

# REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: April 9, 2007

Agenda Item: 7 (B)	Prepared By: William P. Harrison
	Date: March 27, 2007
Agenda Section: Business: DISCUSSION	
Subject: RECLAIMED WATER RATES	Department: Finance

**BACKGROUND:** City Council is requested to consider an implementation schedule for the increase in reclaimed water rates.

In January 2007, Council considered the rates charged for reclaimed water and directed staff to establish the rate for reclaimed water to be 40% of the charge for potable water. The current rate of 59 cents per 1,000 gallons was established by Florida Water at a low cost to allow reclaimed water customers the ability to recover their capital investment to receive reclaimed water. All of our approximately 60 reclaimed water customers have now recovered their capital investment. At the City Council meeting of February 20<sup>th</sup>, several of our customers expressed concern about impacts on their budgets with an immediate doubling of reclaimed water rates.

Council directed staff to meet with our reclaimed water customers to develop an implementation schedule for the rate increase that would be more acceptable to the customers. That meeting was held on Monday, March 26<sup>th</sup>. In attendance were representatives from Hideaway Beach, the Island Country Club, and a number of condominium associations. The implementation schedule proposed by staff is:

2007: No Increase

2008: January 1<sup>st</sup> increase to 30% of potable water rates. Separate billing schedule would be established for customers with properly permitted lakes to receive reclaimed water on City's production schedule. Raw water rate would be amended to equal the reclaimed water rate.

2009: January 1<sup>st</sup> increase to 40% of potable water rates. Customers with properly permitted lakes to remain at 30% of potable water rates.

At the meeting of March 26<sup>th</sup>, the implementation schedule was generally well received; however, several of our customers commented that they would prefer to see a longer implementation schedule, perhaps increasing over five years to the target goal of 40% of the rate of potable water.

**RECOMMENDED ACTION:** City Council direction on an implementation schedule for reclaimed water rates and establishing a date for the required public hearing on rate increases.

Reviewed by Department Director

Reviewed by City Manager

Council Action: Motion by:

Second by: