

## MEMORANDUM

**TO:** City Commission  
City Attorney Daniel Hartman

**DATE:** December 2, 2025

**FROM:** Chuck Anderson, City Manager

**SUBJ:** Community Update - Local Bill Transferring the City of Apalachicola's Utility System

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The purpose of this Memorandum is to provide background, updates, and additional information regarding the latest Bill language and Commissioner meetings related to the establishment of the Apalachicola Water and Sewer District.

### Background and Updates

The local delegation provided a draft of the legislation that they introduced for the upcoming session. The City has unfortunately not had a role in crafting the legislation up to this point. Initially, it was proposed that the local delegation would introduce a bill expanding the boundaries of the Eastpoint Water and Sewer District to encompass the City service territory. The local delegation has changed from that standpoint to establishing an Independent Special District called the "Apalachicola Water and Sewer District." The City of Apalachicola would be the sole entity in this district. For planning purposes, all bill changes need to be submitted through Representative Shoaf's office by January 9, 2026. Another local delegation meeting for the community is currently being scheduled for some time this month, and possibly during the week of December 15, 2025.

The Apalachicola Water and Sewer District would be governed by a five-member Board. Three members would be appointed by the Governor, one by the County and one by the City. Members would serve four-year terms and would be required to be users of the water and sewer services. The board will currently **NOT** have Ad Valorem taxing authority. Establishing the new district is being relayed as a first step in regionalization of utility systems. Other potential entities that would join in the regionalization, whether they be cities/towns/counties or other districts will be known when a feasibility study is completed by Northwest Florida Water Management District in the next 18-24 months.

The local bill is currently worded to transfer all property, owned, possessed, or controlled by the City of Apalachicola (COA) for the purposes of providing water and sewer systems as well as other assets, contracts, obligations, and liabilities of the COA to the new district. A review of the bill and the process to establish the new district revealed several items that remain undetermined;

- a. How will the initial costs to create the district and provide services be funded,
- b. How much will rates have to increase for the district to function,
- c. What happens to the city's employees and their jobs,
- d. How will the city be compensated for the transfer of assets to the district,
- e. How is it guaranteed that the new district will provide better service or water quality,
- f. Will the creation of the district conflict with the city charter? Would a referendum or charter amendment be needed?

Yesterday, representatives from Senator Simon's and Representative Shoaf's offices as well as representatives from NWF Water Mgt District and FL Rural Water met with each City Commissioner individually to update the commissioners on the bill and to answer questions they had. The following questions were asked;

- *Can citizens be allowed to vote on this local bill?*
- *When will negotiations for assets and boundaries be discussed?*
- *How was the need for the district defined, and by whom?*
- *What does regionalization look like for this area/forgotten coast?*
- *What are the steps to form this district, the timelines, and items needing to be addressed to begin providing service from this district?*
- *Will the new district have access to the City of Apalachicola's Area of Critical Concern appropriation funding?*
- *Is the City reimbursed for usage of the Rights of Way? Are we still responsible to maintain the rights-of-way when the district is formed?*
- *What effect/conflicts does the formation of the district have with the City Charter?*
- *Could a third disinterested party (such as FL Rural Water or NWF Water Mgt District) have a member appointed to the board?*
- *Can the Governor change district board appointees at will?*
- *What is the funding mechanism for start up costs of the district?*
- *What is the short range plan (1-2 years) for the current utility system?*
- *Will the City assets be taken by the new district?*
- *What other examples of prior utility migrations are there? Can you provide their agreements?*
- *How does the local bill solve regionalization as the City could do that now without creating a district?*
- *How will the new district improve water/sewer service and quality?*
- *What are the mechanics of how the local bill becomes law and how does that migrate into providing services?*
- *Is the proposed 12-months being proposed from when the bill is signed enough time to transition to a new and functional district?*
- *How are assets transferred; when and how and how is the city compensated?*
- *What is the economic impact on the City and is there a statement that lists the impacts?*
- *Can the City have right of first refusal to provide services to the City if the new district dissolves?*
- *How much will rates increase with the new district?*
- *How does the local bill/district improve water quality now?*
- *Will employees be provided (or guaranteed) jobs at the new district?*
- *What education can the legislature provide our citizens so they understand what is occurring?*
- *With this transition, can the State Revolving Fund loan be forgiven?*

With these meetings concluded, the City faces a significant decision as to whether to cooperate with the transfer of the utility system to alternative ownership as described or not. This is a complex and likely permanent decision and will form the basis for the next steps the City undertakes.