

COMMISSION WORKSHOP MINUTES

JANUARY 12th, 2023

6:00 P.M.

PRESENT:

Mayor:	Mark Anderson
Mayor Pro Tempore:	John Vogel II
Commissioners:	Alison Cagle Maximilian D'Water Sarah Schrader
City Clerk:	Marissa Morales
Assistant to City Clerk:	Julia Fresne
Water Clerk:	Will Plazewski
Public Works Director:	Scott Morrow

MINUTES PREPARED BY: Julia Fresne

1. Dyana Stewart, Utility Asset Manager for Florida Rural Water Association, gave a PowerPoint presentation with water rate increase recommendations including a tiered structure to promote conservation with charge per 1,000 gallons used, and inclusion of rates based on water meter size. If these proposed rates were implemented, all expenditures will be covered for the fiscal year without using reserves.
2. Mayor Anderson stated that the original study was done by David Hanna, who retired, and asked Mrs. Stewart to explain her approach. Mrs. Stewart advised she used a software owned by FRWA while Mr. Hanna used Excel formulas. The city had gone with a hybrid rate which had a lower base rate and higher tiers; however, Mrs. Stewart said this proposed rate would cause a loss because if people begin conserving then usage and revenue would go down simultaneously. The base rate is the fixed rate and guaranteed revenue each month.
3. Mayor Anderson explained that the water fund is its own business entity and therefore must receive its own separate revenue to cover water specific expenditures including maintenance and repairs.
4. Ronald Burcham, 32236 Corbin Ridge St., asked why the rate should depend on the meter size. Mrs. Stewart explained that bigger meters had more water flowing through.
5. Roy Pierce asked why customers are treated differently on the proposed rates. He advised that Southwest Florida Water Management District offers recommendations for the cost of water per gallon and questioned why raise the rates so high at once when it could be done progressively. Mrs. Stewart explained that it is too late to do so because there will soon be no reserves to draw from. Mr. Pierce said he understood the need to have enough to operate the department but believes every customer should be treated the same. Mayor Anderson pointed out that those with higher usage are accelerating the need to make repairs to the system and that is why tiered billing is considerable. Mr. Pierce asked whether the proposed rates would be posted on the next bill and City Attorney Buhr advised that the city would post the date, time, and place of the meeting.
6. Dick Gates, 32449 Pasco Rd., asked which budget year FRWA reviewed. Mrs. Stewart advised it was fiscal year 2021-2022. Mr. Gates said that looking back 5 years would be more efficient since the last 2 years may have been greater than overall. City Attorney Buhr advised that it would not be meaningful to the study because prices from 5 years ago were different. Mr. Gates asked that the commission consider the percentage by which expenditures went up in the past 5 years for the next 5 and asked if the rate increase still includes a conservation aspect. Mrs. Stewart advised the

rates are going up to avoid deficit and the tiered structure helps to promote conservation simultaneously. Mr. Gates mentioned that the city was already conservative based on SWFWMD recommendations and questioned how much more conservative to be. Mrs. Stewart explained that only those who are not already conservative would be affected by the tiered structure.

7. Ronald Burcham asked how residents would know what their meter size is. City Attorney Buhr advised that most residential homes are 5/8" with some 1" exceptions. Commissioner Schrader questioned why it should be higher by meter size if builders are paying impact fees which include a charge based on meter size. Mr. Burcham mentioned water loss and the acceptable threshold and asked how some months can be higher than others. City Attorney Buhr explained that there is a difference between water loss and water unaccounted for. When there is a water main leak then that is considered water loss, however, when there is water lost with no certainty of where it went then that is unaccounted for. Mr. Burcham asked how much the city currently had in the reserves. Mayor Anderson advised \$211,000 and Mrs. Stewart stated that the majority is projected to be used by the end of the year. City Attorney Buhr advised that the reserves are not meant to be used but rather are there in case of emergencies. The recommended reserves amount should be higher than that and that is what FRWA has accounted for in their study. Mr. Burcham questioned the competence of FRWA, and City Attorney Buhr explained that they are experts in the field and the cost of doing an outside rate study would likely be too costly anyway.
8. Robby Armstrong, 13095 Summerfield Way, asked if Public Works Director Morrow would speak on the status of the water systems and explain how the increase would help. Mr. Morrow explained that the current infrastructure is failing as one of the wells is down; there are still 2-inch galvanized pipes which need to be replaced with 6-inch; the water tower limits the pressure rate which can be set because it can overflow and upgrades to increase pressure would cost about \$150,000. City Attorney Buhr asked about the situation with locate valves and Mr. Morrow advised that many need to be replaced. Mr. Armstrong questioned what grants could be used for such upgrades and City Attorney Buhr advised that grants are hard to come by because Pasco County is not considered low income. Mayor Anderson mentioned that the water fund was already loaned money from the general fund with only 1% interest rate.
9. Dwayne Phillips, 12434 Vestavia St., asked if the city looked at bonds to fund some of the repairs. City Attorney Buhr advised someone must be willing to buy the bonds and buyers usually ask for a large interest rate which would place more burden on finances of the water fund.
10. Water Clerk Plazewski explained that a recent main water break took longer to contain because the lines' location information was incorrect. When he started 5 years ago, he went through all maps and as-builts to compose a master plan because a previous Public Works Director did not maintain proper records and the issue now is that a lot of lines which were said to be abandoned are still live while new lines were never connected.
11. Roy Pierce asked whether Mrs. Stewart included the \$211,000 reserves in her analysis and how the Curley line relocation loan was calculated. Mrs. Stewart advised that she had not received that information and therefore it was not included.
12. Ross Brummett asked when the last rate increase occurred and was advised 5 years ago. Mr. Brummett asked how the yearly increase for expenses was calculated and Mrs. Stewart advised it was an average 5% CPI increase and explained that it is recommended the city revise this at least every 3 years. Mr. Brummett asked at when it is estimated that the increase may go back down, and City Attorney Buhr advised that it likely would not because this is catching the city up to what the rates should be now. Mr. Brummett asked whether selling the water systems to Pasco County was an option and City Attorney Buhr advised that it would not be in the best interest of residents because the county would likely charge capacity fees but also residents would lose control over

water rates because it is harder to be heard. Mayor Anderson stated that because the system is old, the county may want to assess all properties to pay for upgrades.

13. Dick Gates clarified that he understood the need for a rate increase but was concerned with the numerous change in proposed rates and how high they have gotten. Mr. Gates asked for diligence in coming up with a new reasonable proposed rate. City Attorney Buhr advised that every month the rate increase is delayed, the further behind the city gets which means proposing even higher rates.
14. Dwayne Phillips asked whether the city looked to increase impact fees for new users. City Attorney Buhr advised that they increase annually and explained that those fees can only be used for new capacity and not for repairs.
15. Ronald Burcham asked whether the size of the meter mattered with water pressure. Public Works Director Morrow explained that the pressure is affected by the lines running into the properties and not just the meter size. Mr. Burcham expressed his support for increasing the base rate but takes issue with charging per gallon and meter size and worries for the older residents who are on fixed income. Water Clerk Plazewski advised that he had done research based on average usage of various older residents and advised that most of them use between 1,000-3,000 gallons per month and would be at the bottom end of the tier.
16. Robby Armstrong stated that when following the city recommendations for watering, in Summerfield that averages 10,000 gallons per month. Water Clerk Plazewski advised that not every zone needs to be run weekly if there is Bahia grass. Mr. Armstrong advised that the pressure in Summerfield is so low that residents are wasting water. Mayor Anderson advised that pressure is one of the upgrades which the city would like to make.
17. City Attorney Buhr advised that if the commission wants to move forward, the first reading must be redone. Roy Pierce questioned whether the proposed rates must be noticed on the water bill and City Attorney Buhr stated that the city is only required to notice that rates were being considered and the date, time, and place of the meeting.
18. Robby Armstrong asked what the end of 2022 deficit was. Mayor Anderson stated that the water fund was not currently in deficit. Mr. Armstrong asked why the urge to vote on such high rates if the city is not in deficit and expressed concern over the accuracy of the study if the city not currently in deficit. Mrs. Stewart said there are corrections to make based on the previous fiscal year actual expenses rather than based on the budget. Mayor Anderson asked that staff works along with FRWA to make sure the correct expenditures are annotated in the calculations.
19. Commissioner Schrader asked whether staff could provide a count of how many users fall within each meter size. Water Clerk Plazewski advised he has an Excel spreadsheet but that there is not a place on the water bill to indicate individual size. Commissioner Schrader asked how come outside of city rates are higher and City Attorney Buhr advised that it is a legal practice due to those customers not paying city taxes.
20. Robby Armstrong said he will pay what is necessary to repair and upgrade the infrastructure but worries about those will struggle to pay the bills and asked whether a fund could be started to help those who cannot pay their water bill. City Attorney Buhr advised that there are charities that can help with bills and suggested to put together a list.
21. Josh Madden, 13109 Antonio Way, asked what is included in the operating expenses. Mrs. Stewart advised that it includes salaries, chemicals, equipment, etc. Mr. Madden asked about whether replacing water mains be included and Mrs. Stewart advised that would be a capital expense.
22. Mayor Anderson advised that water management districts recommend, and some even mandate, the implementation of a tiered structure.
23. **ADJOURNMENT:** Workshop adjourned 7:56 PM.

Respectfully submitted,

Julia Fresne, Assistant to the City Clerk