

City of Marco Island Florida

*51 Bald Eagle Drive
Marco Island, Florida
cityofmarcoisland.com*



Meeting Minutes - Draft

Monday, October 20, 2014

12:30 PM

UTILITY RATE DESIGN WORKSHOP

Community Meeting Room

City Council

Chairman: Ken Honecker

*City Council: Joe Batte, Bob Brown, Larry Honig, Chuck Kiester, Amadeo R. Petricca,
and Larry Sacher*

City Manager: Roger Hernstadt

City Clerk: Laura Litzan - City Attorney: Burt Saunders

1. Call to Order**2. Roll Call****Also Present**

Roger T. Hernstadt, City Manager
Laura Litzan, City Clerk
Guillermo Polanco, Director of Finance
Mike Murphy, Fire Chief
Jeff Poteet, General Manager, Water & Sewer
Jim Lang, Utilities Customer Service Manager
Gretchen Baldus, Director of Information Technology
Sandra Schildhorn, Administrative Assistant
Robert Ori, Consultant, Public Resources Management Group, Inc.
Jeff Wilson, Consultant, Public Resources Management Group, Inc.
Citizens and Visitors

3. Business - Utility Rate Structure Design

(Editorial History: At the Utility Rate Design Analysis Workshop of August 4, 2014, a presentation was provided by Mr. Robert Ori, Consultant with the firm of Public Resources Management Group, Inc. (PRMG). The presentation comprised a utility rate overview and evaluation methodology, a cost allocation analysis, and a review of alternative utility rate structures. Council met again on August 18, 2014 for a Utility Rate Equity Workshop to discuss and determine a fair and equitable utility rate design. At the workshop, Councilors Honecker and Petricca made proposals for determining a rate structure and Council concurred to instruct the consultant to prepare assumptions using the methodologies proposed by them, and to also provide calculations based on the installation of irrigation meters.)

Mr. Robert Ori, and Mr. Jeff Wilson, consultants with Public Resources Management Group, Inc., provided a slide presentation encompassing the following:

- *Wastewater rate structure implemented in 2003*
- *Water rate structure implemented in 2005*
- *Summary of rate increases applied to rates in fiscal years 2010, 2011, and 2014*
- *Previously evaluated rate design alternatives proposed by PRMG, the Utility Advisory Board, and Burton & Associates*
- *Updated PRMG rate design alternatives based on current system revenue requirements*
- *Additional rate design/alternatives using methodologies proposed by Councilors Honecker and Petricca*
- *Rate recap*
- *General proposed rate design summary*
- *Residential rate comparison*
- *Commercial sample bill comparisons and Multi-family sample bill comparisons*
- *What-if alternatives – ability to adjust rate alternatives/potential adjustments*
- *Proposed rates - water system, sewer system and wastewater system*

RECESS: The workshop recessed at 2:00 p.m. and recommenced at 2:15 p.m.

Council engaged in a lengthy discussion, which resulted in a request of the consultant to report back with recommendations for an alternative water and wastewater rate design in accordance with the following assumptions:

- *Water rates - 0.75 ERC's*
- *Wastewater rates – 1.0 ERC's for residential or condo*
- *Water/wastewater for commercial – ERC's based on flow*
- *Elimination of lot size for residential*
- *Installation of deduct meters*
- *One year allowance for installation of deduct meters*
- *Meter reading charge of \$3.00*
- *Protection cap eliminated with deduct meters*
- *Cap at 6000 gallons without deduct meters*

Public Comment:

Mr. Craig Woodward, President of North Marco Utilities, commented that the deduct meter is fair and should be implemented to see how it plays out. He is opposed to the use of the ERC concept for commercial only, and also to the same rate concept for all, commenting that it will result in some customers subsidizing others. He stated that Burton's recommendation for an increase was fair, and recommended, as part of the next review, doing an analysis of the impact on different customer classes. Lastly, Mr. Woodward asked for clarification regarding the calculation (.8) used for North Marco Utilities as an allowance for infrastructure, because he doesn't know how the number was determined or what it means.

Mr. Al Diaz, Condominium Manager, believes there is a perception issue regarding what is fair and equitable, and that the perception is that the condos will be charged more and residential prices will be less. He stated that he cannot make a judgment about the impact until he knows what the numbers will be.

Following public comment, Council engaged in further discussion and instructed the consultant to also prepare a scenario reflecting his professional opinion of an alternative water/wastewater rate structure.

4. Adjournment

There being no further business to come before City Council, the meeting adjourned at 4:29 p.m.

Kenneth E. Honecker, Council Chairman

ATTEST:

Laura Litzan, City Clerk

PREPARED BY:

Sandra Schildhorn, Secretary