

OCTOBER 19, 1987

The Board of County Commissioners, Manatee County, Florida, met in JOINT SESSION with Council Members of the Town of Longboat Key, in the Bradenton Financial Center, 1401 Manatee Avenue West, Bradenton, Florida, Wednesday, October 19, 1987, at 2:04 p.m.

Present were Commissioners:

Edward W. Chance, Chairman
Kent G. Chetlain, Vice-Chairman
Westwood H. Fletcher, Jr.
Patricia M. Glass
James J. McGrath

Present were Council Members for Town of Longboat Key:

Charles Loiselle
Clement F. Brown, Jr.
Lewis S. Pollock
A. Hart Wurzburg

Absent was Council Member:

Carleton M. Stewart

Also present were:

H. Hamilton Rice, Jr., County Attorney
Richard H. Ashley, Chief Deputy Clerk, representing
R. B. Shore, Clerk of Circuit Court

Representatives of the various news media were present.

The meeting was called to order by Chairman Chance.

TOWN OF LONGBOAT KEY WATER AND SEWER RATES

The Chair advised this joint meeting was for the purpose of discussion regarding a dispute on water and wastewater rates charged to the Town of Longboat Key by Manatee County.

H. Hamilton Rice, County Attorney, stated the statute under which this meeting is held, Chapter 87-346.3(2), allows discussion of proposed litigation by Longboat Key in an effort to amicably settle the controversy.

Scott Christiansen, Longboat Key Attorney, advised no legal action had been filed at this time.

William Duynslager, Greeley and Hansen Engineers, representing Longboat Key, stated the Manatee County Public Works/Utilities revenues are derived from:

1. Special Charges - testing meters and special functions
2. Monthly Bills - commodity charges and readiness to serve
3. Impact Fees

He stated his opinion that the impact fees rates are not high enough, thereby not generating revenue which increases monthly bills.

Lengthy discussion followed as to impact fees paying for potential customers share of facilities to which they connect or whether impact fees are being used only to provide for future expansion.

Discussion: 25-30 percent of debt service should be obtained from monthly bills; Manatee County had 66 percent of debt service being derived from monthly bills; if surplus funds from Longboat Key customers are being used to benefit those customers; 3.7 million gallons a day (mgd) of water contracted for and 1.4 mgd in wastewater; equity in rates, etc.

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Terry Sullivan, Longboat Key Finance Director, stated the most recent rate study proposal indicated an increase of \$62,000 for Longboat Key, however, after completion of the study rates were increased in excess of \$300,000. He stated the impact fee for water to Longboat Key is \$2.7 million and for wastewater is \$3.88 million causing a \$1.1 million loss for Longboat Key.

Discussion: Charging impact fees for lines which are installed; life expectancy of equipment; readiness-to-serve charge (RTS); engineering costs, etc.

Richard Wilford, Public Works Director, advised a new rate study is proposed, with contract negotiations in process with Arthur Young & Company. He stated Facility Investment Fees (FIF) were not paid by Longboat Key.

Discussion: Revenues from Utility System are used only for Utility operations; Enterprise funds; surplus funds benefitting citizens of Longboat Key; 30 percent increase in rates to Longboat Key from 1985 to 1987.

Bob Matthews, Camp, Dresser & McKee, stated the most recent increase in rates relates to a change in the bond covenant requirements. Covenants went from a 125 percent coverage to a two-part coverage 1) 100 percent coverage of operations and maintenance and debt service, 2) 125 percent coverage including impact fees. He offered to supply Longboat Key a breakdown of projects covered by existing surplus funds.

Regarding capacity of the system, Mr. Matthews stated it was not clear as to the wastewater capacity Longboat Key requested be reserved.

Discussion: What Longboat Key customers are paying for; retail customers subsidizing wholesale customers through impact fees; basing RTS on current usage with Longboat Key collecting impact fees for increments of additional capacity; majority of reserves encumbered for regional wastewater program to provide 100% reuse and a higher degree of treatment; 1984 drought; W. R. Grace well field; commercial and industrial development in southern Manatee County, etc.

Recess/Reconvene. All members present except Mr. Stewart.

Dan Anderson, Camp, Dresser & McKee, reviewed the "Dunedin Decision" which sets forth criteria for impact fees.

Discussion: Transmission mains; impact fees set below costs to insure fees not too high; impact fees in other counties, etc.

A. Hart Wurzburg, Longboat Key Commissioner, stated concern is that impact fees are not high enough and that they should take into consideration the existing facilities, not just expansion of facilities.

Discussion: Impact fees not a reliable source of revenue; bond holders require an amount of one-time coverage of debt service, etc.

A request was made that the Longboat Key Commissioners be notified of rate hearings to allow them to have input.

Albert Cox, Longboat Key Town Manager, explained the rate difference between retail and wholesale customers by advising the Town maintains the system and has constructed a water storage tank. Once the water reaches the master meter it is the responsibility of the wholesale customers.

Tedd Williams, Chief Assistant County Attorney, advised an existing facility cannot pay impact fee under the "Dunedin Decision" (329 Southern Second, Page 314), which he read.

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Discussion: Impact fee cannot be charged for use of an existing system, only for necessary expansion; use of reserve capacity versus expansion; if level of service is below adequate level prior to new customer, then an additional impact fee may be charged, etc.

Mr. Christiansen suggested determining a course of action to settle the dispute.

Options available to eliminate necessity of legal action are:

1. Longboat Key agree to withhold legal action until such time as the results of the new rate study are available.
2. Manatee County guarantee Longboat Key that should the new rate study indicate that they have been overcharged, that such charges be refunded.
3. Longboat Key hire a rate consultant and not an engineering firm to review the current rates. Such a review should not cost more than \$5,000 and in the interest of maintaining a good relations, Public Works underwrite the cost.

Mitchell Palmer, Assistant County Attorney, concurred with options 1 and 3 (first sentence only).

Mr. Cox restated the request to meet with the rate consultants to to determine the methodology of the study.

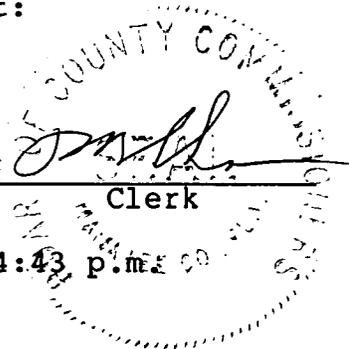
Disposition: Manatee County rate consultants (Arthur Young & Co.) meet with Longboat Key officials in a work session.

MEETING ADJOURNED

There being no further business, the meeting was adjourned.

Attest:

APPROVED:



Edward W. Chance
Chairman 12/22/87

Adj: 4:43 p.m. 12/22/87