

1. Requested Motion:

Meeting Date: August 15, 2011

Authorize staff to move forward with the preparation of the petition for a rate adjustment to reflect the increase to the wholesale water rate that will be charged by Lee County.

Why the action is necessary:

Direction to staff by PWSI is necessary to move modifications to the rate structure forward.

What the action accomplishes:

Allows staff to bring forward the necessary documents to begin the process for a rate adjustment.

2. Agenda:

- Consent
- Administrative

3. Requirement/Purpose:

- Resolution
- Ordinance
- Other:

4. Submitter of Information:

- Council
- Town Staff – Public Works
- Town Attorney

5. Background:

Notice has been received by Lee County Utilities that the Lee County BOCC will hold a public hearing associated with proposed revisions to the water and wastewater rate structure which will include a revision to the wholesale water rates. The wholesale water rate is proposed to increase from \$3.20 to \$3.46 per thousand gallons. The public hearing is scheduled for August 9, 2011. Should the BOCC approve the proposal, the new rates are scheduled for implementation on October 1, 2011. In accordance with the provisions of Addendum #1 of the Wholesale Water Inter-Local Agreement, Lee County BOCC shall provide to the Town a 90 day notice of the intent to modify the wholesale water rates and implementation of the same. Pursuant to this provision, the wholesale water rate adjustment should be implemented no sooner than November 9, 2011. Direction was received by Town Council to request that the Lee County BOCC delay the wholesale rate increase until November 9, 2011 to enable the Town to meet the requirements of its rate process. Attached for reference is a memo regarding the cost of absorbing the proposed increase, LCU notice of public hearing, Addendum #1 to Wholesale Water Rate Agreement, projected time line. The letter to the Lee County BOCC requesting the delay to implement will be provided.

6. Alternative Action:

Do not pass the wholesale water rate increase to customer base.

7. Management Recommendations:

Staff recommends the approval to move this forward.

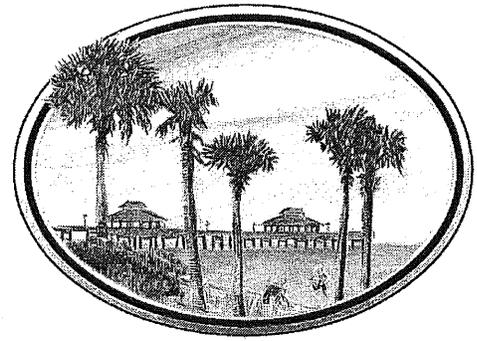
8. Recommended Approval:

Town Manager	Town Attorney	Finance Director	Public Works Director	Community Development Director	Cultural Resources Director	Town Clerk
						

9. Council Action:

- Approved Denied Deferred Other

TOWN OF FORT MYERS BEACH



MEMORANDUM

DATE: August 5, 2011
TO: Terry Stewart, Town Manager
FROM: Cathie Lewis, Public Works Director *C Lewis*
SUBJECT: Proposed Wholesale Water Rate Increase

Based on discussion by Town Council at its August 1, 2011 Workshop I have prepared the draft letter to be sent to Lee County BOCC and Utilities regarding the proposed wholesale water rate increase scheduled for August 9, 2011.

Resulting from that meeting I have looked at the cost should PWSI/Town determine to absorb the proposed increase. I looked at the average usage over a two year period to provide a solid comparison.

Average Monthly Usage (gallons)	3,500,000 .00
Average Cost per Month @ \$3.20	\$112,000.00
Average Cost per Month @ \$3.46	\$121,000.00
Monthly Cost Difference	\$9,000.00
Annual Cost Difference	\$108,000.00

With the forthcoming rehabilitation program, a financial analysis of the rate structure will be performed associated with borrowing requirements. I would estimate that should an RFP be required for this service the analysis will be available in approximately six months (without an RFP four months). This analysis will look not only at the rates but will include an evaluation of certain customer classes. Should the financial analysis recommend a rate structure modification, it will take a minimum of ninety days to implement.

Should PWSI determine to move forward with a modification to the consumption base to reflect the wholesale water rate increase, it will enable staff to clean up some other fees and charges that was not addressed with the rate modification in 2009. They include check charges, meter testing, trip charges and fire service charges.

Although the Town needs to be sensitive to the community's concerns regarding any and all fees, charges and rates, I would encourage Town Council to implement a water rate adjustment should the Lee County BOCC move the wholesale water rate increase proposal forward.

Attachment

pc: file

TOWN OF FORT MYERS BEACH



MEMORANDUM

DATE: June 30, 2011

TO: Terry Stewart, Town Manager
Marilyn Miller, Fowler White Boggs (via e-mail)

FROM: Cathie Lewis, Public Works Director *C Lewis*

SUBJECT: Hearing Notice regarding Wholesale Water Rates

The Town is in receipt of a notice from Lee County Utilities that on August 9, 2011 the County Commissioners will be holding a hearing to consider a utility rate increase including an increase to the wholesale water rates from \$3.20 to \$3.46 per thousand gallons. An increase to the water and wastewater retail rates is also included in the proposal. Pursuant to the notice, should the BOCC approve the proposal, the new rates will become effective October 1, 2011 (notice attached).

On August 5, 2008, the BOCC approved an addendum to the Interlocal Agreement with the Town associated with increases to the wholesale rates (copy attached). The addendum provides for a thirty day advance notice of scheduled public hearings associated with wholesale rate increases and a 90 day advance notice of the proposed increase. These provisions were put in place to provide the Town with sufficient time to hold the required hearings should the Town choose to increase rates to offset the County's increase.

The 30 day notice has certainly been met and depending on interpretation of the Addendum the 90 day notice has been met. Assuming that, it still may be difficult for the Town to implement a rate modification effective October 1, 2011 given the process. I have prepared a critical path (as attached) to assist with setting dates, etc.

Based on the intent of the Addendum it seems appropriate to request that the County, at the August 9, 2011 hearing, delay implementation of the wholesale water rate increase should they approve it as part of the hearing. Based on the Town's implementation schedule I believe December 1, 2011 is a reasonable extension.

Should this process move forward, I would also like to use this as an opportunity to clean-up some other rates and charges that were not adequately addressed during the 2009 rate adjustment, such as returned check charges, meter tests, trip charges, fire service charges, etc.

Attached to the e-mail is a copy of the LCU rate study for your reference. After you have had an opportunity to review this and the attached information, I will be happy to discuss this further.

Attachment

pc: file

NOTICE OF PROPOSED REVISIONS TO CERTAIN
LEE COUNTY UTILITIES (LCU) RATES AND CHARGES
(SECTION 180.135, F.S.)

You are hereby advised and officially noticed that representatives of LCU and its rate consultants will be bringing certain proposed revisions to rates and charges of LCU at a public hearing to be held by the Lee County Board of County Commissioners on Tuesday, August 9, 2011 at 5:00 p.m.o'clock in the Board's Chambers of the Old Lee County Courthouse, 2nd Floor, 2120 Main Street, Fort Myers, Florida.

Information concerning the proposed revisions to the LCU rates and charges will be available after June 30, 2011 at www.leegov.com/utilities with hard copies available for viewing at the following Lee County Government locations:

Customer Service Center, 7391 College Parkway

Public Works, 1500 Monroe Street, 3rd Floor

County Administration-Public Resources, 2115 Second Street, 1st Floor

This notice is provided per Section 180.136, Florida Statutes, and is supplemental to all other public hearing notice requirements for utility rates and charges revisions pursuant to Florida law.

BOARD OF COUNTY COMMISSIONERS

LEE COUNTY, FLORIDA

**ADDENDUM #1 TO AGREEMENT FOR SALE AND PURCHASE
OF POTABLE WATER BY AND BETWEEN LEE COUNTY,
FLORIDA AND THE TOWN OF FORT MYERS BEACH**

THIS ADDENDUM is made and entered into on the 5th of August 2008, by and between LEE COUNTY, Florida, a political subdivision and charter county of the State of Florida (County) and the TOWN OF FORT MYERS BEACH, a Florida Municipal Corporation (Town), collectively the "Parties" hereto, for the sale and purchase of treated potable water (the Agreement), as follows:

1. Section 3.1 of the Agreement is hereby modified to read:

Section 3.1 of the Agreement is hereby deleted in its entirety and the following shall substitute therefor:

"3.1 The Town shall pay the County's current "County-wide Wholesale Potable Water Rate" per 1,000 gallons of water consumption. The "Wholesale Water Rate" may be further adjusted by the County from time to time, system-wide.

The County will provide the Town with at least ninety (90) days actual prior notice, with back-up documentation, of any proposed adjustments in the County-wide Wholesale Potable Water Rate. In addition, the County will provide the Town with at least thirty (30) days actual prior notice with back-up documentation, of any public hearings to be held by the County where county-wide increases to the County's Wholesale Potable Water Rate are being proposed.

2. Section 3.8 of the Agreement is hereby modified to add the following paragraphs:

"The County and Town agree that the Town shall include the wastewater billing with the potable water customer billings. The County shall pay directly to the collection agency any and all costs associated with the County's collection of past due wastewater

accounts. The Town agrees to pay to the County the cash receipts, including charges for services, late fees, penalties, administrative fees and grease trap inspection, collected for the wastewater billing in a timely manner. Cash receipts for the collection of wastewater billing shall be paid to the County within thirty-five (35) days of the end of the month that the cash receipts are received.”

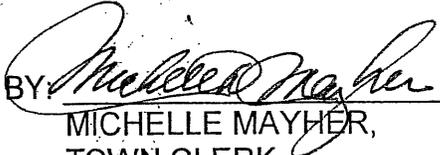
“For all billing services to be rendered to the County by the Town hereunder, the County shall pay the Town on an annual basis a sum equal to the following computation: Annual Billing Service Cost (ABSC) multiplied by $ww/(pw+ww)$, where “ww” is the Lee County Utilities average number of wastewater customers as of the then-current fiscal year and “pw” is the Town’s average number of potable water customers as of the then-current fiscal year. Exhibit C, which is incorporated herein by reference, contains specific examples of this computation. The Town shall invoice the County for this subsequent to the conclusion of each fiscal year, and the County shall remit payment within thirty (30) days of its receipt of the Town’s invoice. This payment shall not be subject to any set-offs by the County against sums due from the Town to the County hereunder.”

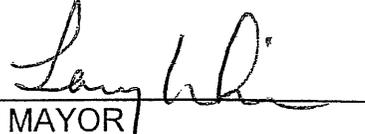
3. Except as specifically modified herein, the Agreement is hereby ratified and confirmed by the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized officials, on the date above first written.

ATTEST:

TOWN OF FORT MYERS BEACH

BY: 
MICHELLE MAYHER,
TOWN CLERK

BY: 
MAYOR

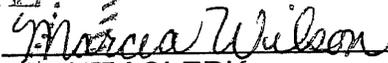
APPROVED AS TO LEGAL FORM:

BY: 
ANNE DALTON, ESQUIRE
TOWN ATTORNEY

ATTEST:

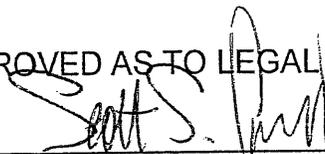
BOARD OF COUNTY COMMISSIONERS

CHARLIE GREEN, CLERK

BY: 
DEPUTY CLERK

BY: 
CHAIR

APPROVED AS TO LEGAL FORM:

BY: 
COUNTY ATTORNEYS OFFICE

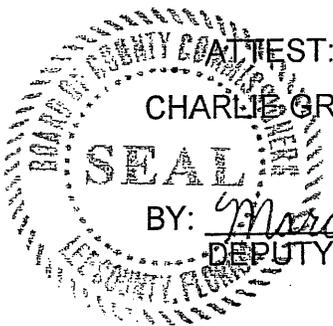


Exhibit "C"
Formula

Annual Billing Service Cost (ABSC) multiplied by the wastewater (ww) component (average number of customers) divided by the combined Town water (pw) component (average number of customers) and wastewater component (average number of customers) equals Lee County Prorata Billing Share (LCPBS)

$$\text{ABSC} \times (\text{ww} / (\text{pw} + \text{ww})) = \text{LCPBS}$$

Example for FY 07

$$\$27,999.25 \times (3,036 / (3,179 + 3,036)) = \$13,719.63$$

