

REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: May 7, 2007

Agenda Item: 6 (B)	Prepared By: William P. Harrison
	Date: April 13, 2007
Agenda Section:	
Business: Resolution – Public Hearing	
Subject: Increase Reclaimed Water Rates	Department: Finance

BACKGROUND: City Council is requested to consider increasing the rate for Reclaimed Water from the current rate of \$0.59 per thousand gallons.

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 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 should be priced at a level more in keeping with the value of the product as a replacement to expensive potable water for irrigation and at a level 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.

A public meeting with reclaimed water customers was held on March 26, 2007. Those customers requested that the rates be phased in to allow for time for their budgets to adjust to the increased costs and further requested that the City consider a reduced rate for customers with properly permitted privately-owned lakes that would receive reclaimed water on the City's request.

On April 9, 2007, City Council discussed the proposed rate schedule and agreed to schedule a public hearing for approval of the new rates for reclaimed water. The new rate schedule provides for an increase to a rate equal to 30% of potable water on January 1, 2008 and a further increase to 40% of potable water on January 1, 2009. Customers with properly permitted privately-owned lakes would continue at a rate equal to 30% of the rate of potable water. In addition, raw water is priced at a rate equal to 30% of the rate of potable water, effective January 1, 2008.

Additional revenues from sale of reclaimed water will be used to offset potable water and wastewater revenue requirements. Reclaimed water customers have been notified of this public hearing in writing.

RECOMMENDED ACTION: Public Hearing and approval of a resolution providing for an increase in the pricing of reclaimed water.

Reviewed by Department Director

Reviewed by City Manager

Council Action: Motion by:

Second by: