



City Council Chamber
735 Eighth Street South
Naples, Florida 33940

City Council Budget Workshop Meeting - June 13, 1994 - 5:00 p.m.

Mayor Muenzer called the meeting to order and presided.

ROLL CALL

ITEM 1

Present: Paul W. Muenzer, Mayor
Alan R. Korest, Vice Mayor

Council Members:
Ronald M. Pennington
Marjorie Prolman
Fred L. Sullivan
Fred Tarrant
Peter H. Van Arsdale

Absent: Fred L. Sullivan, Council Member

Also Present:

Dr. Richard L. Woodruff, City Manager
William Harrison, Finance Director
Richard Gatti, Engineering Manager
Dan Mercer, Utilities Director
Michael S. Whitcavage, Utilities Analyst
Raymond H. Bennett, Equipment Services Superintendent
Robert H. Middleton, Operation Superintendent
David W. McNair, Distribution/Collection Superintendent
Troy Corbin, Utilities Analyst
Marilyn McCord, Deputy City Clerk

Brad Estes
Robert Noble
Virginia Cochran
Justyna Ford, Naples
Chamber of Commerce
Eric Staats, Naples
Daily News
Other interested citizens
and visitors

ITEM 2

REVIEW OF FISCAL YEAR 1995 BUDGETS:

Water & Sewer Fund

City Manager Woodruff welcomed Council to the 1995 Budget Review and reviewed the calendar for the 1995 Budget meetings:

Workshops:

- | | |
|-----------------------|---|
| ○. Monday, June 13 | Water & Sewer
Equipment Services
Stormwater |
| ○. Tuesday, June 14 | Solid Waste |
| ○. Monday, July 25 | General Funds |
| ○. Tuesday, July 26 | City Dock Fund |
| ○. Wednesday, July 27 | Naples Beach Fund
Taxing Districts
Internal Service Funds |

Maximum millage certified (Required by State law)

- . Thursday, August 4

Public Hearings:

- | | |
|---------------------------|--------------------|
| ○. Thursday, September 8 | Budget Ordinance |
| ○. Thursday, September 22 | Tax Levy & Millage |

The September dates are tentative and will depend on the dates chosen by the County and the School Board for their budget and millage public hearings.

Dr. Woodruff reviewed City customer statistics:

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• Water:

○.	City Customers	7,510
○.	Outside Customers	<u>7,683</u>
	Total	15,193

Sewer:

○.	City Customers	6,779
○.	Outside Customers	<u>1,459</u>
	Total	8,238

Solid Waste Customers: 6,779

Stormwater Customers: 6,891

NOTE: 4,503 water accounts are billed by Collier County

Dr. Woodruff announced that staff will be recommending proposed water and sewer rate increases this year. There have been no increases since June, 1992. Next Dr. Woodruff reviewed the current water and sewer monthly rate schedule (Attachment #1). He also displayed a water/sewer rate comparison, which compares the City's rates to the rates in neighboring cities and Collier and Lee Counties. (Attachment #2) Monthly rate comparisons for Collier County and Pelican Bay (See Attachment #3) were also discussed.

Utilities staff members were introduced:

Richard Gatti	Engineering Manager
Mike Whitcavage	Utilities Analyst
Buddy Bennett	Equipment Services Superintendent
Bob Middleton	Operation Superintendent
David McNair	Distribution/Collection Superintendent
Troy Corbin	Utilities Analyst

Utilities Director Dan Mercer arrived later in the meeting; he had been on approved leave. Each of the staff members gave a brief description of their areas of responsibility.

Staff utilized visual aids to review items of discussion. The materials presented are available in the original file for this meeting, in the City Clerk's Office.

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Council and staff discussed the Water Loss Report for June, 1993, to May, 1994, which was prepared by Utilities Analyst Whitcavage. Several steps have been taken to lower the percentage of unaccounted-for water, including replacement of meters. A new master meter will be installed, to measure raw water entering the system. A leak detection program is currently underway as part of a complete water audit of the City's entire system. The water audit should be submitted by the end of August. By that time, every water line in the City's franchise territory will have been checked and every connection identified. To date, approximately sixty leaks have been found and repaired. As part of the water audit, summer employees will verify meter readings after the City meter readers have done their jobs, providing an additional check. Over a ten year period, all of the City's 15,000 small meters will be changed out. The larger meters, which have been raised out of the ground, must be tested annually.

In response to Council Member Van Arsdale, staff will provide the percentage of revenue derived from small meters and large meters, for comparison purposes. Answering Vice Mayor Korest, City Manager Woodruff said that the fibre optic link which will soon be installed will allow the Finance Department to monitor Utilities Department activities more closely. At the same time, when the Utilities staff is doing analytical work, they will have the ability to access billing records.

The cost of chemicals necessary for water and wastewater treatment was considered next. Although chemical usage over the last few years has not changed, costs have increased. Operation Superintendent Middleton told Council that he is presently researching alternatives to chlorine. It was noted that the cost of chemicals has increased more than any other item in the Water & Sewer budgets.

Finance Director Harrison reviewed the preliminary operating budget for the Water & Sewer Fund. (A copy of the Preliminary Operating Budget, Fiscal Year 1995, is in the file for this meeting, in the City Clerk's Office.) Mr. Harrison announced that with the two tentative rate increases, the Water & Sewer Fund will have a balanced budget. He pointed out that depreciation is included in Expenditures and Net Income. Dr. Woodruff added that staff believes in full depreciation, and to allow for that depreciation, a 3% water rate increase and 12% sewer rate increase will be recommended this year.

Engineering Division operating expenses were reviewed. It was pointed out that System Development Charges is simply another label for Impact Fees. This year System Development Charges for water will generate \$250,000.00, for sewer \$250,000.00. Mr. Harrison noted, "If System Development Charges are lower than they should be, the only place to make that up is with rates. New customers should be paying their share for any increased growth."

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On pages 11, 12, and 13 of the Preliminary Operating Budget are summary sheets to demonstrate in one place a summary of every line item in the Utilities budget.

BREAK: 6:45 p.m. - 7:00 p.m.

Mr. Harrison told council that every purchase made by staff involves a few signatures, and any purchase over \$300.00 is reviewed by the Chief Account. He assured Council that he has not witnessed any Department Heads attempting to spend too much at the end of the year. Dr. Woodruff commented, "The people who run the divisions know our philosophy on an honest budget."

The Florida Department of Environmental Protection (FDEP) has mandated that water color must be maintained below 15 c.u. (color units). That will require Water Plant modifications at an estimated cost of \$350,000.00. Utilities Director Mercer stated, "There are limits on aesthetics and no limits on taste. It disturbs me that we may be forced into something that adds a taste problem." There is an administrative hearing process that the City can go through with FDEP to object to the mandates.

The Water Distribution, Wastewater Treatment, Wastewater Collection, and Utilities Management budgets were discussed. Dr. Woodruff noted that anytime there are significant cost changes, or a new item is needed by a department, that is highlighted through the use of Decision Packages, which are included in the Preliminary Operating Budget.

Utilities Director Mercer and Engineering Manager Gatti have been working with Hole, Montes & Associates on plans for expansion of the Water Plant. In time, a selection committee will be chosen to consider an engineering consultant for the expansion work.

Mayor Muenzer directed Council to meet with Dr. Woodruff separately with any questions they have concerning the C.I.P. (Capital Improvement Program) Budget. Mr. Harrison assured Council that all of the staff are available to answer questions.

Equipment Services Fund

Dr. Woodruff told Council that Equipment Services Manager Bennett is doing an excellent job and has incorporated some private garage strategies into the operation. Mr. Bennett confirmed that his department does have performance standards. He described the preventive maintenance program. The Equipment Services Fund is funded from other departments and is down \$100,000.00 from last year's budget.

Stormwater Fund

City Manager Woodruff noted that this budget must balance. It was found that some areas are exempt from stormwater fees, resulting in less revenue than expected. Mr. Harrison pointed out that when Council adopted the stormwater utility, the rate for a single family house was \$1.43 per month. When the City begins a major capital construction phase, that amount will not be sufficient; up until

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the present it has been possible to operate within the generated revenue.

It was noted that Stormwater Utility Line Item 310, Professional Services, includes the development of a stormwater master plan. Engineering Manager Gatti told Council that staff is considering finishing the plan in-house. Several options will be presented for Council's consideration. The estimated cost for completion of the stormwater master plan is \$100,000.00.

Council discussed the street sweeper schedule. Dr. Woodruff noted that the street sweeper is one of the City's most important pieces of equipment. The present sweeper will be kept until it is no longer useful; staff hopes to purchase a new heavy duty sweeper during the next budget year. Utilities Manager Mercer told Council that staff is considering a lease-purchase agreement over the next five years. A demonstration of a the street sweeper is tentatively planned for September, 1994.

City Manager Woodruff thanked everyone from staff who participated in the budget process and review.

ADJOURN: 8:20 p.m.

PAUL W. MUENZER, MAYOR

Janet Cason
City Clerk

Marilyn McCord
Deputy City Clerk

These minutes of the Naples City Council were approved on July 20, 1994.



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Monday, June 13, 1994

Convened 5:00 p.m. / Adjourned 8:20 p.m.

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