

REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: January 22, 2007

Agenda Item: 7 (B)	Prepared By: William P. Harrison
	Date: December 8, 2006
Agenda Section: Business: RESOLUTION	
Subject: WATER / SEWER UTILITY RATES	Department: Finance

BACKGROUND: City Council is requested to consider a two percent (2%) increase in water and sewer utility rates, for customers on Marco Island, effective for all utility bills rendered on or after February 1, 2007.

In previous action, City Council has directed that the costs of road reconstruction at the end of the Septic Tank Replacement Program work in each neighborhood be financed by charges on the entire rate base of the water and sewer utility systems rather than charged to the assessment districts. Over the course of the entire STRP program, this will result in an additional \$8,215,800 in charges to the rate base. To finance these costs, staff has determined that a rate increase of eight percent (8%) would be required. City Council has provided direction that the increase should be phased in at the rate of two percent (2%) annually for each of the next four years. This two percent (2%) increase would be in addition to the normal rate increase required annually to account for the impact of inflation on utility rates. The rate increases for road reconstruction would be in effect for a total of seven (7) years to generate the funds required to finance the program.

The attached Utility Rate Schedule, shown as Exhibit "A", has been amended to show the two percent (2%) increase in water and sewer rates. All utility customers have been notified on their monthly utility bills of the Public Hearing and proposed action by the City Council.

RECOMMENDED ACTION: Hold a Public Hearing and approve the attached resolution, authorizing the revised utility rates in Exhibit "A", Utility Rate Schedule, including a two percent (2%) increase in water and sewer fees.

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