

REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: January 8, 2007

Agenda Item: 7(F)	Prepared By: Rony Joel, Public Works Director Date: December 18, 2006
Agenda Section: Business: Discussion	
Subject: Reuse Water Rate	Department: Public Works

BACKGROUND:

City Council has agreed to consider an increase in reuse water rates in recognition of equity issues caused when only a few customers are able to irrigate with reuse water at a cost much lower than those who are required to irrigate with potable water. An increase in the reuse water rate has a net effect of reducing costs for all other utility customers.

Florida Water Services Corporation established a limited reuse water system beginning in 1999. Through a process of negotiations, some condominiums along North and South Collier Boulevard and Hideaway Beach agreed to pay for the installation of reuse water lines under the condition that the reuse rates would remain the same for at least the five-year duration of the agreement in order for the property owners to recover their investment. Today the reuse water system provides reuse water to about 60 condominium, hotel, Hideaway Beach, and golf course customers.

Reuse water is sold at \$0.58 per 1000 gallons. There is no base fee. In situations where reuse water demand exceeds supply, two customers are able to receive raw water. These are the Island Country Club and WCI/Hammock Bay, or potable water (Hideaway Beach). The agreements to serve the two golf courses and Hideaway Beach were reached prior to acquisition by the City. These agreements were transferred to the City as a part of the acquisition.

The wastewater treatment plant improvements and capacity expansion will produce high quality effluent water. The additional production of reuse water may, in turn, slightly reduce the need to expand potable water treatment capacity with the subsequent benefit of reduced capital cost for all consumers. To maximize this benefit, additional reuse water storage is required. Additional reuse storage is funded in the current 10-Year Capital Improvement Program budget.

Staff has considered options as summarized in the attached report and recommends an increase in the reuse water rate as follows:

Charge Type	Current Charge	Recommended Charge
Base Charge	\$0.00	\$2.50
Use Charge (per 1000 gal.)	\$0.58	\$ 1/3 water rate (currently \$1.00)

A public notice and public hearing are required prior to implementation of an increase in the reuse rates.

RECOMMENDED ACTION: Discussion and further direction.

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