

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
AUGUST 31, 2006

The Niceville City Council met in special session at 6:00 PM, August 31, 2006 in the Council Chambers, 208 N Partin Drive. All Council members, except for Councilman Brewer, and the Mayor were present. Also present were City Manager, Lannie Corbin; City Clerk, Dan Doucet; Director of Public works, Bruce Price; and a member of the press. Mayor Wise called the meeting to order at 6:00 PM.

Mr Doucet discussed the following budgetary revenue and expense items:

400 -WATER AND SEWER DEPARTMENT
REVENUES

Charges for Services	\$ 4,958,000 PG50
Miscellaneous	\$ 280,000 PG51
Non-Revenue	\$ 3,653,000 PG52
TOTAL	\$ 8,891,000 PG52

EXPENSE (PGS 53-61)

Last Year - \$8,731,500 This year - \$ 8,891,000

Mr Doucet advised that the Water & Sewer Department is requesting one additional full-time employee to offset the workload.

Repair Maintenance Other:

Pipe Trailer (Rebuild)R/M	\$ 1,000
Manhole Rehab and Correction	\$ 15,000
Other repairs	\$ <u>55,000</u>

Total: \$ 71,000

Repair Maintenance Contractual

Quarterly Tank Maintenance	\$ 35,000
Other	\$ 30,000
Grease Control Program (contract)	\$ 25,000
Odor and corrosion control (LS 9 & 27)	\$ <u>22,100</u>

Total: \$ 112,100

Buildings

Wash Rack at Cedar Avenue Facility (25%)	\$ 5,000
Well Building (R/M) City-Wide	\$ <u>10,000</u>
Total:	\$ 15,000

Equipment

*Easement Sewer Cleaner Trailer	\$ 35,000
(2) 4" Portable Sewer Pumps (\$5,500 ea)	\$ 11,000
(4) 30 KW Generators (\$14,000 ea)	\$ 56,000
(2) Power Inverters (\$4,000 ea)	\$ 8,000
*Van (Electrical & SCADA) Replaces 1985 model	\$ 25,000
*Hot Tapping Machine	\$ 20,000
Misc Tools and small equipment	\$ 20,000
*Line locating equipment	\$ 10,000
(4) Manhole Overflow Alarms (\$10,000 ea) Tied to SCADA	\$ 40,000
Emergency Backup Well Controls (SCADA)	\$ 10,000
Radio Replacement (SCADA)	\$ 3,000
UPS Battery Replacement (SCADA)	\$ 1,000
*Meter Maintenance Pickup Truck - State Contract	\$ 13,000
1) Replacement Hand-held for Meter Reading	\$ <u>5,000</u>
Total:	\$ 257,000

We are appropriating **\$ 257,000** for equipment FY-07

*Mr Doucet advised that we plan to loan money to ourselves from the water meter deposit trust fund in the amount of **\$ 103,000** to be paid back at the rate of **\$ 2,865** a month for **36 months** vs paying cash for the equipment, or paying interest via a loan from a commercial bank. We are budgeting **\$ 34,400** for debt service for FY-007.

Water System and Projects**Water system upgrades & extensions****Distribution System:**

Carr Drive "Replace line" (600 feet)	\$ 10,000
Fire Hydrant Replace/Repairs (10 Hydrants)	\$ 10,000
Water Valves include: R&R, Installation, & Mapping	\$ 10,000
Turkey Creek Crossing #599.19	\$ 300,000 **** water.ext
Wash out Disposal Site at NVOG Site	\$ 6,000
8" Water Main from Kelly Rd to Spence #594.20	\$ 100,000 (50,000)

north side of Hwy 20
 8" Water Main from Spence to the east side of Bayou Plaza, south side of Hwy 20 from Spence and Hwy 20 to Fire Hydrant located behind Badcock in Bayou Plaza

	\$	<u>120,000</u>	****water.ext
Total:	\$	556,000	**** water.ext

Wells & Tanks

CL2 Room Rehab & 8 Wells \$1,700 each	\$	13,600	
Aux Power R&M	\$	5,000	
CL2 Units (4) \$2,000 each	\$	8,000	
CL2 Scales (2) \$1,500 each	\$	3,000	
Lab and Testing Equipt	\$	5,000	
Well Motor (2) Rebuilds	\$	<u>8,000</u>	
TOTAL:	\$	42,600	

GRAND TOTAL: \$ 598,600

SEWER PROJECTS

Collection System:

Sewer Line Rehab/Replacement city-wide	\$	20,000	
Lift Station #13 Replacement/Swift Creek & re-routes (joint project w/Valp Realty) City Part	\$	500,000	*05 Bonds
New LS - Hickory Area (joint project w/Valp Realty) City Part	\$	400,000	*** Sewer.ext
Rehab Sewer System Wildwood Apartments	\$	450,000	*** Sewer.ext
Lift Station # 1 FM and Rehab	\$	400,000	*** Sewer.ext
Reline Sewer Main under John Sims (west side) of	\$	40,000	triangle
 New LS, Force Main, and Gravity Sewer at Lions Park	 \$	 600,000	 *05 Bonds
New LS and Force Main - Beauty College	\$	360,000	*** Sewer.ext
Lift Station #19 Rehab (North Palm)	\$	50,000	(\$25,000 *** Sewer.ext) & \$25,000 05 Bonds
Lift Station #33 Replace & Gravity Lines	\$	100,000	*05 Bonds
 Lift Station #21 Rehab & Generator Set	 \$	 75,000	
Re-use water to triangle	\$	200,000	*** (sew.ext)
Low Pressure Sewer Systems	\$	<u>20,000</u>	*** (sew.ext)
(add to active contract with US Filter at NVOC) TOTAL:	\$	3,215,000	

GRAND TOTAL: \$ 3,813,600

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* **Bond Issue Funds**

** **SRF Funds - Project will be completed as funds become available.**

*** **Sewer.Ext Funds - associated with growth.**

**** **Water.Ext Funds - associated with growth.**

Water and Sewer Rate increase proposal.

Mr Doucet said that our engineer advises that we must have water and sewer rates in place that are sufficient to support our Capital Improvement Plan (IP). Bond covenants require that the city maintain certain minimum coverages and to have a rate ordinance in place that insures we meet our debt service requirements. Mr Doucet advised that the City projects receiving the required revenues to meet our coverage requirements in FY-07 if we raise water and sewer rates for an average customer by 4.5%.

Mr Doucet advised that Mr Glenn Stephens, Polyengineering (our consulting engineer) will provide the council with a coverage analysis briefing during our special council meeting on September 14, 2006. In addition, Mr Bill Fray, Fray Municipal Securities (our finance advisor) will be here on the same night to brief you on our investments program.

PROPOSED INCREASES:

Mr. Doucet advised that currently the average residential customer uses 7,000 gallons of water per month with a billing of \$ 21.60. He proposed to increase the average monthly billing \$.95 to \$22.55. Base rate is changed from \$ 9.10 to \$ 9.20. The first 2,000 gallons from \$ 3.00 to \$ 3.10. The balance of the 5,000 gallons would increase from \$ 1.90 per thousand gallons to \$ 2.05 per thousand gallons.

Lawn Meters:

All water consumed: from \$3.15 to \$3.35 per 1,000 gallons

Construction Water:

Each residential living unit from \$130.00 to \$ 140.00.

Each commercial unit from \$130.00 to \$140.00 per 1,000 square foot floor space or fraction thereof.

SEWER RATE INCREASE

The base rate will be increased from \$14.05 per month to \$14.20 and the per 1,000 gallon cost be increased from \$1.80 to \$1.95 not to exceed 16,000 per unit. This rate increase is required to offset the cost of doing business.

NOTE: THE RATE FOR A 7,000 GALLON CUSTOMER WOULD INCREASE 1.20 PER MONTH.

This change would also apply to:

Multiple Family, Apartments, Motels, and Trailer Parks

and all Non- Residential customers

Customers on Water Well connected to Sewer.

From \$42.85 a month to \$44.80 per unit.

Customers not connected - Sewer Available:

From \$14.05 a month to \$14.20 per unit.

Outside City Limits:

A surcharge of ten (10) percent shall be added

SEWER IMPACT FEE:

The sewer impact fee will be increased from \$5,500 to \$5,830. The increase applies only to new construction and helps to defray the cost associated with growth.

WATER IMPACT FEE:

The water impact fee will be increased from \$1,475 to \$1,550 for one inch meters with corresponding increases for larger water meters. The increase applies only to new construction and helps to defray the cost associated with growth.

Size of Meter	Inside City	Outside City
To - 1"	from \$1,475.00 to \$ 1,550.00	from \$1,843.00 to \$1,938.00
1 ½"	from \$2,750.00 to \$ 2,890.00	from \$3,437.00 to \$ 3,613.00
2"	from \$3,280.00 to \$ 3,445.00	from \$4,100.00 to \$ 4,306.00
3"	from \$3,790.00 to \$ 3,980.00	from \$4,737.00 to \$ 4,975.00
above 3"	Meter Cost plus 55%	Meter Cost plus 80%

Mr Doucet provided two Water and Sewer Rate Comparison Charts for surrounding Utilities. The first chart was extracted from our engineers report as of September, 2005. The second chart provides the results of a telephone survey made to utilities on August 15, 2006. Niceville ranks approximately 7.2% below the average rate for all utilities listed.

Mr Doucet advised that our tiered rates in effect actually discourages high volume use. This rate structure helps us to meet the permitting limitations placed on us by the Water Management District.

Additional Homestead Exemption for Seniors:

The Property Appraiser’s Office advised that **90** Niceville residents applied for the additional **\$25,000** exemption this year. To qualify for the exemption the property owner must be 65 years old and have an annual income of **\$20,000** or less. The total property value (amount exempted) for people in this category is **\$ 2,081,821**. Based on a millage rate of 3.50 our revenues will be **\$ 7,286.37 less**. The additional exemption saves them approximately **\$87.50** in property tax. Thus, it was a good decision by the council to approve this provision for our lower income seniors.

Millage:

Mr Doucet explained that in an earlier meeting our tentative millage was set at 3.70 mills. He advised that during our budget meetings with department heads we able to reduce the General Fund Budget requests by approximately \$1,000,000 in order to arrive at our proposed budget which is based on 3.50 mills.

Mr Doucet advised that if there is no objection by the council he will advertise the appropriate rate ordinances for public hearing. Mr Corbin advised that he agreed with advertising all proposed rate changes except for Stormwater. He recommended that we postpone raising stormwater rates until our engineers can present a revised facilities plan that will more accurately determine required rate increases to fund our projects. Discussion followed.

The meeting adjourned at 6:40 PM.

MAYOR

ATTEST:

CITY CLERK