

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
AUGUST 28, 2008

The Niceville City Council met in special session at 6:00 PM, August 28, 2008 in the Council Chambers, 208 N Partin Drive. All council members 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 6:00PM.

Mr Doucet discussed the following budgetary revenue and expense items.

WATER AND SEWER DEPARTMENT

REVENUES

Charges for Services	\$5,330,000
Miscellaneous	\$ 365,000
Non-Revenue & Other Sources	<u>\$ 4,592,000</u>
TOTAL	\$10,287,000

EXPENSE

Last Year - \$11,205,000 This year - \$10,287,000

Repair Maintenance Other:

Repair and Replacement for Lift Stations and Wells	\$ 100,000
Manhole elevation correction after road paving	\$ 2,000
Relocate Pump and Engine from LS #29 to LS # 30	\$ <u>10,000</u>
Total:	\$ 112,000

Repair Maintenance Contractual

Generator Service Contract (New)	\$ 16,000
Generator Repair	\$ 10,000
Water Tank Maintenance contract	\$ 57,000
Manhole Repair/Reline 10 Manholes @ \$3000 ea	\$ 30,000
Reline Lift Station #9	\$ <u>30,000</u>
Total:	\$ 143,000

Equipment

Generators for LS (X 4)	\$ 90,000
Tapping Machine	\$ 1,500
Street saw and cut off	\$ 5,000
Pipe trailer	\$ 5,000
Line Locating Equipment	\$ 20,000
Back Flow Tester and Water Test Equipment	\$ 5,000
Handheld Computer for reading Meters	\$ <u>5,000</u>
Total:	\$ 141,500

Water System and Projects

Water system upgrades & extensions

Distribution System:

8" Water Main Bayou Plaza Project #594.20	\$ 120,000 WE****
Turkey Creek Bore and line to Wildwood #594.19	\$ <u>300,000</u> (50% WE**** &
Total:	\$ 420,000 50% bonds*)

SEWER PROJECTS

Collection System:

Bayou Plaza Lift Station # 1 and FM #599.47	\$ 700,000 (FSRF**)
New LS # 4, Byrn St. And 15" Gravity Flow Lines (eliminate existing LS # 3 & # 4 # 599.35	\$1,582,000 (FSRF**)
New LS # 13 at Home Depot #599.33 (750,000 SE & 550,000 05 BONDS)	\$1,300,000 (SE*** & 05 bonds*)
Force Main Diversion Hwy 20 into New LS # 13 #599.34	\$ 100,000 (FSRF**)
Lift Station #33 Relocate #599.29	\$ <u>175,000</u> (FSRF**)
TOTAL:	\$3,857,000

Re-Use Water

Re-use water to Recreation Complex #599.49	\$ <u>315,000</u> (SE***)
TOTAL:	\$ 315,000

TOTAL SEWER PROJECTS: \$ 4,172,000

GRAND TOTAL: \$ 4,592,000

* **Bond Issue Funds**

** **FSRF 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 explained that our engineer advises that we must have water and sewer rates in place that are sufficient to support our Capital Improvements, operating expense, bond payments, and provide coverages which have been promised in previous bond issues. He stated that Bond covenants require we meet our debt service requirements. Mr Doucet advised that the City projects receiving the required revenues to meet our coverage requirements in FY-09 if we raise water and sewer rates 5% overall for the utility as recommended by our consulting engineer. He advised that Mr Glenn Stephens, Polyengineering will provide the council with a coverage analysis briefing during our special meeting on September 11, 2008. In addition, Mr Bill Fray, Fray Municipal Securities, Inc. (our finance advisor) will be here on the same night to brief the council on our investments.

PROPOSED INCREASES:

Mr Doucet advised that currently the average residential customer uses 7,000 gallons of water per month with a billing of \$23.20. He proposed to increase the average monthly billing \$ 1.20 to \$24.40. The base rate is changed from \$9.50 to \$10.00 The first 2,000 gallons from \$3.20 to \$3.40. The balance of the 5,000 gallons would increase from \$2.10 to \$2.20 per thousand gallons.

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

Lawn Meters:

All water consumed: from \$3.75 to \$4.15 per 1,000 gallons

Construction Water:

Each residential living unit from \$150.00 to \$ 225.00.

Each commercial unit from \$150.00 to \$225.00 per 1,000 square foot floor space or fraction thereof.

SEWER RATE INCREASE:

The base rate will increase from \$14.60 per month to \$15.35 and the per 1,000 gallon cost be increased from \$2.00 to \$2.10 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 \$ 1.45 PER MONTH.

.75

.70

1.45

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 \$46.60 a month to \$48.95 per unit.

Customers not connected - Sewer Available:

From \$14.60 a month to \$15.35 per unit.

Outside City Limits:

A surcharge of ten (10) percent shall be added

Mr Doucet provided a Water and Sewer Rate Comparison Chart for surrounding Utilities. The chart provides the results of a telephone survey made to utilities August 18, 2008. Niceville ranks approximately 4.5% lower than the average rate for all utilities listed. He explained 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.

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 if the council wants to meet again to discuss any budget concerns/issues we have set aside September 4, 2008 at 6:00 PM to meet prior to our first public hearing that is scheduled for September 11, 2008 at 6:00 PM. Discussion followed.

The meeting adjourned at 6:30PM.

Mayor

City Clerk

ATTEST: