

1. Discussion Objective:

Work Session Date: November 7, 2011

Review and discuss the potential of modifications within the administrative structure of the FMB potable water distribution system.

2. Submitter of Information:

Council

Town Staff - Public Works

Town Attorney

3. Estimated Time for this item:

20 minutes

5. Background:

Town Council requested staff to bring forward budget information related to modifying the administrative and operations management within the water utility for consideration.

A discussion associated with this occurred on August 1, 2011 at which time staff was requested to make additional modifications and bring those back for Council review and discussion.

Documents attached:

Memorandum to Town Manager and budget worksheet.

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

TOWN OF FORT MYERS BEACH



MEMORANDUM

DATE: October 25, 2011
TO: Terry Stewart, Town Manager
FROM: Cathie Lewis, Public Works Director *C Lewis*
SUBJECT: Water Utility Administrative Cost Analysis

I am providing the attached cost analysis as follow up to the water utility administrative cost analysis presented to Town Council on August 1, 2011. Staff was requested to provide this information for Town Council's review resulting from the recently placed contract with Woodard & Curran. This analysis has only assumed administration and routine maintenance services that were identified in the scope of services utilized in the RFP (a copy is attached for reference).

Below is an explanation of the changes that have been incorporated based on input received from Council after the initial presentation.

Personnel Costs – As previously stated, the staffing level initially presented was based on current personnel allocated to the water utility except that the Administrative Assistant was shown as a full time employee. The revised proposal shows the Administrative Assistant as a part-time employee which effectively reduces Personnel Costs by \$20,959.

There has been discussion to reduce staffing beyond what is shown on the attached. With making operational changes it is of the utmost importance to, at a minimum, maintain the current level of customer service. There is a potential that by reducing personnel beyond this level will have an adverse impact to customer service.

As requested, the additional allocation of PW staff has been removed. Currently the water utility is back charged on an annual basis for administration by Town staff. By bringing this function in-house there will be additional PW and Finance staff time necessary to provide oversight and invoicing.

Utility Services – Office – based on the potential that the business office may be relocated to a location where utility service costs would not be charged, the cost estimates are shown on the attached but not included in the total. It is likely that telephone/internet would be excluded from this scenario and so it is included in the annual total.

Rentals & Leases – the office rental cost is now shown for reference purposes based on information that there may be the ability to relocate the office whereby these costs would not be charged.

Legal Services – this line item has been removed due to the fact that legal services are included in the flat rate that the Town currently pays and will not be affected by this undertaking:

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Start-up Costs – these costs are now shown as being amortized over a five year period.

The Town's water utility has historically operated independently from the general fund. With the dissolution of PWSI it has been set up as an enterprise fund wholly reliant on rates and charges to support the operations of the utility. The modification to the rate structure that was implemented in 2010 corrected certain deficiencies within the rate structure to enable the utility to continue to operate without the assistance of the Town's general fund. The initial administrative cost analysis was developed using this assumption.

The revisions made on the attached and described above represent a potential cost savings estimated at \$107,465.

**Fort Myers Beach Potable Water Utility - Beach Water
Fiscal Year 2012 Budget Proposal
Administrative Expenses**

Description	Initial Cost Proposal	Revised Cost Proposal	Description	Initial Cost Proposal	Revised Cost Proposal
Personnel Costs			Office Maintenance		
Salaries			Computers/IT/Software	5,000	5,000
Operations Supervisor	34,320	34,320	Other Office Equipment	5,000	5,000
Billing/Office Manager	34,320	34,320	Miscellaneous	1,500	1,500
Distribution Tech	31,200	31,200	Office Maintenance	11,500	11,500
Distribution Tech	31,200	31,200	Vehicle Fuel	4,000	4,000
Adm. Assistant	30,451	22,854	Vehicle & Equipment Maintenance		
Salaries	161,491	#####	Vehicles	3,000	3,000
FICA	12,354	11,773	Equipment/Tools	300	300
Retirement	16,149	13,104	Vehicle & Equip Maintenance	3,300	3,300
Life Health & Disability	48,680	38,944	Uniforms & Personal Safety		
Benefits	77,183	63,821	Uniforms	4,000	4,000
Call In Pay	3,000	3,000	First Aid/Safety	1,000	1,000
Overtime	5,000	5,000	Uniforms & Personal Safety	5,000	5,000
Other Pay	8,000	8,000	Training & Travel Per Diem	5,000	5,000
Additional Annual Allocation of PW Staff	33,600	-	Dues and Memberships	2,500	2,500
Total Personnel	280,274	225,715	Professional Services-Legal	3,000	-
Other Contractual Service			Total Administration/Staffing	413,974	330,115
Answering Service	10,000	10,000	Initial Start Up Costs		
Collection Agency	3,000	3,000	Transition Costs	10,100	2,020
Contractual Labor (meter reading)	5,000	5,000	Vehicles (3)	60,000	12,000
Other Contractual Services	13,000	13,000	Hand Tools	2,000	400
Utility Services - Office			Office Furniture	6,000	1,200
Water	1,200	-	Computers	4,000	800
Electric	3,000	-	Office Costs/Utilities	82,100	16,420
Telephone/Internet	8,500	8,500	Office Rental		16,000
Solid Waste	300	-	Janitorial		7,000
Utility Services	11,800	8,500	Water		1,200
Insurance			Electric		3,000
Vehicle	3,000	3,000	Solid Waste		300
Insurance	3,000	3,000	Office Costs/Utilities		27,500
Rentals & Leases			Total First Year	496,074	346,535
Office Rental	16,000	-			
Copier/Scanner/Printer	1,200	1,200			
Rentals & Leases	17,200	1,200			
Other Current Charges					
Janitorial	7,000	-			
Contracting	2,000	2,000			
Utility Locates (One-Call System)	1,000	1,000			
Other Current Charges	10,000	3,000			
Office Supplies					
Invoice Prep & Mailing	30,000	30,000			
Postage	2,400	2,400			
General Office Supplies	6,000	6,000			
Computer Supplies	1,000	1,000			
Misc.	5,000	5,000			
Office Supplies	44,400	44,400			