


MEMORANDUM

TO: Honorable Mayor and City Council Members

FROM: Paul Johnson – Public Works Director 

DATE: April 28, 2009

SUBJECT: Resolution 540-09 Utilities Miscellaneous Fees and Charges

STRATEGIC PLAN TRACKING NO: G-MA-3

APR 20 2009 

PURPOSE

The purpose of this item is to Request City Council approval of Resolution 540-09 updating the Utilities Miscellaneous Fees and Charges.

BACKGROUND

Section 17.3-24 of the Orange City Code provides that the City Council may review and update the rates and charges by resolution. On attached Exhibit "A", the underlined items reflect the recommended changes/additions.

An Alternative Water/Capital Funding Fee is being added. The City will have to commit to an Alternative Water Source project in the near future. As of now, the best (Lowest cost – least impact on customers) option for the City is to commit to partnering in Seminole County's Yankee Lake project. As a result of the Saint Johns River Water Management Districts' (SJRWMD) Implementation Strategy for Achieving the Minimum Flow Regime for Blue Springs and Other Water Resource Constraints in Volusia County, Orange City will be expected to pump no more than 600,000 gallons of water per day from its current source, groundwater, by 2025. However, in the City's current Consumptive Use Permit (CUP) issued by SJRWMD on January 13, 2009, we are required to submit for a new separate CUP for an Alternative Water source by 2014. Our current CUP also requires the City to have formed a partnership for an alternative source by the end of 2011.

Yankee Lake is currently the only project that will meet these time constraints. Seminole County is moving forward with this project and in order to build the correct size facility, wants a financial commitment from each stakeholder. It is estimated that the City's share for participation in the project will cost about 1.2 million dollars based on SJRWMD's projections in the Minimum Flow Regime. According to that document, the City will have to obtain 2.3 mgd from alternative sources. Although Yankee Lake is not the only solution, any option Council decides on will need funding. Some of those other options might include re-use water system expansion, stormwater storage and conveyance systems, conservation projects and the like.

Orange City Utilities needs to implement a fee that will help fund the commitment as well as provide funding for infrastructure improvements that will be needed over the next five years. During the workshop held last November, fees of about \$8.00 to \$10.00 per customer per month

were discussed as the fee that would be needed to raise about \$500,000 per year for these purposes. After review, staff feels that a "flat-fee" in those amounts does not place the burden of costs equitably across our customer base. By implementing a smaller fee and a percentage charge as recommended, much of the burden will fall on higher usage customers. This strategy will also encourage conservation which may lead to reducing our needs for alternative water to some extent.

RECOMMENDATION

That City Council approve Resolution 540-09.

RESOLUTION NO. 540-09

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, ADOPTING A REVISED MISCELLANEOUS FEE SCHEDULE FOR WATER AND WASTEWATER SERVICES PROVIDED BY ORANGE CITY UTILITIES; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Orange City adopted Resolution No. 369-06 on September 26, 2006; and

WHEREAS, the City of Orange City now finds it necessary to revise the Miscellaneous Fee Schedule; and

WHEREAS, the laws of the State of Florida and the City Code empower the City Council to operate water utilities, and to establish and/or revise such charges as are necessary in the operation of same; and

WHEREAS, Section 17.3-24 of the Orange City Code provides that the City Council may review and update the rates and charges by resolution; and

WHEREAS, the City Council wishes to revise and update the Miscellaneous Fee Schedule for Orange City Utilities' services as set forth in Exhibit "A" of this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, AS FOLLOWS:

SECTION 1. That the City Council of the City of Orange City adopts the miscellaneous fee schedule set forth in Exhibit "A", attached hereto and by this reference incorporated herein for all intents and purposes.

SECTION 2. The fees described in Section 1 shall become effective with all billings rendered after May 1, 2009.

SECTION 3. All resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed.

SECTION 4. If any section, part of a section, paragraph, clause, phrase or word of this resolution is declared invalid, the remaining provisions of this resolution shall not be affected.

SECTION 5. That this resolution shall take effect immediately upon its adoption by the City Council of the City of Orange City, Florida, and approval as provided by law.

ROLL CALL VOTE AS FOLLOWS:

Jim Mahoney	_____	Donald C. Sherrill	_____
Tom Abraham	_____	Tom Luputka	_____
Jeff Allebach, Vice Mayor	_____	Harley Strickland, Mayor	_____
Paul Rasch	_____		

ADOPTED THIS _____ DAY OF _____, 2009.

ATTEST:

AUTHENTICATED:

Deborah J. Renner, CMC, City Clerk

Harley Strickland, Mayor

This Resolution approved
as to form and legal sufficiency:

W. E. Reischmann, City Attorney

Amendments to Resolution No. 369-06, effective for all billings generated after May 1, 2009

MISCELLANEOUS SERVICE CHARGESPage 1 of 2

	<u>Water</u>	<u>Irrigation</u>
<u>Meter Installation:</u>		
3/4"	\$375	\$375
1.00"	450	450
1.50"	750	750
2.00"	900	900
3.00"	2,500	2,500
4.00"	3,000	3,000
6.00"	8,000	8,000
	<u>Water</u>	<u>Wastewater</u>
<u>Deposits:</u>		
3/4" – owner	\$100	\$150
3/4" – renter	100	150
3/4" – insufficient I.D.	300	150
3/4" – new construction	100	150
3/4" – commercial	Greater of 3 times ERU or \$100	Greater of 3 times ERU or \$100
1" to 6" commercial	Greater of 3 times ERU or \$100	Greater of 3 times ERU or \$100
Bulk Meter – new const.	\$1,000	0
<u>Fees:</u>		
Initial fee	\$15 plus turn on fee	
Turn on – w/5 days notice	\$30	
Turn on – less than 5 days notice	40	
Turn on – after hours, emergency	35	
Turn on – after hours, non emergency	70	
Turn off – w/5 days notice	30	
Turn off – less than 5 days notice	40	
Turn off – after hours, emergency	35	
Turn off – after hours, non emergency	70	
Transfer account	\$15	
Name change	5	
Penalty (10 days past due/yellow tag)	15*	
Delinquent (15 days past due)	40	
Returned check	As per Florida Statutes **	

ALTERNATIVE WATER SUPPLY C.U.P. REQUIREMENTS

It is certain you are aware of these but reiteration of some of our C.U.P. conditions and their impact on Orange City regarding obtaining an alternate water supply to "supplement" groundwater withdrawals is in order.

Condition 24 of our C.U.P. states "The permittee's consumptive use shall not adversely impact wetlands, lakes, and spring flows or cause or contribute to a violation of minimum flows and levels adopted in Chapter 40C-8, F.A.C., except as authorized by an SJRWMD approved minimum flow level (MFL) recovery strategy. If unanticipated significant adverse impacts occur, The SJRWMD *shall revoke the permit in whole* or in part to curtail or abate the adverse impacts, unless the impacts are mitigated by the permittee pursuant to a District-approved plan."

Condition # 28 of our C.U.P. dictates a specific timeline for tracking progress toward obtaining alternative water source(s). This section states "The permittee shall proceed as a member of WAV, with other partners, or on its own, to develop alternative water supplies that will be needed in addition to, or instead of, those allocated under this permit to meet water supply demands of the permittee in the future. The permittee shall provide an annual status report for District approval by January 15, 2010. The report shall document all activities taken to develop alternative water supplies by the permittee, including, but not limited to planning, design, permitting, financing, and the project schedule."

28(a) states "Within 1 year of the date of issuance of this permit, (January 13, 2009) the permittee shall identify viable, potential water supply partners including those that could provide water supplies or partner with the permittee in the development of water supplies. In addition, the permittee shall identify potential water supply projects that could be implemented with these partners to secure quantities of water necessary to meet the permittee's projected demands through 2030. The permittee shall contact these potential partners to determine the viability of developing partnership agreements with them for the identified potential water supply project(s). A written description of the potential partners and projects along with a description of the contacts between the permittee and the potential partners and the viability of the development of partnership agreements shall be submitted to the District as part of the annual report submitted in 2011."

28(b) "As a part of the annual status report submitted in 2012, the permittee shall identify project(s) and partnership(s) that it proposes to implement to secure the quantities of water necessary to meet projected demands through 2030."

28(c) "The permittee, as a member of WAV, with other partners, or on its own shall submit a consumptive use application for implementation of identified water supply project(s) in 2014."

The items in condition # 28 must be submitted and approved by SJRWMD. A failure to submit required information or to receive SJRWMD's approval can be construed as a violation of our C.U.P. conditions and subject us to sanctions by SJRWMD. Some of those sanctions might include a review of our C.U.P. (Reduction), limitations on growth, and/or fines. It is clear that we must proceed down the path of obtaining alternative water supply(s) and remain on it if we are to achieve our goals and eventual "build-out".

Regarding allowing private wells vs. hooking into our supply system is not a reasonable way to address the projected deficits. Specifically, it is possible the City would suffer sanctions from SJRWMD if we were to implement this strategy. In the specific conditions of our C.U.P., condition # 9 states "**If the permittee does not serve a new demand located within the service area upon which this annual allocation was calculated, the annual allocation will be subject to modification.**" This could be interpreted to mean if we allowed private wells, whatever quantity of water that was planned to be provided by the City, our C.U.P. could be reduced by that amount as well as the potential sanctions for violation of a C.U.P. condition as mentioned above.

Alternative Water Costs

Based on the economic impact study performed by SJRWMD in April 2007, certain costs were discussed and lead the W. Volusia "Partners" to aggressively pursue Yankee Lake as our best option for alternative water.

Originally, we were being steered by SJRWMD to co-build and operate a river water treatment plant near DeLand with our other 3 W. Volusia partners. One of the main reasons we (As a group) moved away from this project was the cost. Those estimated costs were:

The total capital cost for this project was over \$700,000,000.00 of which Orange City's share would be over \$20,000,000.00. Even if it were possible to fund the entire project without up-front contribution, the cost to Orange City would have been over \$11.00 per thousand gallons of water produced. If the City were to pay its capital share up-front, the water cost would be \$3.63 per thousand gallons. At today's pricing, our average customer would pay about \$104 per month as compared to our current average of about \$27 per month. (At today's costs/rates)

Coquina Coast – Orange City's capital share would be over \$50,000,000.00 Funding of the entire project without up-front contribution would result in a cost of water of about \$23.00 per thousand gallons produced. This option is extremely costly and does not fit the timeframe for required alternative supplies by SJRWMD. This option would equate to an average monthly bill of about \$188 per month. (Today's costs/rates)

Yankee Lake – Seminole County is fully funding the construction of the treatment plant therefore there is no up-front capital "cost" to Orange City. They do require a "Capital Contribution" which is currently expected to be about \$1,100,000.00 in order to reserve our share of water produced. The cost for this water is estimated to be about \$4.25 per thousand gallons. Orange City will have to fund its share of a transmission line from DeBary to Orange City. This cost would be a pro-rata share with DeLand and Deltona with our cost estimated to be about \$1,250,000.00 This project is the closest to meeting our timeframe for alternative supply. In comparison with the other options, this would make an average customer water bill about \$57 per month. (Today's costs/rates)

ALTERNATIVE WATER/CAPITAL FUNDING FEE POTENTIAL

CURRENT AVERAGE WATER CUSTOMER MONTHLY BILL IS ABOUT \$27.00

\$4.00 PER ACCOUNT + 15% OF WATER USAGE CHARGE WILL GENERATE ABOUT \$500,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$35.00/MO

\$4.00 PER ACCOUNT + 20% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$610,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$37.00/MO

\$4.00 PER ACCOUNT + 25% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$725,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$39.00/MO

\$5.00 PER ACCOUNT + 15% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$560,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$36.00/MO

\$5.00 PER ACCOUNT + 20% OF WATER USAGE CHARGE WILL GENERATE ABOUT \$675,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT \$38.00/MO

\$5.00 PER ACCOUNT + 25% OF WATER USAGE CHARGE WOULD GENERATE ABOUT \$785,000 PER YEAR. AVERAGE BILL WOULD INCREASE TO ABOUT 41.00/MO