

REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: February 5, 2007

Agenda Item: 7A	Prepared By: William P. Harrison Date: January 17, 2007
Agenda Section: Business: RESOLUTION	
Subject: INCREASE RECLAIMED WATER RATES	Department: Finance

BACKGROUND: City Council is asked to consider increasing the rate for reclaimed water from the current rate of \$0.58 per 1,000 gallons to \$1.23 per 1,000 gallons.

At the City Council meeting of January 8th, City Council held a discussion on reclaimed water rates. Florida Water constructed a major expansion of the reclaimed water distribution system with a new line down Collier Boulevard to the Marriott Hotel. The cost of the construction was financed by new customers, primarily condominium complexes, paying a proportionate share of the construction cost. The rate for reclaimed water was set artificially low to allow new customers to recover their capital investment in construction.

That capital investment has now been recovered and reclaimed water rates should be set at a level more in keeping with the value of the product as a replacement to expensive potable water for irrigation and at a rate more competitive with other utilities. City Council directed that the new rate for reclaimed water be set at a rate equal to 40% of the rate of potable water, currently \$3.08 per 1,000 gallons.

The City currently budgets \$250,000 to be received from the sale of reclaimed water at the current rate. The increase in rates for the partial fiscal year of 2007 will generate additional revenues of approximately \$125-150,000. Those funds will be used to offset potable water and wastewater revenues requirements for all utility customers, especially those who contribute to wastewater flow but do not have reclaimed water available.

Reclaimed water customers have been notified of this public hearing to consider a reclaimed water rate increase.

RECOMMENDED ACTION: Approval of the attached resolution, increasing the rate for reclaimed water from \$0.58 per 1,000 gallons to \$1.23 per 1,000 gallons.

Reviewed by Department Director	Reviewed by City Manager
Council Action: Motion by:	Second by: