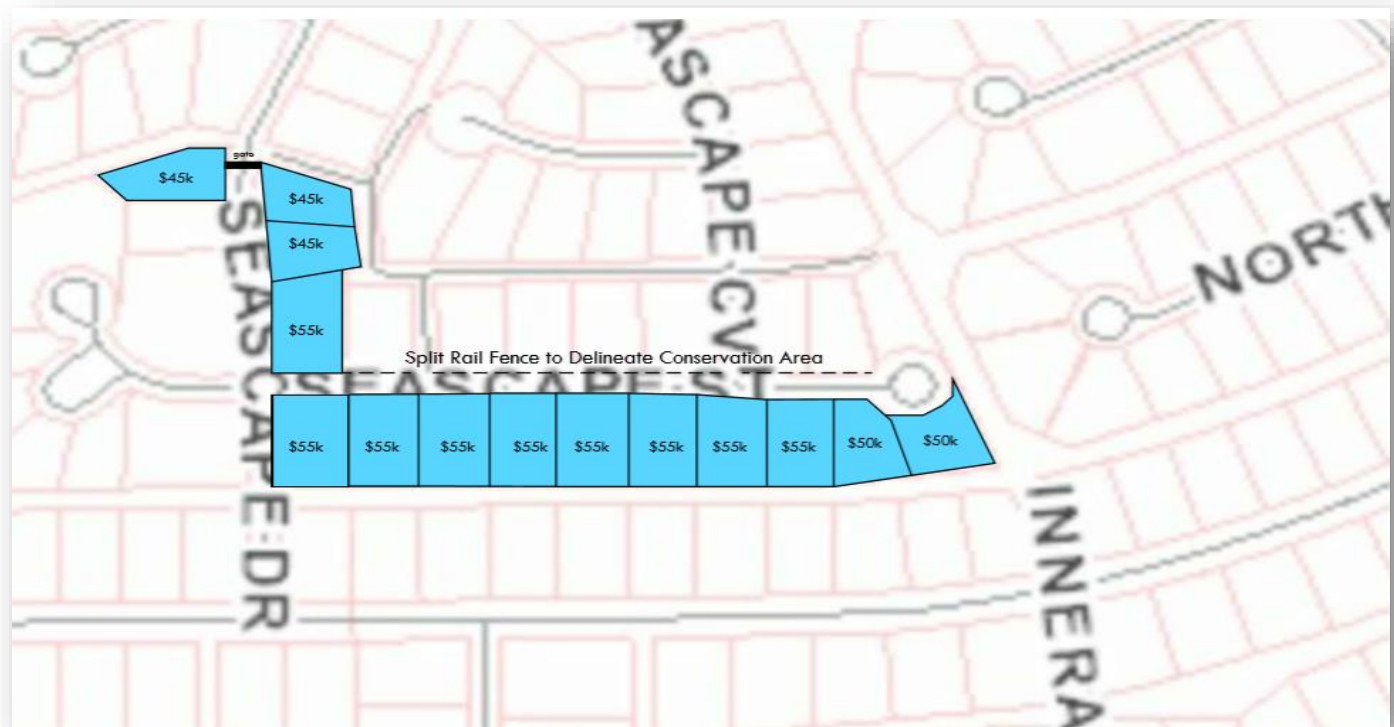
5 Lots Currently Outside of Seascapes Gates
9 Lots along 1 side of Seascapes Street

3 @ \$45,000: \$135,000
2 @ \$50,000: \$100,000
9 @ \$55,000: \$495,000

Total in Sales: \$730,000
Cost to Install Sewer Connections: \$55,000
Cost to Pave Street: \$25,000
Cost for Split Rail Fence: \$2750
Net Revenue: \$647,250

499 Lots Prior to Sales.
Adds 14 Lots to Share in MSBU Costs and pay HOA Dues.
Total becomes 513 Lots

Average savings of \$1261 per lot owner off of their total MSBU cost.
Savings of \$84.00 per year over 15 Year MSBU (\$7.00 per month)



Option # 3 Sell the 5 Seascapes lots outside of the fence and all the lots along Seascapes Street

Note: Estimates of sewer costs are estimates only, and cost could be much higher if a contractor must remobilize after the current construction project is complete. An actual change order would be required and estimated by the contractor if this option would be selected. This would also add additional road maintenance costs.

Option 3 would be to sell the 5 Seascapes lots that are outside of the current gates and to sell all of the lots along Seascapes Street.

This would add \$75,000 to the Sewer project cost to add sewer tie ins to these 22 lots.

Additional Sale Lots: Option 3

5 Lots Currently Outside of Seascapes Gates
17 Lots Along Both sides of Seascapes Street

8 @ \$45,000: \$360,000

14 @ \$50,000: \$700,000

Total in Sales: \$1,060,000

Cost to Install Sewer Connections: \$75,000

Cost to Pave Street: \$25,000

Cost of 2 New Gates: \$1,500

Net Revenue: \$958,500

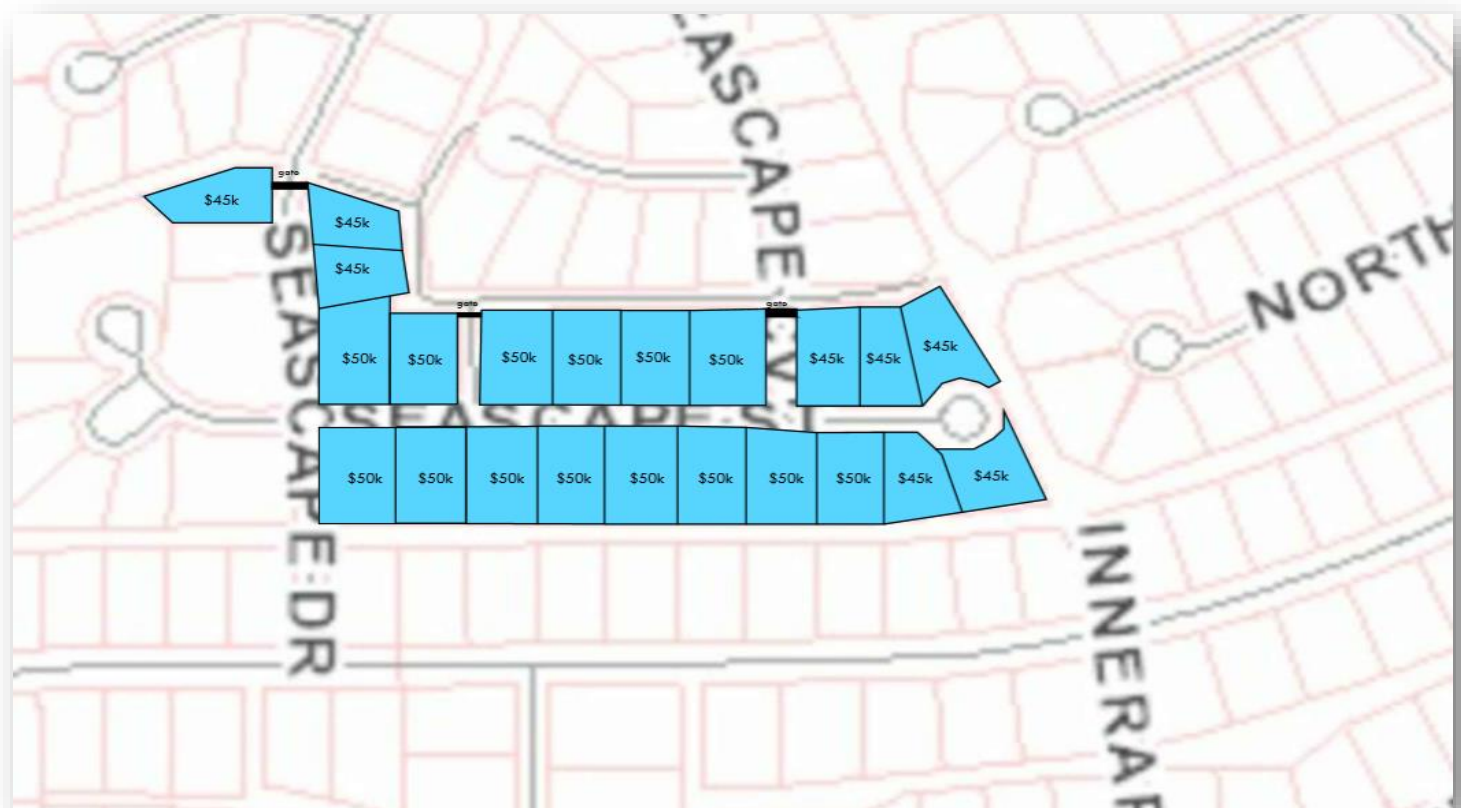
499 Lots Prior to Sales.

Adds 22 Lots to Share in the total MSBU Costs and pay HOA Dues.

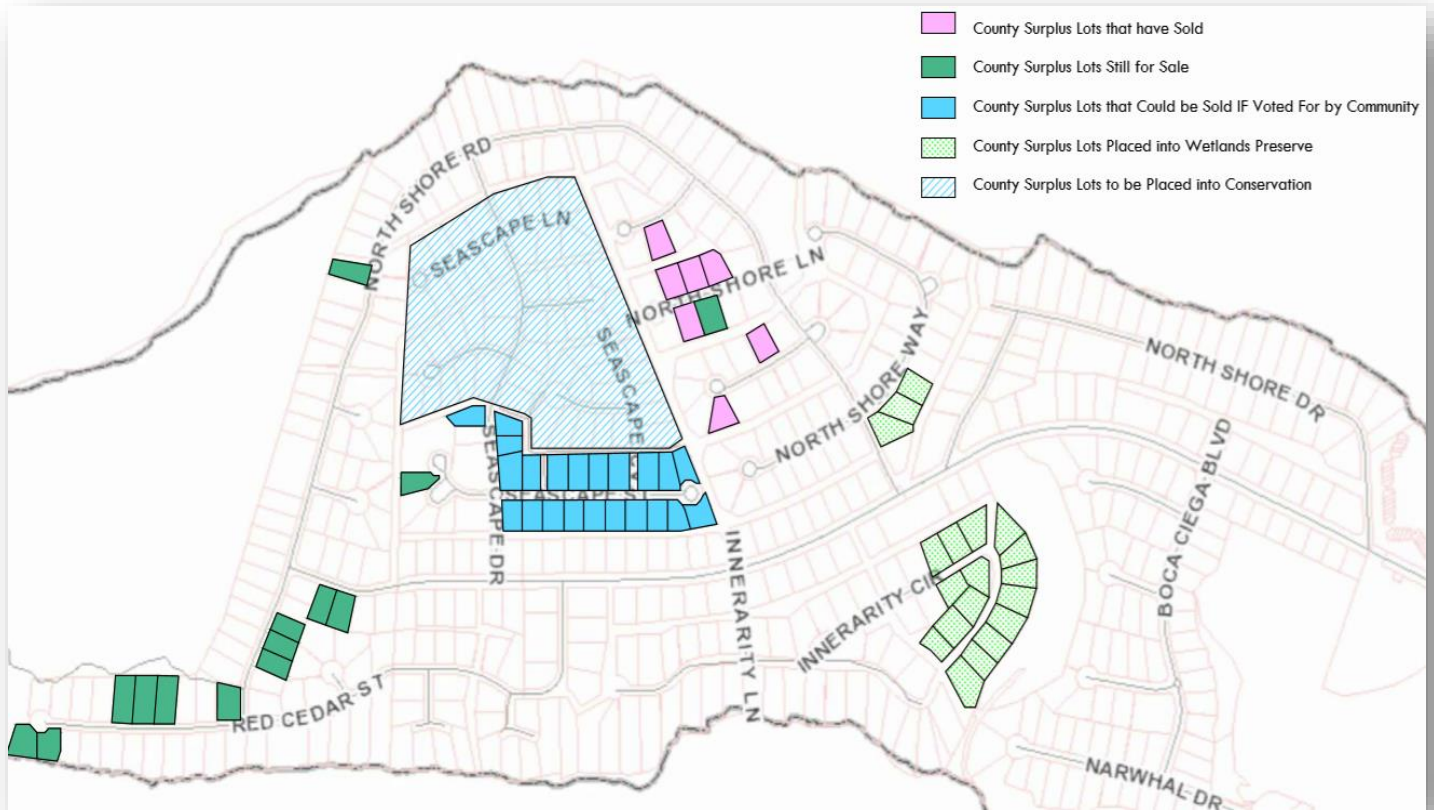
Total becomes 521 Lots

Average savings of \$1840 per lot owner off of their MSBU total cost.

Savings of \$122.67 per year over 15 Year MSBU (\$10.22 per month)



The below illustration is a combined map of all the lots color designated by type.



Notes:

- All the dollar estimates in the illustrations above will need to be verified by a real estate professional
- A change order to add additional sewer lines will need to be requested and estimates confirmed
- Any change orders issued after the current sewer contractor is finished with their work may find an increase in cost due to the contractor demobilizing from the island.
- Sale proceeds estimates could decrease if the BFE requirements change prior to sale of lots and due to increased cost of building.

Changes to the Base Flood Elevation (BFE) to be noted and considered regarding future lot sales

Homeowner & builder *John Stenicka* has provided the following information that explains this subject in detail.

The undeveloped Seascape areas are by all accounts are some of the lowest lying areas of the island and subject to storm floods.

The local Building codes are tied to Base Flood Elevation (BFE) and Escambia County requires a 3-foot freeboard above a lot's BFE as appears on a lot's survey. There are 3 typical designations for a lot, X, VE and AE.

- X lots are above the flood plain and are not subject to the freeboard requirement. Some Areas and lots on the island are X, my first home on Innerarity Circle was one.

- VE is typically found on the water, V stands for velocity as in wind-blown flooding waters *in addition to accumulated waters*

- AE lots, most common on the island represent "accumulation" type flooding, a rising tide.

The designation of a lot is tied to the FIRM map developed for flood insurance. For grins and giggles, here is the current FIRM detailing Innerarity Island, <https://msc.fema.gov/portal/search?AddressQuery=16000%20Innerarity%20Point%20Road#searchresultsanchor> everything green is X everything else is AE or VE and the yellow line on the left is Alabama which is another subject.

The map for Escambia County was last updated in 2006. There is an update which as explained to me, has been tied up for FL gulf counties on some legal challenges but is expected to be implemented very soon; it is years late in being deployed.

When the new FIRM is enacted, many AE lots will have a new designation and are anticipated to have 2 additional feet changes-changes that will increase the cost of the foundations, rule of thumb I use is \$10,000 per foot of foundation rise.

So how do we get to a number like \$10,000 a foot foundation rise?

Let's understand foundations.

X lots can build in any of these 3 typical foundation styles BUT economics will drive most folks and *especially production home builders* to a slab on grade type.

VE lots are building with breakaway walls and flood vents and pilings to raise the first floor to 10-12-14' above flood level. These pilings (concrete or wood) are sunk some 25-45' into the ground to provide stability for the house. This is one of the most expensive way to build with the installation of a pile at \$1000 each and a 2000-2500 SF home would require 40-50 piles typically. Piles are not your only expense, once these are placed, you have additional expenses (compared to slab on grade) of installing a network of beams tying the piles together, framing the floor, insulating the underside of the first (framed) floor, concrete slab for cars to park, hardware for blow out walls, stair cases to get to the 10-12-14' first floor and so on. Construction cost of a Piling home starts at \$250/SF

AE lots have foundations that can be rather simple as a raised slab on grade to elaborate crawl spaces or even piling structures and it all depends on the flood level of the lot (and the added freeboard).

16600 IPR, my most recent spec house is AE5, I have seen water up on seascape asphalt and the drainage green belt filled and part of my back yard under water. Lots north or further down Seascape sit lower and as such will need to go higher (and when the FIRM is in place, even higher still if they get changed).

So, let's look at 16600 once again through the eyes of FIRM that makes the lot AE7. At rumored AE7 + 3' freeboard, the main floor would be sitting at 10' above flood plain and 6-7 feet up from the grade you see at the house.

The aesthetics would be all compromised, the additional CMU involved may still make a raised slab work but more than likely the construction would be based on a crawl space and all the additional cost that would entail. I have no idea what we would do for the garage slab because it cannot be below the 7' of AE7 so now we are forced into raising a drive approach off of Seascapes (at +4' BFE) so now that 3' above the existing grade would surely create a slope that would significantly drive up landscaping expenses too...and my lot is one of the highest on Seascapes so everyone needs to realize each home will be a real challenge to build upon.

It is my opinion that Seascapes lots have not been developed because they never made sense to, don't make sense now and in a few months the FIRM will make them substantially more uneconomical to build on for any tract/production builder.

Seascapes area as a Conservation Easement

In 2017 during the annual IIA board meeting, the residents overwhelmingly voted to preserve the entire Seascapes area. The presentation of the options voted on are found [here](#). Option A which was chosen by the IIA HOA is illustrated below:



It is recommended a new vote be cast by both the IIA and RB HOAs as to reconfirm the preferences of the joint HOA members as based on the current MSBU estimates shown within this briefing. This will provide a basis for our request to the BOCC our request against.

Next Steps for Conservation

We have a couple of options to explore when it comes to how we conserve the Seascape areas post a final joint HOA vote.

1. Request for the County to place the land in a County Land Easement.
2. Utilize a private land conservation non-profit to assist us in transferring the land into a protected land trust.

Speaking specifically to option #2, some of the residents have reached out to Conservation Florida, an IRC 501(c)(3) land conservation trust / non-profit to explore how they can help. <https://www.conserveflorida.org/>

In this option we would need the BOCC to agree to convey a conservation easement covering the Seascape lots to the Conservation Florida trust, so as to place them into a protected easement state forever. Our community would decide as to how the conservation area would be used and would become stewards of the land while the land is legally protected by Conservation Florida.

The Seascape conservation area would be enjoyed by future generations and protected from any possible development. The HOAs could choose to create walking or bike paths throughout the area and build gazebos or picnic areas as to enjoy family time within the protected environment.

Arguments for conserving this area:

- Home property values have historically shown to increase in communities that maintain natural green spaces.
- The wildlife that the island is known for will always have a protected environment to exist in and continue to be part of our community. If this area is developed residents should expect the loss of wildlife such as fox, deer and many of the birds that nest in the trees within this area.
- A significant wind break for protecting our homes stays in place to help mitigate hurricane force wind shear. This factor was brought up by the Director of *Conservation Florida* as a key concern.
- As the undeveloped lots currently owned on the island pivot to new home construction, the green space, we walk past daily will vanish leaving the island with far less undeveloped lot space. Over 50 new homes have been built during the past 4 years with dozens expected in the next couple of years.
- A valid concern by many residents is that, if not protected as a conservation area, this area could be sold quickly to one developer that in turn might build not just single-family houses but potentially a far greater number of townhouses as to fully exploit profits.
- As we continue to grow our community, we are experiencing new and greater storm water drainage concerns. Leaving this Seascape area protected will be a significant source of water drainage mitigation for the entire island. A significant risk for not protecting this area would be the future cost of water

drainage mitigation. This potential future cost could be untenable or even allow such impacts to be irreversible at all.

Example of one of the cul-de-sacs that experience drainage issues after rainfall.



Arguments for not conserving the Seascape area:

- Sale of additional lots would decrease the MSBU costs
- Development of additional lots would create additional HOA annual dues which in turn would provide an increase in budget for future needs such as road maintenance.

What is next?

- Completion of the sewer project by end of summer 2020
- Both IIA and RB HOA to vote on Seascape Conservation options.
- Agreement of how to conserve the land, County Easement or Conservation Florida trust options?
- Initiate Seascape conservation plan for the BOCC to vote on and approve
- Request the remaining unsold lots to be relisted using price to sell values, potentially requesting that they be sold via real estate agents instead of auctions.
- Determine final MSBU costs post project completion
- Request a lower MSBU interest rate than the current 4% rate
- Vote and request either a 15 or 20 MSBU payment plan
- Explore additional options that can decrease the MSBU costs

FAQ Section

We have compiled a list of commonly asked questions from residents in both HOAs.

1. Disclosure of impending MSBU

- a. **Who is responsible for disclosing the pending assessment/MSBU to incoming property buyers?**

Seller, seller's realtor, and closing agent share that responsibility. The actual liability in particular cases can vary widely depending upon the facts of each case and the applicable law. Statutes of limitation may also bar claims due to the passage of time.

- b. **Effective on what date should a seller have known that an assessment needed to be disclosed?**

Each seller's obligation to disclose would be determined by the facts and law applicable to the specific circumstances, and the seller's awareness of the project. The water and sewer project were discussed at IIA Board and HOA meetings beginning in 2016 and in a February 2015, letter sent to all IIA HOA members by the IIA HOA President. Construction on the water system in 2016 should also have made it obvious to residents that a substantial project was under way. The systems' need for upgrades, and the related substantial costs, were discussed in a March 23, 2014 *Pensacola News Journal* article available online.

2. Former Dennison Lots

- a. **How many were transferred from IIDC to the County as Receiver?**

Exhibits A and B to the December 14, 2016 Settlement Agreement between Escambia County and the Dennison heirs list 118 platted lots and unplatted parcels on the Island and Causeway (Reference # 153S322000460002) classified as "waste land" by the Escambia County Property Appraiser.

- i. **What is the appraised value of the total lots?**

These would need to be appraised at current market conditions along with several other factors such as wet lands being on much of the Seascape area lots, the FIRM requirements discussed in this briefing that would make building far more costly or likely unbuildable under current zoning/codes, and whether the land was sold per parcel or in bulk as a discount.

A major concern is that a "deal" could be given to 1 developer and rules would be lifted in favor for low-priced, bulk multifamily or tiny homes to be built on the land. [Link](#) to a

BOCC meeting where Commissioner Begosh raised the idea of selling it all quickly to 1 developer. Another Commissioner mentioned a “tiny house” developer as a potential buyer.

ii. How will the sales proceeds from the sale of lots be used?

County officials have assured us that proceeds from sales of lots will be used to reduce the amount of the MSBU that Island property owners must pay. Awaiting answer from the County - [Is there a deadline for those sales proceeds to be applied?]

iii. Do owners in IIA and RB all benefit from the proceeds of lot sales?

Yes. The allocation of proceeds among the four categories of MSBU properties (Developed Lots, Currently on Sewer, Lots with Septic Tanks, Undeveloped Lots, and Russell Bayou Lots) will be determined by the County.

iv. Is there a time limit on when the lots must be sold for owners to benefit?

Will proceeds from sales surplus property after mid-2021 be applied to reduce MSBU payments? Awaiting answer from the County.

b. How many lots are planned for sale versus planned for conservation?

i. What is the appraised value of the lots planned for sale?

See the map illustration in the above section.

ii. How many have been sold to date?

7

iii. What are the total sales proceeds for those that have been sold to date?

Please see the lot maps in the above sections that break down each of these questions in both written and illustrated details.

c. If some lots are preserved in a non-profit, private conservation action:

i. What is the total appraised value of those lots?

This estimated value has not been evaluated at this time and could vary widely depending on the factors discussed above.

ii. What financial impact would loss of conservation land sale revenue have on each owner in IIA and RB per year of a 10yr, 15yr, and 20yr MSBU payback? Per month?

Any revenue from sales of conservation-area property is highly speculative, particularly as to the flood-prone, interior lots in the Seascope Conservation Area. Any related estimate of sales proceeds is highly uncertain. A “liquidation” of the property in a bulk sale, as advocated by Commissioner Bergosh (see [Link](#)), is likely to bring very low values per lot. This might be a great bargain for a lucky or well-connected developer or builder. However, it is unlikely to reduce the MSBU amount significantly, particularly when that amount is spread over 499 lots, 15 or 20 years, and the monthly payments that will be made by owners with escrow accounts. Our working group firmly believes that – measured by effects on both collective property values and quality of life on the Island – the Seascope area will be far more valuable to HOA members in conservation than any potential MSBU-amount reduction that realistic sales could produce.

iii. Is there a cost associated with transferring those lots from the County to conservation and who pays for that?

This cost is not known at this time however initial conversation with *Conservation Florida* provided for annual fees only to maintain the land easement costs. This is being further explored over the next couple of months and will be updated in a Seascope specific report.

iv. Who would be eligible to use the conservation area?

Property Owners and Residents in the II and RB HOAs, and their invited guests.

v. What is the vision for the conservation area; maintenance and intended use?

Current vision is to keep the conservation area for wildlife preservations, walking and biking trails and potentially add gazebos along the walking trails. The residents of the island will share the responsibility of maintaining the area.

vi. Who makes the decision to place those lots into conservation?

County Commissioners will make the decision, though they have repeatedly assured us that they will respect the preference of our HOAs as to disposition of this property.

d. If some or all the lots set aside for conservation are instead sold and subsequently developed:

i. Would there be additional utility work required and who would pay for that?

Yes. None of the conservation areas has sewer lines, and only Seascope Street has water supply lines. The roads would require additional upgrades, maintenance, and repair. The cost of adding this infrastructure could be handled in various ways; however, it would undoubtedly reduce the sales proceeds or increase long term maintenance costs.

ii. **Would there be an impact on storm water management on the island?**

Yes. The conservation areas provide significant absorption of storm water. Addition of non-pervious surfaces (roofs, driveways, additional paved roads, etc.) in the conservation areas would increase storm-water runoff to adjacent low-lying areas of the Island.

iii. **Would there be an impact to wind break mitigation during severe storms or hurricanes?**

Yes. The conservation areas provide for wind breaks during large storms such as hurricanes, the loss of this wind break and wind mitigation could create increased risk to homes during such storms. This was noted by *Conservation Florida* during their walk through of the areas.

e. **Are the lots currently governed by IIA?**

i. **Has the IIA benefitted from annual dues payments from those lots in the past?**

Yes. The County pays HOA dues on the platted lots it owns on the Island. Awaiting confirmation from the County

ii. **Will IIA benefit from annual dues from lots that sell?**

Yes, though the increased revenue will be offset by additional costs of maintaining roads.

iii. **Does the IIA have ACC oversight of building on lots that sell?**

Yes, at present, though a single developer or small group of developers who acquired many lots might be able to control the HOA Board and thereby control the ACC.

iv. **Are all those lots currently zoning the same as the rest of IIA?**

Yes, at present, however there is concern that they could be rezoned as a multiple family housing area (townhomes) if sold to one developer or via county sales agreements to change the zoning.

f. **Could a single developer buy many those lots from the County and subsequently change the zoning and use to high density residential (i.e. townhomes or condo tower)?**

Different people assess the likelihood of this risk differently, but it is a significant concern.

i. **What impact could that have on IIA?**

Only 71 (December 9, 2019) and 88 (December 3, 2018) members of the IIA attended or submitted proxies for the last two IIA Annual Meetings. Unless attendance at future meetings dramatically exceeds the norm, a developer owning all the 97 lots designated in 2017 for conservation could almost certainly elect and control the Association's Board of Directors and would have enormous potential power to control the Association and its Architectural Control Committee.

3. HOA/Board responsibility

a. What official/legal role did the IIA Board/HOA have regarding the sewer project?

- i. Neither the II HOA nor its Board of Directors had any legal authority to control the sewer project or the related MSBU. Over the past several years, County and ECUA Officials have attended numerous homeowner meetings on the Island to explain the project and address residents' concerns. The construction plans indicate that all the sewer construction was to take place in roads and adjacent rights-of-ways, except for installation of the grinder pumps and the "sewer laterals" connecting each house's sewer outlet through its grinder pump to the connection in the right-of-way. The construction contract assigned Talcon Group the responsibility for obtaining each homeowner's individual consent for the work done on private property.

The water and sewer improvement projects were described in detail in a letter sent in February 2015 to all HOA members from the HOA President. The text of that letter is available here: [Letter](#).

These projects were also discussed at the following IIA meetings (open to all property owners), as reflected in the minutes of those meetings, which are publicly available via links to PDFs on the HOA website at <https://liveinnerarityisland.org/hoa-meeting-minutes>:

-- Annual HOA Meetings: December 2016, 2017, 2018, and 2019;

-- Specially-Called HOA Board Meetings: September 2019, October 29, 2019, and April 2020; and

-- Quarterly HOA Board Meetings: July and October 2016; January, April, June, and November 2017; January, April, June, September, and November 2018; January, February, April, July, and October 2019.

Members of the HOA Board who received residents' expressions of concern about the contractor work have alerted the appropriate County and ECUA officials overseeing the project.

b. What official/legal role did the RB Board/HOA have regarding the sewer project?

- i. RB Owners achieved the 2/3 majority vote required to legally transfer community property to the county to accommodate the larger lift station.
- ii. On behalf of RB HOA, the RB Board is providing oversight of the contractor work done on RB community property at the front entrance, tennis court/lift station area, and road/ribbon curb repairs.

4. Grant Money

a. **How much grant money was received?**

\$1.5 million

b. **Is there a possibility that additional grant money could be coming?**

We would welcome any additional grant money, but County officials have told us, repeatedly, that they believe this to be unlikely.

5. Road Repair

a. **Does IIA have an adequate road reserve set aside for necessary repairs?**

II HOA has over \$137K in reserve for road maintenance and upgrades. The October 2019 Master Road Plan listed eight projects projected for 2021 at a total estimated cost of \$79,300. The current (mid-2020) update of that Plan adds a ninth project for 2021, increasing this estimated cost to \$81,850.

Five possible additional projects – all of which are in the Seascape area – are listed in the 2019 Master Road Plan with future dates “TBD.” The total estimated cost for those Seascape projects is \$75,400.

The IIA HOA Roads Committee will review and reassess the Master Road Plan after the sewer construction is complete.

Commissioner Underhill has offered his help, when we next mobilize to resurface our roads, to obtain County assistance in raising the ends of the causeway in order to reduce its susceptibility to flooding.

a. **Does RB HOA have an adequate road reserve set aside for necessary repairs?**

- i. Yes, RB HOA has over \$100K set aside for road maintenance

6. MSBU Payment Amounts

a. **What are the current estimated amounts of the MSBU payments?**

[We are discussing with County Staff the possibility of obtaining more current numbers than those we were told (based on a 4% interest rate) at our December 2019 HOA Annual Meeting? (“Lump Sum \$13,705.04 for developed lots, \$7227.72 undeveloped lots, \$15330.85 septic tanks, \$8984.00 for Russell Bayou. ***** If 15-year MSBU, costs would be \$1087.74 for developed, \$573.65 for undeveloped, \$1216.77 for septic tanks, \$713.04 for Russell Bayou.”) County Staff is working toward an explanation or resolution of the apparent prepayment penalty reflected in those previous numbers, and on determining the details of the items that have been or will be charged or credited to the Interfund Loan?]

b. When will those payments begin?

We expect to have the MSBU payment information, as allocated to each lot, available at the December 8, 2020 Annual Meeting of the II HOA. Those numbers will be subject to revision to reflect sales of surplus property between that time and mid-2021. Each property owner should receive a property tax notice including the MSBU amount in August 2021, and each property owner should receive a tax bill in November 2021.

c. What is the basis for the often-repeated claim that the MSBU payments be \$20,000 or \$25,000 per lot?

We know of no authoritative or rational basis for those numbers. As indicated immediately above on pages 10 and 27 of this Briefing, we expect the MSBU payments to be much less than these amounts.

7. What are the II and RB HOAs, the IIPO, and the IIFC?

The HOAs are associations of the property owners in the II and RB subdivisions. Membership in the HOA is automatic with the purchase of a lot. Each of the HOAs elects a Board of Directors at each annual meeting of the HOA. The HOA's role, and that of its Boards of Directors, are specified in the restrictive covenants, Articles of Incorporation, and Bylaws of each HOA.

The IIPO (Innerarity Island Protection Organization) and IIFC (Innerarity Island Foundation Corporation) appear to be closely related voluntary organizations, with shared leadership, though only the IIFC is formally registered as a corporation in Florida. Membership in one or both organizations is apparently open to anyone willing to make the required financial donations to the organization. The IIFC has a five-member Board of Directors; four of those Directors are property owners on our Island, but the fifth is not. None of the Directors of the IIFC is a member of the II HOA Board of Directors, though one Director of the IIFC and one Director of the II HOA are married to each other. The IIPO has a members-only Facebook group, but no published organizational structure or governing documents.

The IIFC's Articles of Incorporation state that it is organized "for exempt purposes within the meaning of section 501(c)(4) of the Internal Revenue Code." Unlike section 501(c)(3), under which most tax-exempt charitable entities such as churches, hospitals, universities, etc. are organized, entities organized under section 501(c)(4) are permitted to engage in lobbying and other political activities, but this disqualifies donations to the entity from being tax-deductible.

8. What effect has the IIPO petition to remove directors of the II HOA had?

The IIPO emailed PDFs of a petition to the IIA's President, which appeared to be for the purposes of

removing some or all of the II HOA Board of Directors and demanding the Board's support for the IIFC's goals (discussed in FAQ "9." immediately below). Legal counsel to the II HOA advised the President that receipt of this petition had no legal effect, and no response was thought to be necessary or productive.

9. What are the goals of the IIPO and the IIFC?

We have little clear or reliable information about the true objectives of these two organizations. The IIPO or IIFC "HOA Board Revision Petition" form discussed above stated three goals:

"1. Rescind the MSBU assessment for the county owned water & sewer system."

"2. Immediately enter the order to assign receivership of the water & sewer system to ECUA."

"3. Approach the county owned Seascape area for acquisition and preservation."

The first two of those goals seem obviously unrealistic. They would require grossly irresponsible decisions and actions by a majority of the five Escambia County Commissioners and are not something the HOA Boards on the island have the power to do or demand.

As to the third stated goal: Members of the HOA Board and others are actively working toward the conservation of the Seascape area, as approved at the December 2017 annual meeting of the II HOA. "Acquisition" or any other form of control of the Seascape area should only be permitted to an organization with a longstanding, well-established commitment to conservation as its absolute priority, and a tax exemption under Sec. 501(c)(3) of the Internal Revenue Code (so that our donations to help support our conservation efforts can be tax-deductible). These criteria disqualify the IIFC and many other entities that might want to acquire our Island's conservation property.

10. Why has Gulf Breeze been charging connection fees for new home builds? Per the Interlocal Agreement effective April 2014 shows Gulf Breeze as managing the system for the County.

11. It has been alleged that in the Ken Horne (Oct 2015) report, Ken Horne said he was "leery" of showing his report to ECUA or a third party. He stated that the Innerarity Island sewer was operating adequately and efficiently with no consent orders. Why was the Ken Horne (Oct 2015) ignored?

The Ken Horne report dated October 2015 was commissioned by Escambia County with the premise of ECUA taking over future management of the system. Nowhere within the study does Mr. Horne state anything near what is stated in the above question. In fact, the study was requested specifically to show what would be required as far as upgrade or replacement to bring the system compliant with FDEP & ECUA standards. The Study was not ignored but was the basis and recommendation used to install the low-pressure system. The entire report can be found [here](#).

The system was in fact not operating adequately as the system was abandoned by owner managing the system and therefore had no one operating it or responsible for it. The Horne report also details extensive capital improvement needs.

12. Why was the \$1.5M in grants received spent on a water system?

The \$1.5 million DEP grant was specifically for water system replacement. As the water system was also aging and a grant was available it would make sense to capture the funding to offset future replacement costs.

Also, in RB the original main sewer line ran beside the potable water line and due to risks of contamination needed to be moved to the other side of the street.

We have been advised that some of the money was spent on the sewer design and purchasing grinder pumps.

13. Why were the residents not given the option to rehab the system and operate it privately? If we are paying for it, don't we own it? Why do we have to hand it over to ECUA?

This was originally discussed and deemed impossible for the HOA to manage. Who would manage the system, who would have such experience on the island? How would we pay for liability insurance and potential fines if a break would occur? When repairs were required how would they be paid for? The entire premise of an HOA managed system is implausible.

14. Why are residents required to pay the county \$770,000.00 for their purchase of all the island assets owned by IIDC? If that \$770,000.00 is added to our MSBU then do the residents of Innerarity Island own the water and sewer system as well as all other county acquired assets?

The county paid \$750,000 in a court settlement not a purchase with the heir of Dennison as to pay off a lien against the lots. As shown in the above illustrations/lot maps this settlement is being paid via a sale of 21 lots by the county. As the lien was secured by island lots the lots then were released to the county as property. The settlement documents can be found [here](#).

15. Why is there interest on the loan amount to the county?

The BCC approved an inter-fund loan to fund the project on 7/18/2019. As it is a loan an interest rate should be expected. We have asked and will continue to pursue the question on if a lower rate can be found due to current market/prime rates being low during the recent year.

Documents Archive

All documents related to the sewer project as well as the Seascape Conservation efforts can be found on the IIA website at <https://liveinnerarityisland.org/sewer-project>. A page has been specifically created for this content and is regularly updated as new information is gained or updated.

