



**FORT MYERS BEACH TOWN COUNCIL
TOWN HALL – COUNCIL CHAMBERS
2523 ESTERO BOULEVARD
FORT MYERS BEACH, FLORIDA 33931**

MINUTES

WORK SESSION

Monday, August 1, 2011

I. CALL TO ORDER

Mayor Kiker called to order the August 1, 2011 Meeting of the Town Council at 2:00 p.m. Present along with Mayor Kiker: Vice Mayor Raymond, Council Members Kosinski, List and Mandel; Town Manager Stewart, Public Works Director Lewis, Finance Director Wicks, Town Attorney Humphrey, and Town Clerk Mayher.

II. PLEDGE OF ALLEGIANCE

Town Manager Stewart introduced William (Bill) Potter who would be serving as the Interim Parks and Recreation Manager.

III. PUBLIC WORKS SERVICES INC.

A. Converting PWSI to a Town Enterprise Fund

Town Manager Stewart reviewed the historical background concerning the purchase of the Town's water system. He pointed out that ten years ago there was a desire to create an operating mechanism that was founded in having the potable water system as a corporation where the Council operated as the Executive Board; and he reviewed the problems associated with this set-up. He discussed the benefits of bringing the water system in-house as an enterprise fund, one of which was from a budgetary prospective. He noted an ordinance would be required for dissolution of the PWSI and discussed how to bring the PWSI in as an enterprise fund commensurate with the next budget year and how it would be treated in the budget.

Discussion ensued regarding cost, the financial benefit of bringing the PWSI in-house; how the cost factors would be essentially the same as in the past years; and Finance Director Wicks explained that staff did make a recommendation to add one person that would be partially funded by the Finance Department and partially by the Water/Utility. She added that the recommendation would have been made whether or not PWSI was dissolved.

Town Manager Stewart assured the Council that utility funds would not offset other Town costs.

Finance Director Wicks reported that the utility fund presently had its own bank accounts and that would continue to occur, and as an enterprise fund it would be required to support its own operation through revenues.

Town Manager Stewart explained there were certain activities that the Town engaged in to the benefit of the operation of utilities and as such there was an administrative charge to PWSI for the work the Town does in support of the utilities; and that would remain the same even if this was changed to an enterprise fund. The General Fund would be due payments from the Utility Fund to offset the cost of administrative matters that the Town does for the Utility Fund.

Town Attorney Humphrey clarified that an enterprise fund should be self-sustaining.

Public Works Director Lewis noted that a Needs Analysis was done in 2007 which was updated in 2010 and that was her starting point for developing the projects and the phasing. She reviewed the priority list of proposed projects and their phasing (Bay Beach Lane/Buccaneer Lagoon – Phase I, Basin Based Neighborhood – Phase IA, Tropic Shores to Strandview – Phase IIA, Strandview to Lanark – Phase IIB, Lanark to Lenell – Phase IIC, Lenell to Big Carlos Pass – Phase IID, Upgrade Side Streets – Phase IIA, and Upgrade Side Streets – Phase IIB), as well as, her reasoning for phasing the projects in that particular order. She explained how she had been in contact with Lee County as it pertained to their work in certain areas in the Town.

Discussion was held regarding disruption to Estero Boulevard; obtaining cooperation from Lee County to do their work at the same time as the Town; and Town Manager Stewart noted that the County was in need of upgrading some of their sewer system along Estero Boulevard.

Public Works Director Lewis suggested the next step would be financing and she noted there were some funds available to begin the early stages of the Phase I Project such as preliminary design.

Council Member Mandel asked if there was any Federal grant money available for a project of this nature.

Public Works Director Lewis stated she was unaware of any grants available for this type of rehabilitation at this time; however, staff was always researching for grant availability.

Town Manager Stewart clarified that the document and information presented to Council was an estimate.

Discussion was held concerning improvements to the North Estero waterline; alerting the County as to them being able to possibly do work on Estero Boulevard earlier and how it would relate to the County's new CIP; and the importance of coordinating and working with the County and informing them of the Town's Water Utility Rehabilitation Projects.

Town Manager Stewart explained that during the Council's hiatus staff had been in contact with the Town Attorney's Office of Fowler White, offices of Bond Counsel Nabors Giblin, and SunTrust Bank concerning financing mechanisms. He reported that staff would still have to perform a rate sufficiency analysis.

Discussion ensued concerning if borrowing would impact the budget.

Chris Traber, Attorney with Nabors Giblin, explained that no matter which finance vehicle was selected (i.e. bond or bank loan) the resolution would be amended or restated to reflect the final terms of that transaction.

Finance Director Wicks reported that when they go forward with the financing vehicle, it did not have to be all or nothing; part could be a bank loan, or part with State Revolving Loan Fund (SRF); it would depend on where the Town would get the best financing for the ratepayers.

Discussion ensued regarding financing;and borrowing according to the project phasing and when they would need the money; staff's anticipated projectcommenement in six months for the initial phases in areas that do not impact where the County would be needed; financing as it related to a possible commencement date; and the need fora rate feasibility study.

Town Manager Stewart discussed how staff's next step would be to look at the rate analysis and the sufficiency for the borrowing. Also staff would come to a conclusion on the best construction methodology for moving the project forward, and after that staff would prepare an RFP/RFQ.

Discussion ensued regarding the contingency amount; and the estimated cost of the proposed project.

Recess at 3:45p.m. – Reconvened at4:00p.m.

B. Water Utility Projects Development and Management

Town Attorney Humphrey disclosed that the City of Bonita Springs and their Attorney contacted him regarding representing them in a litigation matter where they were being sued on issues regarding their charter and special exceptions, and how they process them through resolution. He explained that his firm did not believe there was a conflict and they were preparing appropriate motions which would be filed in the next few days. Also, he gave a brief status report on the situation with the Library.

Discussion was held regarding bringing the Administration in-house as related to cost.

Public Works Director Lewis clarified that the budget for Fiscal Year 2012 for water/utility had a detail which constituted one line and that was the line she would address (Management Operations Management), and the remainder of the budget would not change.She discussed the personnel costs and additional costs with bringing PWSI in-house.She reported that the bottom line was \$413,974 for total administrative/staffing costs, and the initial start-up costs were \$82,100 which could be spread out over five years.

Discussion ensued concerning the estimated administrative expenses for bringing PWSI in-house; future upgrades to the utility system; and staff concluded with offering to go back to the 'drawing table and show a different snapshot' that way Council could compare both.

IV. DISCUSSION REGARDING WHOLESALE WATER RATE ADJUSTMENT

Public Works Director Lewis explained that the proposal made by Lee County Utilities to increase the wholesale water rates was going to the Lee County Board of Commissioners on August 9, 2011. She explained that the Council would need to determine if they wanted to pass the increase onto its customers or absorb it.

Discussion was held regarding user fees and passing the increase onto the customers; the County's executive summary of the financial analysis for the basis of the 8% increase; timing as it related to the rate increase; and the Town's rate study.

Consensus was to schedule a PWSI meeting on August 15, 2011 to discuss the matter.

Public Works Director Lewis pointed out that this was a 'proposed' recommendation, and with direction from the Town Manager she hoped to present to the BOCC that they not implement the bulk water pass through to the Town until at least November based upon the most recent interlocal agreement which affords the Town 90 days to go through their process to implement an increase.

V. FY 2012 BUDGET DISCUSSION

Discussion ensued regarding whether or not to reschedule the discussion on the FY2012 budget.

Consensus was to postpone the FY 2012 Budget Discussion to August 9, 2011 at 1:00 p.m.

VI. ADJOURNMENT

Motion by Vice Mayor Raymond, second by Council Member Mandel to adjourn.

Meeting adjourned at 4:42 p.m.

Adopted _____ With/Without changes. Motion by _____

Vote: _____

Michelle D. Mayher, Town Clerk

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