



MINUTES

Monday, March 4, 2013

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

I. CALL TO ORDER

Acting Mayor Mandel called to order the March 4, 2013 Work Session of the Town Council 2:00 p.m. Present along with Acting Mayor Mandel: Council Members Andre, List, and Kosinski; Mayor Raymond was excused. Also Present: Town Manager Stewart, Town Attorney Miller, Finance Director Wicks, Public Works Director Lewis, and Town Clerk Mayher.

II. PLEDGE OF ALLEGIANCE

III. PERSONNEL MANUAL

Town Manager Stewart noted the Council had previously discussed this topic, and per the discussions the current document included the proposed changes to the vacation and sick leave policy. He explained that the proposed leave time changes would create ‘personal time off’ which would combine sick and vacation leave into one category with a distinction between unscheduled and scheduled leave time.

Finance Director Wicks reviewed how staff vacation and sick leave was handled currently; and explained why changing the two categories to one, Personal Time Off, would be beneficial to the employees and the departments. She discussed the Annual and Sick Leave charts (current and proposed for non-department heads and department heads) included in her memorandum dated February 20, 2013 (Personnel Manual – Suggested Revisions).

Town Manager Stewart recounted his experience working under both methods of leave time, and recommended the one category of Personal Time Off with classifications of scheduled or unscheduled leave.

Town Attorney Miller echoed the Town Manager’s recommendation and advised to include language that ‘*excessive use of the unscheduled leave can be a basis for discipline*’.

Town Manager Stewart reviewed how the Town should not be placed in a position to determine whether or not someone was sick and why they should not use the word 'sick' in describing leave time.

Discussion was held as to the calculations used to determine proposed leave hours for department heads.

Town Manager Stewart stated the Personnel Manual would come back before the Council in the form of an ordinance to be introduced at the next regular meeting on March 18, 2013.

IV. WATER UTILITY RATE STUDY

Tara Hollis of GAI Consultants, Inc. introduced her co-worker, Tony Isaacs, and gave a brief description of their qualifications as utility consultants. She utilized a PowerPoint presentation for the Water Utility Rate Study they conducted on behalf of the Town. She discussed the following highlights of the Study:

- Purpose of the Rate Study
 - Provide for Revenue Sufficiency
 - Continue to Promote Resource Conservation
 - Provide for Just and Equitable Rates
 - Provide for the Proposed Capital Improvement Plan
 - Minimize Rate Shock
 - Retain Administrative Compatibility
 - Public Understanding
 - Demonstrate alternative water user rate structures with corresponding rates
 - Assist the Town in the selection of a fiscally prudent rate structure which is equitable to all classes of existing and future customers
- Overview of the Rate Study Process such as but no limited to operating costs, capital improvements, debt service, allocation costs, fixed charges and variable charges
- Elements of Rate Making
 - Fiscal Requirements
 - Rate Revenues
 - Other Sources of Income
 - Customer Characteristics
 - Future Needs (CIP)
 - Community Standards
 - Compliance with Florida Statutes
- What was done?
 - Fiscal Requirements/Operating Analysis
 - Operating and Maintenance Expenses
 - Debt Service
 - Renewal & Replacement, Reserve Funds, and Transfers
 - Pay-as-you-go Capital
 - Capital Improvement Plan Analysis and Timing
 - Other Fiscal Needs and Revenue Analysis
 - Used an Interactive Computer Model

- Rate Revenue Requirements (Total fiscal requirements less other income and sources less adjustments equals net rate revenue requirements); adjusted test year 2014
- Capital Improvement Plan Analysis
 - Town's current 5-Year CIP is approximately \$20 million dollars for FY2013 through FY2017
 - GAI with Town staff reviewed the current CIP and is proposing that it be implemented over a 7-year period
 - GAI's proposed implementation
- Revenue Sufficiency Analysis – current rates – with and without capital recovery charge
- Rate Structure Modifications
 - Adjustments to the dwelling unit equivalencies for multi-family customers
 - Adjustments to the meter equivalency factors for commercial/irrigation/non-residential customers
 - Adjustments to the gallonage allowances per block as well as the differential in the rate per block
 - Adjustments to the amount of net fiscal requirements to be recovered through the base charge, administrative charge, and gallonage charges
- Scenarios Considered (9 developed but 3 basic scenarios)
 - Maintain the Town's existing rate structure with across-the-board rate increases as needed for revenue sufficiency
 - Modify the existing rate structure to include:
 - Multi-family customers based on 0.9 ERCs per dwelling unit
 - Commercial, irrigation, and non-residential customers billed based on AWWA meter equivalencies
 - Allowances per block lowered to continue to promote water conservation
 - Rate factor between each block rate increased to continue to promote water conservation
 - In addition to the modifications in Scenario 2, rate structure modified to include: allocation adjusted to recover 65% of the revenue requirements through the gallonage charge (from 75% currently)
 - Three alternatives for each Scenario prepared:
 - Capital Recovery Charge held constant throughout the projection period; all other charges increased across-the-board for revenue sufficiency
 - All charges, including Capital Recovery Charge are increased across-the-board for revenue sufficiency
 - Capital Recovery Charge eliminated; all other charges are increased across-the-board as needed for revenue sufficiency
- Base Charge Equivalencies – single-family, multi-family, and commercial, irrigation, non-residential
- Gallonage Blocks - single-family, multi-family, and commercial, irrigation, non-residential
- Projected Operating Results – debt service, operating & maintenance expenses, revenue, and other expenses & transfers
- Scenarios 1A and 1B – FY2014; Scenario 1C – FY2014; Scenarios 2A and 2B – FY2014; Scenario 2C – FY2014; Scenario 3A and 3B – FY2014; Scenario 3C – FY2014
- Next Steps

- Town to select the Rate Structure Scenario
- Draft an ordinance/resolution
- Customers notified per Section 180.136, Florida Statutes
- Public Hearing

Council Member Andre discussed his views on the scenarios presented which included but was not limited to the elimination of Scenario C; the higher the consumption and conservation aspects; and more of a base rate.

Council Member List concurred with Council Member Andre's observation.

Tara Hollis of GAI Consultants, Inc. commended the Town and staff for making strides in their rates and that they were sufficient for next year.

Acting Mayor Mandel expressed his desire for the capital charge to remain, for shifting some of the usage to a base rate, and to have more of a conservation effort. He asked if the consultant was recommending the physical work to be changed from five to seven years, and spread the cost of debt over 20 years.

Tara Hollis of GAI Consultants, Inc. responded in the affirmative.

Acting Mayor Mandel questioned how time-shares would be treated or what category would they fall into.

Tara Hollis of GAI Consultants, Inc. stated she would assume they were included in the multi-family classification.

Acting Mayor Mandel requested that time-shares be addressed; and he would like to review the report by the GAI Consultants' engineer on the outside use of a management company.

Town Manager Stewart discussed his belief that the Consultant did not look at the operations as an outside management versus internal management, rather they just looked to see if it was operating efficiently.

Discussion ensued regarding internal versus outside management analysis.

Tara Hollis of GAI Consultants, Inc. stated she could offer a very preliminary analysis.

Council Member Kosinski expressed his belief that changing the physical work from 5 to 7 years made sense; and asked staff for comments.

Public Works Director Lewis reported staff was comfortable with the suggestion to a certain extent, and from a rate standpoint, as well as with the Town's ability to move the project along. She described staff's work with GAI to prepare to move into the SRF cycles for funding

Discussion ensued concerning the number of years for the physical work; spreading the cost of the work over twenty years; the rate structure necessary for the debt service; and changing cost factors and potential rate structure changes over the years.

Tara Hollis of GAI Consultants, Inc. explained they were seeking Council's direction on one or two scenarios, the feedback on keeping the capital recovery charge, and whether they would increase the capital recovery charge.

Acting Mayor Mandel recapped that he felt Council had to decide on two scenarios – 5 or 7 years for the project; and that they basically reached agreement on the variable rates which should be encouraged for conservation; keep the capital charge; and change the fees to more of a base rate and less of a variable rate charge.

Discussion was held concerning what would happen if the capital would be increased; and the capital recovery charge.

Ms. Tara Hollis stated she would come back before Council with two scenarios (5 and 7 years), and basically, Scenario #3 with some minor modifications.

Discussion continued regarding potential future rate structure modifications.

Acting Mayor Mandel requested Ms. Hollis inform the Council of how much of a rate structure increase was needed and when.

Ms. Hollis stated she could prepare an updated briefing document prior to the finalizing the rate study.

Council Member List expressed to Ms. Hollis that the more information Council could receive before the final rate study would be beneficial.

Town Manager Stewart reviewed the information the Town was seeking from the rate analysis (i.e. multi-family users, and what was the sufficiency of the rate structure to be able to support the upcoming projects). He noted a variable element that would fall into the operational side which was potential rate increases from Lee County that the Town had no direct control over. He stated if the report came back with only one scenario and Council decided to move forward with it, that he would not recommend doing so because there will be debate and suggestions from the public. He explained why there should be more than one scenario included.

Acting Mayor Mandel questioned the designation of condominiums.

Public Works Director Lewis reported condominiums were within the commercial base; and reviewed some changes due to condominiums that converted into time-shares.

Town Manager Stewart questioned if Council expected time-shares to be included in the commercial base or multi-family base.

Acting Mayor Mandel recapped that the Council was seeking two scenarios (5 year and 7 year), keeping capital, raising capital with all rates, and more into base and less into usage with usage reflecting conservation.

Public Comment opened.

No speakers.

Public Comment closed.

Town Manager Stewart pointed out that there was sufficient time to work through this issue and the projection for an effective date was October 1st.

V. DISCUSSION REGARDING VOLUNTEER APPRECIATION

Town Manager Stewart reported the Town Council had traditionally held an event to express the Town's recognition for the volunteers who served on the various boards and committees; however, there has been discussion to expand that recognition to include volunteers that served in other capacities.

Parks & Recreation Director Evans discussed her memorandum concerning National Volunteer Week during April 21-27, 2013. She explained how the Town could host one large event for all the Town volunteers to include board and committee members and those who help with Town functions such as special events and fund raising efforts. She reviewed the inventory she conducted with Department Heads of other events that may or may not conflict with the Town hosting such an event during National Volunteer Recognition Week.

Discussion ensued regarding one large event to recognize all the Town volunteers; possibly holding a barbeque at Bay Oaks instead of a formal dinner; not holding the event during the Film Festival; possibly moving the event to the following week.

Consensus agreed to one large event to recognize all the Town volunteers; and staff would move forward with the planning of the event.

VI. RECAP OF JOINT WORK SESSION/TC AND BOCC

Withdrawn – postponed to March 18th.

VII. COUNCIL MEMBERS ITEMS

Council Member Kosinski – no items.

Council Member Andre – reported someone spoke to him at the Estero Boulevard Workshop concerning educating the public on pedestrian crosswalks, and noted that the Public Safety Committee was working on educational brochures. He questioned the status of the educational brochures.

Public Works Lewis reported she was in the process of reviewing the safety brochure.

Council Member Andre questioned the status of the AARP Safe Driving Class.

Public Works Lewis reported the Public Safety Committee was working on the class.

Council Member Andre noted an upcoming meeting with the retail merchants on Thursday and that he hoped it was more of a ‘round house’ discussion to obtain feedback as opposed to just pointing out what the code required.

Town Manager Stewart explained that it was clear to staff that the merchants wanted to be able to offer input; and then staff would bring the feedback to Council for review. He added that staff would also help to clarify any questions the merchants may have about the code. He noted that the creation of the ordinance was not to increase retail sales space.

Discussion ensued regarding the outdoor display ordinance, how it related to the Comprehensive Plan, and receiving input from the merchants on outdoor displays.

Council Member List – no items.

Acting Mayor Mandel – reported that he had requested copies of the reports the residents wrote about at the Estero Boulevard Workshop, and questioned when that would be available to them.

Public Works Director Lewis stated she would find out that date at the meeting she was attending on this coming Thursday.

Town Manager Stewart reported that Nemo’s was getting ready for their final inspection; there would be a map of where they could serve; Nemo’s wanted to do a ribbon-cutting on Friday; and they had invited Council to join them at the ceremony.

VIII. ADJOURNMENT

Meeting adjourned at 3:35 p.m.

Adopted _____ With/Without changes. Motion by _____

Vote: _____

Michelle D. Mayher, Town Clerk

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