

CITY OF APOPKA

Minutes of the City Council workshop held on December 15, 2015, at 1:00 p.m., in the City of Apopka Council Chambers.

PRESENT: Mayor Joe Kilsheimer
Commissioner Bill Arrowsmith
Commissioner Billie Dean
Commissioner Diane Velazquez
City Administrator Glenn Irby

ABSENT: Commissioner Sam Ruth

PRESS PRESENT: John Peery - The Apopka Chief

PLEDGE OF ALLEGIANCE: Mayor Kilsheimer led in the Pledge of Allegiance.

DISCUSSION

1. Review of Utility Rate Study.

Mayor Kilsheimer said the purpose of this meeting is to discuss the Utility Rate Study recently commissioned. He stated the City was obligated under our agreements with the Florida Department of Environmental Protection to expand and increase the capability of our wastewater treatment facility. Public Services has been heavily engaged in that process for some time. Reiss Engineering, consultant for the City of Apopka, hired PRMG to conduct the Rate Study. He affirmed this is the same company that conducted the last rate study in 2007. He said Henry Thomas and Murray Hamilton were here from PRMG to present the Water, Wastewater and Reclaimed Water Rate Study.

Henry Thomas, PRMG, said the study conducted in 2007 recommended a series of rate increases that were implemented over a five-year period. Subsequent to that, the ordinance also included the ability, if necessary, to adjust rates for an inflationary index. Subsequent to the five-year plan, the City has not had to raise those rates since Fiscal Year 2012. Due to the economy, the revenues anticipated from the new rates did not materialize, however, City staff also adjusted the capital program. He advised they would also be discussing water, wastewater, reclaimed water impact fees, stating they have not been updated since 2009. He said they have been asked to address the option of a service availability charge. He affirmed the City has made significant investments in the reclaimed water system and because of looking to the future, there is no need to add water capacity at this time. This takes the irrigation demands off of the potable water system. He explained the City has a significant amount of cash reserves that can be used to phase in these rates and help pay for the new capital needs. He advised the City has very competitive rates in comparison to the surrounding communities. He discussed the strong growth the City of Apopka is experiencing and utility impact fees.

Murray Hamilton, PRMG, said he and Mr. Thomas had the opportunity to work on the previous utility rate study between 2007 and 2008. He stated the foundation Mr. Thomas laid out highlights the strength of the utility system which converts into flexibility to address the future costs over the next five-years. He reiterated they focused on four key

areas. He said 4-5% of the accounts are inactive and today they do not pay any minimum fee for the availability of service that benefits that property. Additionally they looked at various miscellaneous charges the City charges for account activation, meter install, tap fees to the physical property, turn on and off, meter re-read, and items such as this. He stated it has been a number of years since those types of charges have been updated so they looked at refreshing those amounts, making sure they are at appropriate levels. They also reviewed the impact fees, also known as capital facility fees. He pointed out various ways in which revenues from impact fees can be used. He went on to review projected revenues at existing rates, reviewing consumption and rates in his Power Point presentation. A copy of this presentation will be filed with these minutes.

Mr. Hamilton went over their conclusion and recommendations, stating that based on customer growth, the revenues at existing rates will not be adequate to meet projected expenditure requirements over the next five-years. They recommend the City should increase the water, wastewater and reclaimed water rates by 3% on or after February 1, 2016, and each October 1 thereafter through FY 2020. They recommend the City consider charging the Monthly Base Charge to collect a portion of the fixed capacity costs associated with serving all active and inactive accounts. They recommend adopting proposed impact fees, as well as proposed miscellaneous charges and fees. It is recommended to continue to update this study at least every three-years in order to re-evaluate changes in the plan.

The Council recessed at 2:15 p.m. and reconvened at 2:20 p.m.

Discussion was held regarding inactive accounts capacity fee. Mr. Hamilton advised there were different applications to this and the last formal survey he did was approximately five years ago, but at that time there were 22 municipalities that applied such a fee and 17 of these continued to apply a base charge to inactive accounts.

Commissioner Arrowsmith asked for clarification that our 4-5% of inactive accounts would generate \$200,000 if a base charge was collected.

Mr. Hamilton responded in the affirmative.

Mr. Thomas advised that Winter Garden has elected to eliminate the base charge. He suggested when you are looking at a large seasonal population, this was important due to the requirement of building capacity needs with all occupants. He advised when looking at new growth, you have to count that capacity toward the plant expansion, even if it is not being utilized.

Kevin Burgess explained with the existing wastewater treatment plan, we are lacking capacity. He advised at this time we are okay, but with growth projections, it is estimated the City will run out of capacity in 2020. Another driving factor is that Apopka is in the Wekiva Protection Area and must reduce its nitrogen levels to maintain compliance with the 2004 Wekiva Protection Act. When the plant was expanded in 1989, nitrogen was not an issue. He explained the DEP limit for nitrogen in this area is 10 mg/liter. The project was bid in 2010 and due to the economy, construction was delayed. He explained aeration on our oxidation ditch to the main treatment plant helps us treat for nitrogen. He affirmed

the new facility will be built so we can maintain nitrogen below 10 mg/liter. Florida DEP has given the City until March 1, 2019 to meet nitrogen level requirements in the water. He declared all utilities in the protection area were given a consent order.

Discussion ensued regarding impact fees and it was explained impact fees do follow the property should a developer sell the property to a new developer after the impact fee was assessed.

Mayor Kilsheimer said the City of Apopka has had a masterful strategy with regards to how it has invested heavily in reclaimed water. This strategy by the prior administration has provided a competitive advantage in the market.

Glenn Irby went over the next steps stating we had to go through the advertising requirements and inform each account holder there is a hearing forthcoming and allow public participation. If Council votes at the second public hearing to increase the rates, they will be increased March 1, 2016.

ADJOURNMENT – There being no further business the meeting adjourned at 2:46 p.m.

Joseph E. Kilsheimer, Mayor

ATTEST:

Linda F. Goff, City Clerk