



# MINUTES

**Tuesday, October 7, 2013**

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

## **I. CALL TO ORDER**

Mayor Mandel called to order the October 7, 2013 Work Session of the Town Council at 2:00 p.m. Present along with Mayor Mandel were: Vice Mayor Kosinski, Council Members Andre, List, and Raymond. Also Present: Town Manager Stewart, Town Attorney Miller, Finance Director Wicks, Community Development Director Fluegel, Acting Parks and Recreation Director Norton, and Town Clerk Mayher.

## **II. PLEDGE OF ALLEGIANCE**

Mayor Mandel announced that prior to the introduction of HB30218 by Representatives Radel and Nugent on Friday he had spoken with the President of Bank of America for Florida who expressed interest in the Biggert-Waters NFIP Reform Act and who could hopefully help support the efforts of the Town.

## **III. EVENT SPONSORSHIP**

Acting Parks and Recreation Director Norton presented several options of event sponsorships and product display in the Times Square area for Council's review. He reviewed the original draft of Sponsorship Levels & Benefits as it related to the various sponsorship levels with their associated amounts and the benefits offered to the sponsor. He next reviewed the proposed Sponsorship Product Display which could work with the sponsorship level and benefits package or as a separate sponsorship. He went over the three proposed options and differences between the options; and noted each option offered a designated amount of time for product display in Times Square for sponsorship amounts of \$30,000, \$20,000 or \$10,000.

Town Manager Stewart suggested and discussed a limitation on the number of sponsorships the Town would sell.

Discussion ensued regarding Event Sponsorship:

- Title sponsorship and exclusivity.
- Concern regarding the potential for cluttering Times Square with too many sponsorship displays and/or vehicles.
- Concern regarding the size/dimensions of the display or vehicle (i.e. 60' boat); concern regarding the dimensions of the 25' X 25' tent, tables, chairs, signage, refreshments, VIP parking passes to the event and the length of stay in the Times Square area; and where it was reported the tent would be for the day of the event.
- Companies that may select Title sponsor but had no product to display.
- Reduction in the size of the tent.
- Proposed Sponsorship Product Display – whether it should work with the sponsorship level and benefits package or as a separate sponsorship.
- Set-up time and tear down time for tents in Times Square.
- Question if one Town event was more valuable than another (i.e. Fourth of July, New Year's Eve, etc.).
- Differences between the sponsorship level and benefits package or as a separate sponsorship.
- Limitations on product display (i.e. length of time for display).
- Concern regarding product display that was not connected to a Town event.
- Setting a goal to raise \$60,000 to cover fireworks expense for two events.
- Limitations on product display on certain weekends; giving sponsors the option to select the weekends they would like to have their product display.
- Sponsorship levels and benefits for "Friend through Gold" levels (i.e. tents, product display, etc.).
- Concern regarding the number of product display weekends listed in the three Options for "Sponsorship Product Display".
- Differences between product displays offered by the Town versus a shopping mall display.
- Changes to the number of product display weekends listed in the three Options for "Sponsorship Product Display".

Council Member Andre made the following suggestion:

- Title Sponsor for \$30,000 – give all benefits except for the last three items listed; offer a 10' X 10' viewing tent, no parking passes, and the ability to display their product for 7-10 days at the event.

Town Manager Stewart suggested if the sponsor did not have a product to display then they should receive the last three items listed.

Discussion continued regarding Event Sponsorship:

- Time limits for the product display.
- Parking passes – instead of passes offer sponsor parking at Town Hall and then staff could transport them to Times Square.
- Sponsor recognition of the value of product display in Times Square; and time limits for the product display.

- Differences between product displays offered by the Town versus a shopping mall display; and sponsorship evidencing goodwill in the community by the sponsor.

Town Attorney Miller explained there were Constitutional issues regarding the matter of allowing commercial advertisement in a public forum; and that allowing product display in Times Square for a period of time longer than the event created a tenuous issue. She reviewed the need for some carefully crafted guidelines for sponsorship.

Council Member Andre reiterated his previous suggestion regarding the Title sponsorship package.

Acting Parks and Recreation Director Norton asked for input on the Platinum and Gold Sponsorship Level Benefits.

Discussion ensued regarding Platinum and Gold Sponsorship Level Benefits.

Council Member Andre suggested different dimensions for the tents as they related to the level of sponsorship and a reduction in the number of days for product display.

Discussion was held concerning dimensions for the tents as they related to the level of sponsorship and a reduction in the number of days for product display; and having one Title sponsor and the other levels available would be Friend, Supporter and Bronze.

Town Manager Stewart recapped that staff would take Council's input and craft a document to present to Council; and if they felt they needed another discussion that Council should inform staff of such a request.

Mayor Mandel requested the Event Sponsorship be updated and brought back to Council on October 21<sup>st</sup>.

Recessed at 2:45 p.m. – Reconvened at 2:55 p.m.

#### **IV. PRESENTATION – WATER UTILITY RATE STUDY, GAI CONSULTANTS**

Town Manager Stewart explained that before the Town began their potable water utility project that the Town had a rate study conducted in order to determine if the current rates were sufficient to sustain what the Town wanted to accomplish from a financial perspective. He noted the Town hired a consultant to perform an analysis study.

Finance Director Wicks pointed it was a long process to accomplish the Water Rate Study and staff wanted to be sure that what they planned to do would last for a number of years going forward.

Tara Hollis, GAI Consultants, Inc. – Director of Management Consulting, utilized a PowerPoint presentation for the Comprehensive Water Rate and Charge Study conducted on behalf of the Town in order to provide a review and update of the existing water monthly user rates and charges and miscellaneous charges. 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 Understandability
- Purpose of Presentation
  - Provide a recommended water user rate structure with corresponding rates based on feedback from the March 4, 2013 and April 5, 2013 Council Work Sessions.
  - Assist the Town in the selection of a fiscally prudent rate structure which is equitable to all classes of existing and future customers.
- 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?
  - Customer Billing Frequency Analysis
  - 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 (5-Year vs. 7-Year)
  - 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 developed a potential 7-Year Implementation Schedule to help minimize rate shock, provide opportunity to identify and pursue alternative sources of funding, and to help minimize the impact of the construction on the Island residents. Discussion was held concerning the borrowing period, projected interest rates, and as it related to the estimated length of the project.
  - 5-Year versus 7-Year Implementation
- Rate Structure Modifications
  - Adjustments to the dwelling unit equivalencies for multi-family customers (rate equity)
  - Adjustments to the meter equivalency factors for commercial/irrigation/non-residential customers (rate equity)

- Adjustments to the gallonage allowances per block as well as the differential in the rate per block (rate equity and water conservation)
  - Adjustments to the amount of net fiscal requirements to be recovered through the base charge, administrative charge, and gallonage charges (rate stability)
- Base Charge Equivalencies – single-family, multi-family, commercial, irrigation, and non-residential (existing and proposed per unit)
- Gallonage Blocks - single-family, multi-family, and commercial, irrigation, non-residential (existing and proposed)
- Significant Assumptions
  - Capital Recovery Charge to increase with annual across-the-board rate adjustments
  - FY 2015 Gallonage Rates include pass-through of the increase in the County Wholesale Rate of \$0.09 per thousand gallons.
  - Customer growth set at 0% per year for the projection period
  - Annual Fiscal Requirements adjusted for inflation
  - Debt Service associated with the CIP assumed to be financed over a 20-year period at 3.0% interest
- Rate Revenue Requirements – Adjusted Test Year 2014 and Net Rate Revenue Requirements
- Revenue Sufficiency Analysis – Surplus/(shortfall), Before and After Annual Rate Adjustment for fiscal years 2014-2018
- Customer Bill Comparison – FY 2014 – she distributed an updated rate comparison that included the customer class and each current and proposed monthly bill; and reviewed usage and adjustments and modifications that impact the bill
- Customer Impact – FY 2014 (overall) – current, proposed and the difference; total revenue summary by class and by component
- Miscellaneous Charges – What was done?
  - Identified existing miscellaneous charges
  - Identified additional miscellaneous charges
  - Developed standard unit cost rates – labor, capital equipment, and supplies
  - Calculated charges – service connection activities, customer service activities, extraordinary utility service activities
- Miscellaneous Charges – Existing
  - Meter installation fees, tap-in charges, premises visit charge, premises visit during weekend charge, normal turn-on/reconnection of service charge, normal turn-off/disconnection of service charges, after hours turn-on/reconnection of service charge, after hours turn-off/disconnection of service charge, violation turn-on/reconnection of service charge, after hours violation turn-on/reconnection of service charge, plan review fees, fire service charges, and customer deposit
- Miscellaneous Charges – Additional Proposed
  - Service application fee, inspection charge, account transfer fee, bank draft charge, late payment charge, returned check fee, violation turn-off/disconnection of service, after hours violation turn-off/disconnection of service, meter change out, and meter tampering
- Water System Connection Fees – Criteria – Florida case law required that impact fees must meet a “dual rational nexus test”. Under the dual rational nexus test, a local government must establish an impact fee that has:

- A reasonable connection, or rational nexus, between the anticipated need for the additional capital facilities and the growth generated by the new development and a reasonable connection, or rational nexus, between how the collected funds are going to be spent and the benefits received by the new development of those funds
- In order to be legally sufficient, an impact fee must have four characteristics:
  - It must be levied only on a new development or new expansion of an existing development;
  - It must be a ‘one time’ charge, although collection may be spread out over time;
  - Its revenues must be earmarked for capital outlay only, operating costs are excluded; and
  - The charge must represent a proportional share of the cost of the facility needed to serve the new development.
- Water System Connection Fees – Calculation
- Other Items – Management Letter
  - Utility System Operations/Efficiencies
  - Lee County Wholesale Rate
- Utility System Operations/Efficiencies
  - For the town of Fort Myers Beach, as a water distribution system, Utility Operations would typically consist of:
    - Repairs and Maintenance
    - Facility Operations and Monitoring
    - Water Meter Services
    - Meter Reading and Customer Billing & Collections
    - Customer Service
    - Performance Reporting
    - Regulatory Sampling and Reporting
    - Emergency Services Planning and Training
  - Town has an Operations Contract with Woodard & Curran to perform these services. (Start Date: January 1, 2011; Term: 3 years and may be extended for up to three additional one year periods; first year cost not-to-exceed \$454,612)
  - This may be a potential area for system efficiency. Items to consider in this analysis would include cost to provide the series in-house versus contract operations; timing of bringing the services in-house including transitioning of services to minimize customer impacts; and condition and age of the system.
- Lee County Wholesale Rate
  - Current Wholesale Rate is between the Block 1 and Block 2 rate for County Retail Customers.
  - Typically, wholesale rates fall at or below the lowest retail block rate.
  - Level of wholesale rate can be impacted by peak demand, type of service, type of contact, percentage use of system assets, etc.
  - GAI would recommend a Comprehensive Cost of Service Rate Study by the County (if not already completed)
  - This may be a potential area for system efficiency.
- Recommendations

- Once proper customer notification has been given per State statute, implement a new rate structure and rates, which include but not limited to
  - Moving to AWWA standard meter equivalencies for commercial and non-residential customers and dwelling unit equivalencies for multi-family customers
  - Placing a steeper rate increment on water usage blocks to promote conservation
  - Promote stability by recovery approximately 35% of the revenue requirements through the administrative fee and base charge
- Update the existing miscellaneous charges and establish the proposed additional miscellaneous charges discussed herein at the same time new monthly user rates are implemented
- Adjust the Connection Fees effective a minimum 90 days after Council adoption to fulfill the 90 day statutory provision (connection fee was for a first-time hook-up for a new service)
- Perform water revenue sufficiency evaluation on an annual basis in order to more fully track utility performance after the modifications are in place and to stay in line with the goals of the utility
- Adopt provisions for a comprehensive review of the water rate structure and rates a minimum of every five years, or whenever significant changes occur in costs, debt service, utility regulations, technical aspects, customer demand characteristics, or the method of delivery of utility services
- Next Steps
  - Draft an ordinance/resolution
  - Customers notified per Section 180.136, Florida Statutes
  - Public Hearing to adopt proposed rates

Discussion ensued regarding the presentation by GAI Consultants on the Water Utility Rate Study; analysis of providing the utility services by an outside firm versus in-house; the requirements to draft an ordinance, notice the public, public hearings, and adoption of an ordinance; and the inclusion in the ordinance that the Town would adopt and change rates per a resolution going forward.

Mayor Mandel recognized Mr. Steele of the Audit Committee who had experience running utilities for a municipality.

Mr. Steele reported he forwarded a memo to Council in April that listed eight concerns; however, since then most of the concerns had been addressed. He reviewed his previous concerns and noted the following concerns which remained or now arose:

- What classification was given to recreational vehicles (RVs) – discussion was held concerning the definition of a ‘recreational vehicle’; a commercial entity with one master meter (i.e. Red Coconut).
- PILOT (Payment In Lieu Of Taxes) - discussion regarding administrative charge backs; and PILOT payments were not required by Florida statute and Town Manager Stewart explained how it could be used by certain municipalities (i.e. university towns).
- Base Charge Equivalencies, Table 2-1 listed on Page 2-3 of the Report regarding the 10.0” meter; questioned if there was an error; determined there was no typographical error.

- Schedule 6-4, Page 6-9 – and questioned the existence of a hydrant meter deposit of \$75 that was not listed.

He complimented GAI Consultants for doing a great job on the Water Utility Rate Study.

Mayor Mandel and Town Manager Stewart thanked Mr. Steele for his assistance with the Study.

Town Manager Stewart complimented GAI Consultants for making the rate structure more rational. He explained he was comfortable with the Study as it pertained to the condominiums.

Mayor Mandel noted this was the month when condominiums were holding meetings to adopt their next year's budget and quarterly dues. He urged staff to get a communication to the associations to give them an idea of what the increase may be in the future. He questioned the status of the request for a Comprehensive Cost of Service Rate Study by the County.

Town Manager Stewart reported he had not approached the subject with the County and had wanted to wait until the Town got to the place they were in today. He stated he would contact the County Manager on the topic; however, he noted under Florida law the County was allowed to charge up to a 25% premium.

Town Attorney Miller explained her belief that the County's rates had a fairly high debt service built into it.

Mayor Mandel urged the Town to look into taking over the water service in-house for a potential annual cost savings.

Town Manager Stewart asked if the entire Council agreed with the Mayor's suggestion as it pertained to having the water utilities in-house. He offered to forward to Council the information on the issue which was compiled previously; and then Council could review it in connection with GAI's findings, and if they wanted to pursue the matter, they could inform the Town Manager.

Mayor Mandel suggested meeting dates be scheduled to potentially accept the Study.

Town Manager Stewart explained the Council would need to accept and adopt what was presented today by GAI Consultants, and then direct the Town Attorney to begin crafting an ordinance.

Mayor Mandel requested the Study be placed on the October 21<sup>st</sup> meeting agenda.

## **V. COUNCIL MEMBERS ITEMS**

Vice Mayor Kosinski – distributed a timeline prepared by Public Works Director Lewis on the Mound House. He stated he reviewed the timeline and that it seemed reasonable; and suggested Council review the timeline and it could be discussed at the October 21<sup>st</sup> Work Session.

Discussion was held and the Town Clerk was asked to place the discussion of the timeline on the October 21<sup>st</sup> Work Session agenda.

Council Member Raymond – recounted his meeting with the person who had sent the Council a letter about taxis and the use of a local store as a taxi station. He noted that some of the comments in the letter were not exactly what Council Member Raymond had stated or conveyed at the meeting.

Town Attorney Miller reported she received an email today from George Knott who she spoke to during the meeting recess. She explained Mr. Knott expressed to her that they were not trying to commandeer Council to do something about the taxi station but did feel there should be some type of ‘level playing field’. She noted that some people thought there was a zoning issue and called the 7-11 a ‘transit terminal’ when a zoning issue did not exist. She added that she informed interested parties that the topic would be on the next Work Session agenda.

Council Member Raymond explained that he believed the issue was a private issue and was hesitant to have the Town become involved unless the Town’s Code required action by the Council.

Town Manager Stewart reported he met with several taxi owners over the last few weeks and added that he never spoke with Beach Taxi about the issue of the taxi stand. He stated he met with Mr. Williams last week who expressed to him some of their concerns.

Council Member Andre – no items.

Council Member List – no items.

Mayor Mandel – distributed copies of the Horizon Council notes. He reported he spoke with a representative from WGPU who wanted to make a presentation to the Council at the October 21<sup>st</sup> Regular Meeting regarding a show on the shrimp industry. He handed the Town Manager the information from WGPU and asked him to contact Mr. Brennan. He noted beginning tomorrow he would be out-of-town until October 21<sup>st</sup> and indicated the Vice Mayor would serve in his capacity.

## **VI. ADJOURNMENT**

Meeting adjourned at 4:25 p.m.

Adopted \_\_\_\_\_ With/Without changes. Motion by \_\_\_\_\_

Vote: \_\_\_\_\_

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Michelle D. Mayher, Town Clerk

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