



City Council Chamber
735 Eighth Street South
Naples, Florida 34102

City Council Workshop Meeting – March 30, 2009 – 8:29.m.

Vice Mayor Taylor called the meeting to order and presided.

ROLL CALLITEM 1

Present:

Bill Barnett, Mayor (arrived 8:40 a.m.)
Penny Taylor, Vice Mayor

Council Members:

Teresa Heitmann
Gary Price, II
John Sorey, III
Margaret Sulick
William Willkomm, III (arrived 8:32 a.m.)

Also Present:

William Moss, City Manager
Robert Pritt, City Attorney
Tara Norman, City Clerk
Vicki Smith, Technical Writing Specialist
Roger Reinke, Assistant City Manager
Ron Wallace, Streets & Stormwater Director
Gregg Strakaluse, Engineering Manager
Michael Bauer, Natural Resources Manager
Robert Middleton, Utilities Director
Paul Bollenback, Building Services Director
Lori Parsons, Risk Manager
Denise Perez, Human Resources Director
John Passidomo
Dan Waters
Andy Woodcock
Joss Nageon De Lestang
Russell Gowland
Marvin Easton
Frank Feeney
Kathy Worley

Henry Halle
Luan Dola
Alan Ryker
Andrew Dickman
Patti Adams
Stefan Bothe
Lisa Swirda
Jane Yeager Cheffy
Florence Hall
Stacy Revay
Charles Paas
Brad James
Dale Simonson
Andrew McElwaine
Geva Salerno
Matt Taylor

Media:

Tara McLaughlin, Naples Daily News
Eric Staats, Naples Daily News
Other interested citizens and visitors.

SET AGENDA.....ITEM 2

MOTION by Sorey to SET THE AGENDA as submitted; seconded by Price and carried 5-0 (Heitmann-yes, Price-yes, Sorey-yes, Sulick-yes, Taylor-yes, Willkomm-absent, Barnett-absent).

It is noted for the record that Council Member Willkomm arrived at 8:32 a.m. during Item 5 below.

PUBLIC COMMENT.....ITEM 3
(8:30 a.m.) **Florence Hall, 620 East Lake Drive**, expressed concern regarding the amount of algae and pollution within Spring Lake, recommending that Council Members visit the site near her home and providing a sample from the lake. Explaining that she had resided on the Spring Lake for eight years, during the past two years, the pollution issue had worsened. Research had revealed that such a lake should be dredged every fifteen years, she said, and Spring Lake had never been dredged; no fish or turtles remain and the problem must be addressed. Council Member Heitmann thanked Ms. Hall for her comments and noted that during the November 3, 2008, City Council workshop, staff had been given direction with regard to developing a prioritized list of issues regarding City lakes, as well as financial resource needs. Furthermore, Mrs. Heitmann pointed out, a five-year plan with regard to restoring the lakes was to have been provided within six months. Council Member Price suggested that additional discussion regarding the problem take place during correspondence and communications later during that meeting.

It is noted for the record that Mayor Barnett arrived at 8:40 a.m. during Item 4 below.

.....ITEM 4
Agreement with Hole-In-The-Wall Golf Club to fund construction of a lake for stormwater quality improvements. An agreement to provide \$3-million to Hole-In-The-Wall, half of which will be funded by grants, will allow construction of a 12-acre lake to store water pumped from the Gordon River. Water quality improvements will be obtained by discharge from the lake, through a filter marsh, and back to the Gordon River. Potential water quality compensation from the South Florida Water Management District (SFWMD) may allow other stormwater drainage projects to be constructed at less cost. Discussion will focus on the proposed project, agreement, and potential benefit to the City. City Manager William Moss noted that this proposal had been brought forward over one year ago for the City to determine whether to participate in funding along with the Hole-in-the-Wall Golf Club for construction of a 12-acre stormwater retention lake on golf course site. In return it was hoped that the City would be allowed to receive the stormwater water quality credits derived from the project, he added. In response to Council Member Price, Mr. Moss indicated that although no action could be taken that day, staff and the Club requested direction as to the City's intent; should participation be affirmed, negotiations with regard to the operating agreement could ensue with the final agreement brought forward to Council for its approval. If no interest exists, discussions would cease, he said. Mr. Price recommended that should action be required, it be added to that week's regular meeting agenda for formal action.

Attorney John Passidomo, petitioner's agent, referenced the March 27 letter from the Club's President, John Dresser, (Attachment 1) wherein goals and objectives, as well as perceived mutual benefits to the City and the Club had been outlined. Engineer Daniel Waters, WilsonMiller, Inc., appeared on behalf of the Club and utilized an electronic presentation to provide a brief project site summary. (It is noted for the record that a printed copy of this material is contained in the file for this meeting in the City Clerk's Office.) Mr. Waters' comments contained the following information:

- Total site area of 204 acres;

- Club course was constructed in 1955 and predates federal, state and local permitting processes;
- Total on-site wetland areas of 45 acres, 27 of which are directly adjacent to the Gordon River, 18 internal to the project site;
- No wetland impacts are proposed as part of the project; and
- The Club's lakes receive stormwater runoff and irrigation water from the City.

The Club lies within the 5,170 acre Gordon River Watershed, Mr. Waters said, which is highly urbanized and completely developed; the ultimate outfall is Naples Bay. Additionally, the Gordon River Extension had been identified as an impaired body of water by the Florida Department of Environmental Protection (FDEP) in its August 19, 2008, total maximum daily load (TMDL) report, he said, and would indeed benefit from the subject project with regard to water quality. The Club is currently in the final stage of permitting through the South Florida Water Management District (SFWMD), which had been ongoing for nine months.

The project has two facets in need of review, Mr. Waters explained, improvements on which the Club intends to move forward regardless of City participation and those which would require the City. The expansion of the existing 9.8 acres of lakes to approximately 18 acres to meet current water quality/quantity permitting requirements would move forward regardless of the City's participation and the other option for discussion is to create a regional stormwater treatment facility with the construction of an additional 12.1 acre bermed reservoir in the southeast corner of the property. The intent of the treatment facility would be to capture the flows from the Gordon River following a storm event containing the highest levels of pollutants which are received from upstream land uses of the Club property, pumping this flow throughout the Club's lake system with eventual outfall into the 12.1 acre reservoir for additional treatment. Once the water exits the reservoir in a controlled manner, a 1,000 foot long spreader swale on the eastern border of the lake would allow for a shallow, sheet flow across the adjacent wetlands areas and into the river. The additional treatment afforded by the reservoir would be beyond that required of the project and the City would be allowed to use these additional credits in its municipal stormwater project planning, he said. Therefore, a benefit to the City would be this additional treatment at the Club site rather than attempting to procure undeveloped sites around the City for similar stormwater treatment, as well as utilizing the aforementioned credits. An additional proposal would be the provision of three locations along the northern property boundary for the construction of future aquifer storage and recovery (ASR) wells, Mr. Waters noted.

In response to Vice Mayor Taylor, Mr. Waters explained that it had been anticipated that the removal of water from the Gordon River would occur, on average, ten times per year, with 36 acre-feet, or 4-million gallons, withdrawn each time; this calculation had been supported by SFWMD historical data. He also confirmed that storage of this water would allow further water quality treatment, and then release at the outfall as mandated by SFWMD requirement of 0.15 cfs/acre (*cubic feet per second per acre*). Council Member Sulick stated that it was her understanding that the reservoir would not be considered as a beautification aspect of the project and Mr. Waters agreed, pointing out that a berm and additional landscaping would be needed to buffer the area from the sightline of the remainder of the Club. Mr. Waters also said that the State of Florida is planning to alter its stormwater allocation process, whereby credits accrued at one site could be utilized elsewhere, although the resulting market pricing was yet unknown.

In response to Council Member Sorey, Mr. Waters confirmed that the Club's project provides three wading bird areas planted with littorals, as well as settling basins planned at the inflow to the reservoir and its two outflows, should it be constructed, which would add to foraging for the birds. Additional littoral planting bands also enhance the water quality treatment process, Mr. Waters noted. He further clarified for Mr. Sorey that the Club's initial plan had been to draw water from the ditch along Goodlette-Frank Road (which collects water from the City's Basin V), but this had been amended following discussion with Collier County due to County's intent to use the ditch as its water source for Freedom Park (located at Goodlette-Frank Road and Golden Gate Parkway). Referencing the above discussion regarding the cost of an acre/foot of stormwater treatment, Mr. Sorey noted that the cost for Freedom Park had been a total of \$30-million, (\$20-million for the property and \$10-million for actual construction), therefore the cost per acre-foot had been approximately \$6-million. The subject project would cost the City \$120,000 per acre-foot if similar calculations were applied, he pointed out, a much more economical endeavor in his opinion. Mr. Waters clarified for Council Member Price that the \$3-million to be provided by the City would fund construction of the reservoir, including purchase of the pumps and their necessary infrastructure, as well as that for the electric to be connected to the pumps from the line along Goodlette-Frank Road. He also confirmed for Council Member Sulick that approximately \$100,000 to \$150,000 had been additionally spent by the Club regarding engineering planning for the reservoir and reiterated for Council Member Heitmann that the additional treatment facility is not needed as a requirement for the Club's project to move forward.

Should the City decide to participate, the majority of annual costs for operation of the reservoir would be the electricity required to run the two pumps, estimated at \$1,300 per year or \$130 per estimated operation per year. In response to Council Member Price, he further estimated that the life of use of the pumps would be ten years, which cost \$20,000 per each pump, not including wet wells and controls.

Council Member Willkomm questioned whether the City would be guaranteed the receipt of the water quality credits as stated above. Streets & Stormwater Director Ron Wallace said that SFWMD preferred to reference the credits as water quality compensatory volume due to the fact that they do not consider them as an acquisition which could possibly be sold or marketed. Key issues are the amount of storage volume (credit) to be assigned and, the location where they could be applied should they be assigned to the City, he said. The two necessary permits, an Environmental Resource Permit and a Water Use Permit (which became necessary when the concept of removing water from the Gordon River was brought forward) have not been issued as yet and SFWMD is requesting that the City be named as a co-permittee on both thereby assuring that the City would be the operating authority for the proposed treatment facility, i.e. the pump stations and reservoir. Additional requirements had been an access easement for maintenance of the facility by the City should the Club not fulfill this pledge and an annual monitoring program, he added. Mr. Wallace noted the following as additional issues for discussion:

- Anticipated water quality volume and nutrient removals to be generated;
- Cost of project versus benefit to the City;
- Operation Agreement with Hole-in-the-Wall and its conditions;
- Funding availability; and
- The annual monitoring program for verification of the systems function.

The 3-foot deep, 12-acre reservoir had been presented to SFWMD as resulting in 36 acre-feet of storage volume, Mr. Wallace explained, and upon recalculation by WilsonMiller at the District's request, the result had been 28 acre-feet of volume. Although SFWMD has not responded to this new calculation nor approved the permits, it had noted that since it had not been challenged, it most probably would be accepted, he said. Another issue is that currently permits are granted based upon the storage volume although recent debate had centered on whether approval should be based upon nutrient removals, however, a much more difficult calculation. The facility under discussion would result in 261 kg/yr (kilograms per year) of total nitrogen and 67 kg/yr of total phosphorus removal, therefore, the amount of storage volume for this project is significant and nutrient removal fairly low, Mr. Wallace pointed out. He confirmed for Council Member Sorey that should the City agree to participate promptly, the storage volume rule would apply, but cautioned that should the rule change sometime in the future and be based upon nutrient removal, the compensatory volume would no longer be considered as credit towards the City's projects, only the removal rates aforesated.

In response to Council Member Sorey, Mr. Wallace confirmed that with regard to the Stormwater Fund and any reallocations, the General Fund would not be affected because the monies in former must be spent on stormwater projects. With regard to costs, Mr. Wallace stated that one acre-foot of swales costs \$250,000, although they lack comparative storage volume. Underground vault systems are approximately \$1-million per acre-foot to construct, Mr. Wallace said, and considering the cost of land at \$3- to \$4-million per acre in the City, the cost of the subject project of 28 acre-feet for \$3-million becomes much more reasonable, he said. Furthermore, SFWMD had agreed to fund one-half of the \$3-million requested this year, the City would be required to fund \$750,000 in the current year and a like amount the following year; the current budget has this amount earmarked for Hole-in-the-Wall and if not utilized, could be appropriated to other stormwater projects throughout the City. To aid Council in its decision-making, Mr. Wallace reviewed potential compensatory volume needs in Basins II, III and V as reflected in Attachment 2, stating that the figures had been based upon the calculation of the total acreage of each basin and storage of the first one inch of stormwater runoff, as well at the amount of storage currently provided in those areas. Due to the fact that work in these basins would be retrofitting rather than constituting new construction, the requirements become more of a negotiation process with SFWMD; the City's best management practices (BMP's), swales, lakes and stormwater system improvement program aid in reducing the amount of storage volume credits needed. Mr. Wallace used Basin V as an example, explaining that while 37 acre-feet of volume is required, the City had attempted to have this reduced to 18.5 through negotiation; SFWMD had not and staff expected the final requirement to be between the two figures cited. Should it be set at 25 acre-feet, Basin V currently provides 20 acre-feet of storage volume, 4 in swales and 16 in lakes, the additional 5 acre-feet would need to be garnered from some source.

Discussion of the 25-year operating agreement between the City and the golf club (Attachment 3) followed during which Mr. Wallace noted that the Club had indicated its intent to operate the above referenced pumps in accordance with the ERP at its own expense, as well as perform routine maintenance of the pumps, pipes, filter marshes, and berm, also at its own expense, with the City granted access via easements to inspect the facility for assurance that the maintenance is being performed. Major repairs and replacement of capital assets would be shared equally by the

City and the Club, he said, as well as the cost to run the pumps. With regard to the monitoring program, the Club had offered to meet the first five years of this requirement also, he added (Attachment 1, Page 2).

In response to Council Member Willkomm, Mr. Wallace stated that he believed the proposal to be advantageous to the City, but cautioned that should the rule change regarding storage volume versus nutrient removal as the requirement for permitting, a large sum of money would have been paid for a small amount of removal capability. A rule change, he said, could also result in a combined requirement (storage volume and nutrient removal) or even use of storage volume already acquired could be grandfathered by some methodology for use towards future project permitting. Council Member Sorey noted that the proposed rule change had been generated by staff and had not been considered by the Big Cypress Basin Board to date; he however said that he anticipated the combined requirement as stated by Mr. Wallace.

Mr. Wallace agreed with City Manager Moss that the estimated need of an additional 5 acre-feet of storage volume for Basin V would cost much more than the \$3-million under discussion. Council Member Sulick cited her calculations to recreate 28 acre-feet apart from the proposed cooperative effort based upon staff's noted calculations as above stated, as follows:

- 28 acre-feet of swales would cost \$7-million;
- Underground storage vaults would cost \$28-million;
- If land acquisition were involved and using a conservative cost of \$3-million per acre, the cost would be \$84-million.

In response to Council Member Price, Mr. Wallace explained that should the City agree to proceed and the 28 credits allocated, any credits that remained following permitting requirements for Basin V could then be used throughout the City for other stormwater improvements. Furthermore, should the nutrient removal as stated above prove through monitoring not to have been met, then the amount of removal credits received would be lowered, Mr. Wallace explained; Council Member Sorey agreed. Mr. Price expressed concern that substantial financial resources would be utilized with no guarantee of credits existing after a rule change implemented within a year or two, as well as issues with the proposed draft operating agreement (see Attachment 3). Mr. Sorey countered that should only the five acre-feet estimated for use within Basin V be utilized, at a cost of \$600,000 per acre-feet, the partnership with the Club would prove a benefit to the City. Mr. Wallace agreed with the concern regarding the operating agreement, that more specifics should be discussed and negotiated. Mr. Price also questioned the gallon-for-gallon credit for storage of irrigation water noted in the agreement and the fact that other golf courses do not receive a similar concession (see Attachment 1).

Council Member Price then questioned whether the City need be designated as a co-permittee and Mr. Waters explained that should the City decide that day not to go forward, then the treatment facility would be removed from the plan and the permit application and the Club would move forward with its project. However, should the City subsequently decide to remove itself as a permittee, several additional months would most likely be needed to amend the permits, he added.

Mr. Wallace briefly reviewed Basin V proposed projects and noted that the entire basin was to be permitted as one project; approval of the permit had not been granted as yet. The concept of transferring the compensatory volume (credits) is new and had been brought forward due to this unique opportunity afforded by the Club to the City, he stated. In response to Council Member Heitmann, he clarified that staff had indeed researched other methods by which the required credits for Basin V permitting could be obtained, such as construction of a lake within Fleischmann Park, underground storage system, and/or control structure elevation; this would be part of the design process, he stressed. He also confirmed for Mrs. Heitmann that although the Club had indicated its willingness to perform the water monitoring, ultimately it would be the City's responsibility per the permit, he added.

With regard to construction of ASR wells on the subject site, Mr. Moss explained that wells placed on this site should not be considered a benefit since other sites exist on available land. In response to Vice Mayor Taylor, Mr. Wallace added that, originally, the excess credits under discussion had been of interest with regard to the future beach outfall renovations, but contact with Collier County had brought forward a possible solution by including the outfall project with the County's dune restoration program routing the outfall water through the dunes for treatment. Some compensatory volume would however be needed though, he stated. He then agreed with Vice Mayor Taylor that opportunities for water treatment do exist within the linear park of the west side of Goodlette-Frank Road in the former railroad right-of-way, in the form of a filter march or lake.

Additional discussion followed regarding water quality compensatory volume and nutrient removal, as well as various ways in which the City could attain these for use in permitting of its stormwater projects. Discussion then returned to the issue of the City becoming the co-permittee, and the operating agreement. Mr. Moss confirmed that should Council decide to participate, the permits would be altered to denote the City as co-permittee and negotiations with regard to the agreement could move forward. Mr. Wallace confirmed that should the City later wish to withdraw as co-permittee, the permit would change to reflect no 12 acre lake construction nor withdrawal of water from the Gordon River. Council Member Price cautioned that the permits should not go forward until the operating agreement is committed to by both parties. Council Member Sulick reiterated her support of the project, noting that such an opportunity would not occur in the future and that the permit must go forward for some of the questions as above discussed to be answered. Mr. Price noted that the project did not actually address City stormwater issues, that ten times per year water would be taken from the river, minimally treated, and then returned; he said he could not support moving forward. Vice Mayor Taylor questioned whether credits expire and Mr. Wallace stated that this particular aspect had not been discussed.

Recess: 10:47 a.m. to 11:00 a.m. It is noted for the record that the same Council Members were present when the meeting reconvened and discussion of Item 4 continued.

Discussion followed wherein the City's stormwater engineering consultant for Basin V, Joss Nageon De Lestang, Gulf Shore Engineering, offered a brief overview of the conceptual design for improvements to Basins V, III and II, centering his comments on the issues west of Goodlette-Frank Road within Basin V. With regard to permitting issues, the deficiency of credits must somehow be addressed, he said, reiterating that swales are creative and effective, but generate a low volume. Furthermore, he agreed that the project under discussion would not

address flooding issues within Basin V, but the volume credits, if transferable, would aid in permitting of Basin V.

Additional discussion then followed and Council requested a legal opinion by the City Attorney regarding the City's liability should be become a co-permittee on the applications.

Consensus to determine at regular meeting of 04/01/09 whether the City will become the permit co-applicant. (4-3 / Heitmann, Taylor and Price dissenting) (City Attorney to provide legal opinion as to the City's responsibility should it agree to become co-permittee with Hole-in-the-Wall.)

.....ITEM 5
PARTICIPATION IN CONSERVANCY STORMWATER IMPROVEMENT PROJECT.

The Conservancy of Southwest Florida is proposing a stormwater project with filter marsh on their property. The City is asked to participate in the funding of the project, which is intended to improve drainage within the City. City Manager William Moss noted Council's December 15, 2008 discussion of the Conservancy's proposed stormwater project wherein a City contribution in the amount of \$300,000 had been requested. Additional information had been requested by Council, he said, as to increased stormwater flows into the Gordon River and anticipated nutrient removals. Streets & Stormwater Director Ron Wallace added that while the Conservancy had received grant funding, a City contribution was nevertheless needed, noting that the outfall in question is the main discharge for the City's Drainage Basin V. This improvement would be noted within the City's permitting application for other water quality improvements to its stormwater system, he added, pointing out that while this project is low in the volume of water treated, the amount of nutrients to be removed is extremely high. In response to Council Member Sulick, Mr. Wallace stated that Collier County had declined to participate in this project due to the demands of its own water quality program.

Andrew McElwaine, President of the Conservancy, conveyed the following information for the Council's consideration:

- The Conservancy lies within the City's water service area;
- The Conservancy would be willing to amend its permit application to include the City as a permittee;
- The Conservancy would be willing to grant access easements to the City; and
- The project is "shovel ready;" and
- The permit indicates that maintenance of the project is the responsibility of the Conservancy.

Mr. McElwaine also clarified that the Conservancy had not contacted Collier County with regard to participation, although the Coastland Mall, one of the key contributors to the pollution of the drainage ditch, had indicated no interest in funding the project. The ditch, he added, had been constructed prior to 1978, also collecting discharge from Fleischmann Park, and the Conservancy would be willing to approach South Florida Water Management District (SFWMD) to ascertain whether the water quality credits earned by the construction of this project could indeed be transferred to the City. Florida Department of Environmental Protection (FDEP) nutrient controls with regard to discharge into waters will only become more stringent, he cautioned, and this project offers the opportunity for a high degree of such control.

In response to Council, Mr. Wallace confirmed that staff recommended participation and supported the project, especially due to the fact that several box culverts would be replaced along the ditch, allowing additional water volume and increased flow discharging from Basin V. Mayor Barnett pointed out that while Council would most probably support the project, all funding sources must be presented prior to decision-making. Council Member Price sought clarification of the ranking of this project in the City's stormwater management priorities and identification of any proposed City project that would be tabled to divert funding.

Frank Feeney, Hole & Montes, consultant for the Conservancy, utilized an electronic presentation to review existing site conditions as well as the proposed alterations, including widening and deepening of the existing ditch and replacement of the aforementioned box culverts leading into the filter marsh treatment area which is to be surrounded by littoral plantings. (It is noted for the record that a printed copy of the presentation is contained in the file for this meeting in the City Clerk's Office.) The enlargement of the ditch and box culverts will provide 0.91 acre-feet (approximately 0.4 acre-feet currently exists) of water quality storage volume and aid in the prevention of flooding upstream in the Basin V area, he said, noting that the filtering area also provides 4.4 times greater cleansing than currently available due especially to the area being entirely planted with wetland species. Kathy Worley of Hole & Montes then reviewed the estimated pollutant load reductions, which were based upon predicting the effectiveness of the best management practices (BMP's) regarding treatment to be utilized in the project, and the assumption that no treatment occurs upstream of the project. The following percentages of reduction estimates were provided by Geva Salerno of the Conservancy:

- Total suspended solid – 98.2%;
- Total phosphorus – 72.07%;
- Total nitrogen 0 67.77%;
- Sediment – 98.2%; and
- Biological oxygen demand – 62.04%.

Ms. Salerno also noted that with the educational element of the project incorporated into the boardwalk/trail walk experience, the Conservancy's approximate 30,000 annual visitors would receive information regarding prevention of stormwater pollution and the attendant improvements to the environment. This educational opportunity is important for future generations, she stressed.

Council Member Sulick referenced the above offer of water quality credits to the City, and Mr. Wallace indicated that while this had not occurred in the past, to his knowledge, SFWMD should indeed be approached to consider such an action. Council Member Sorey pointed out that only a 0.5 acre-foot would be awarded, this being the difference between the existing configuration and that which had been proposed. Mr. Wallace clarified his belief that a storage volume reduction as well as an overall reduction corresponding to best management practices (BMP) would most likely be awarded. Mr. Sorey also noted the comparability of the \$300,000 cost cited for the 0.5 acre-foot of water quality credits for the project under discussion to the projected cost of \$600,000 per 1.0 acre-foot in conjunction with the Hole-In-The-Wall Golf Club project discussed above.

Mr. Wallace stated that should the Council wish to proceed with this particular project, specifics of funding options would be provided at a later date. Utilization of grant funding earmarked for

Basin V should be the first consideration, he further noted, pointing out that \$500,000 of unencumbered funding remains in the budget for work in that basin. The most important aspect of this project is its effect upon Naples Bay by cleaning the stormwater prior to its entering the water body, Mr. Wallace said.

Council Member Price questioned whether an acre of swales could be constructed for \$250,000, resulting in receipt of water quality credits. Mr. Wallace clarified that no credits are however received for the restoration of swales, only new swale systems. He also noted in response to Council Member Heitmann that current expected Basin V improvements amount to several million dollars and are currently in the permitting phase. Mr. Price again cited his opposition to diversion of funding from City projects, stressing the need for the setting of priorities. Mr. Wallace pointed out however that costs and priorities could be set only after obtaining plans and permitting for the City's various proposed projects, noting the state mandated elimination of beach outfalls as an example.

Following the consensus below, City Manager Moss confirmed that staff would, as soon as possible, provide Council with specific funding options.

Consensus to support the City's participation in the Conservancy project and for staff to provide Council with specific funding sources (6-1 / Price dissenting).

Recess: 12:16 p.m. to 12:23 p.m. It is noted for the record that the same Council Members were present when the meeting reconvened except Council Member Heitmann who returned at 12:52 p.m. during Item 6 below.

BICYCLE FRIENDLY COMMUNITYITEM 6
Discussion on requirements to earn the designation of "Bicycle Friendly Community."

Streets & Stormwater Director Ron Wallace utilized an electronic presentation regarding the requirements and procedures involved for the City to earn the designation of a Bicycle Friendly Community, cautioning that it would however entail a major commitment by the City. (It is noted for the record that a printed copy of this presentation is contained in the file for this meeting in the City Clerk's Office, as well as a copy of the application referenced below.)

The first step towards the designation, Mr. Wallace continued, would be to submit a general community profile, including an action plan, to determine whether the City would meet the basic criteria; the second step would be the completion of a detailed audit of the engineering, education, enforcement and evaluation efforts of the community. He further cautioned that with the aforementioned designation, any projects regarding transportation and/or planning would be required to specifically address bicycle use. However, he characterized the above referenced community profile as relatively simple, listing the following for inclusion:

- Population;
- Area;
- Climate;
- Income;
- Age Distribution;
- Race;
- Number of bike to work employees;

- Bicycle policy;
- Capital outlay as it relates to bicycle use; and
- Committee and staffing assigned to bicycle programs.

Mr. Wallace next addressed the above noted action plan, but explained that the City is already experiencing difficulty in maintaining existing pathways and roadways due the current economic conditions, questioning therefore the advisability of commitment. Council Member Sulick agreed, stating that while the designation would be an excellent addition to the City's branding, the existing bicycle plan had been accomplishing its goal and with no hidden costs. She therefore said that she could not support submittal of the aforementioned application. Council Member Price however voiced his support of the project, saying that volunteers would be willing to perform the majority of the work to submit the application, thereby limiting staff time to providing pertinent information. Mr. Price also pointed out that many of the issues reviewed by Mr. Wallace had already been accomplished or were merely recommendations, not requirements, and would therefore not apply to the City. Mr. Price also stressed that enforcing existing traffic laws would increase bicycle safety, further expressing doubt that a major financial commitment would accrue by virtue of pursuing the designation. Mrs. Sulick nevertheless reiterated her position that this would not be the case, and Vice Mayor Taylor noted her lack of support for characterizing the plan as a charter as indicated in Attachment 4, Item 10. In urging that the application be submitted with the aid of volunteers, Mr. Price pointed out that the City could decline to move forward should the concerns expressed become apparent. Council Member Sorey agreed, suggesting that Boca Raton be contacted for its experience in obtaining the designation and that volunteers indeed be given the task of completing the application.

It is noted for the record that Council Member Heitmann returned at 12:52 p.m. during public comment below.

Public Comment: 12:44 p.m.) The following speakers supported the City seeking the designation: **Luan Dola, 112 Pier K; Stacy Revay, on behalf of the Collier County Health Department; Brad James, 431 Second Avenue South; Lisa Swirda, 800 Fifth Avenue South, #103; Andrew Dickman, 852 First Avenue South; Henry Halle, 2885 Gulf Shore Boulevard North, #103. Dale Simonson, 3400 Gulf Shore Boulevard North, #4, and Charles Paas, 745 Parkview Lane,** did not respond when called upon; **Jane Yeager Cheffy, 2400 Gulf Shore Boulevard North, #705, and Patti Adams, 9 Sabre Lane,** did not respond when called to speak but left written comments supporting the designation (contained in the file for this meeting in the City Clerk's Office.) **Alan Ryker, 300 Fifth Street South,** indicated that, along with his support, he would offer his time as a volunteer and member of the Pathways Coalition in preparing the application for submittal. The designation under discussion has four levels of participation, he explained, listing several cities with bronze level designations, to which he said he believed the City would be comparable.

Vice Mayor Taylor said that despite her concerns regarding bicycle safety, the second step of the application process regarding a detailed audit would indeed involve staff time. Mayor Barnett explained that while he supported the concept of the designation, economic factors remained prominent; therefore he said he would recommend that Council avail itself of Mr. Ryker's offer to prepare the application. In response, Mr. Ryker proposed to complete Part I of the application and Council Member Sorey noted that the information provided in the information packet for that meeting indicated that technical assistance would be available through the League of

American Bicyclists, the program's sponsor. Council Member Sulick again cautioned against unintended consequences and strongly indicated that she would not support the application submittal whatsoever; Council Member Willkomm agreed, adding that his concerns also included funding of the action plan.

Consensus not to pursue this designation (4-3 / Price, Sorey and Heitmann dissenting). Consensus that citizens / volunteers prepare draft application Part I, with limited staff support, for further Council consideration (4-3 / Heitmann, Sulick and Willkomm dissenting).

.....**ITEM 7**
OVERVIEW OF PROPERTY, LIABILITY, AND WORKERS' COMPENSATION INSURANCE PROGRAM. Discussion of self-insurance and excess insurance coverage and potential reduction in coverage to reduce insurance premiums. (It is noted for the record that a printed copy of the electronic presentation made by Risk Manager Lori Parsons is contained in the file for this meeting in the City Clerk's Office.) Ms. Parsons provided a detailed review of her memorandum dated March 20 (Attachment 5), and noted the following staff recommendations for cost-savings:

- Workers' Compensation – Maintain the self-insured retention for fire and police employees at \$200,000 and increase it for general employees to \$250,000, effective October 1, 2009, saving the City approximately \$35,000 to \$45,000 per year in premium costs with minimal increase to claim exposure.
- Auto Liability and Physical Damage – Increase automobile physical damage collision and comprehensive deductible to \$5,000 on all vehicles, effective October 1, 2009, saving an approximate \$25,000 to \$30,000 per year.
- Property Insurance – Utilize a combination of the three options outlined in Attachment 5, effective October 1, 2009, saving an approximate \$150,000 in premiums.

A total saving of \$200,000 to \$225,000 is anticipated by implementing all of the recommended changes above, Ms. Parsons said, noting that the estimated savings are based on current rates; in August or September staff intends to provide to Council all options and recommendations based upon renewal quotes.

Consensus for staff to proceed with recommended revisions regarding insurance coverages.

Recess: 1:32 p.m. to 1:48 p.m. It is noted for the record that the same Council Members were present when the meeting reconvened.

IRRIGATION WATER RATE REPORT.....ITEM 8
A six-member committee was appointed at the request of City Council to consider methodology and recommendations for revised irrigation (reclaimed, reuse or alternative) water rates. The committee's recommendations will be discussed. Utilities Director Robert Middleton briefly reviewed his memorandum dated March 20 (Attachment 6) wherein the composition of the six-member committee was further detailed as representatives of single-family homes, condominiums, golf courses, and institutional customers. Its goal had been to make recommendations to Council as to a methodology for revision of the irrigation water rates, based on agreed upon assumptions and policy.

Public Comment: (1:49 p.m.) **Russ Gowland, 4451 Gulf Shore Boulevard North, #1604,** stating that he had represented potential irrigation water customers along Gulf Shore Boulevard on the committee. He recommended that rather than utilizing a five-year historical data base with regard to consumption, four years of historical data and one year of forecasted data be

utilized, particularly with regard to bulk users. Furthermore, he stated that the committee had determined that in the most recent rate study, consumption had not equaled cited output, especially in the Port Royal area. This potentially lost revenue should be pursued, he cautioned. In addition, Mr. Gowland recommended that the next potable water rate study also include irrigation rates with a focused review of the three customer classes. In conclusion, he said that he believed that although 50% of the direct cost of the reuse (reclaimed, irrigation water) system extension project had involved the installation of the main line into Port Royal, the cost should nevertheless be shared equally among all users due to the fact that more potable water is to be made available as expansion of the irrigation system takes place. **Marvin Easton, 944 Spyglass Lane**, briefly reviewed his suggested planning approach document (a copy of which is appended hereto as Attachment 7), stressing that operational considerations as contained therein should be determined prior to identifying a particular methodology for the next rate study. In response to Council Member Price, Mr. Easton confirmed that while he could support the cost shared equally among the three customer classifications, volume of use allocation data must be correctly adjusted prior to the rate being applied.

Mayor Barnett noted the Committee recommendation that a revised irrigation rate study is required and that the proposed cost would be \$12,460 for Tetra Tech, Inc., to complete this work. Council Member Sorey nevertheless stressed the need to determine the parameters to be utilized by the consultant so as to avoid future disagreement as to rate equity, especially the projected use by each of the customer classes.

Council Member Price said that he maintains his past concerns with regard to Table 1 (Irrigation Fiscal Requirement Allocation, Attachment 8), and Mr. Middleton confirmed that the line item entitled “Debt Financed Capital” referenced the newly installed irrigation water lines of Phase I. Consultant Andy Woodcock, Tetra Tech Inc., further clarified that this item had been allocated to all three customer classifications based upon flow, while the “Maintenance – Other” line item (see Attachment 8), also allocated to the three classifications, had nevertheless been based upon adjusted irrigation water demand using test year 2005-06 data. Mr. Woodcock explained that the adjustment, to address stress on the system, involved determining periods of peak demand, i.e., general customer demand peaks when all are irrigating lawns while a bulk customer would perhaps be filling a pond but utilizing their own pumps to address the peaking factor. He also observed that his professional opinion remained that the most equitable method had been to allocate the cost of the localized line installations to the area receiving the benefit. Mr. Woodcock clarified for Council Member Heitmann that only the infrastructure upon which the City is currently paying debt service had been included within the rates. Another rate study would indeed be needed when the next phase is brought on line due to the number of customers to be added to the system. Mr. Middleton added that although expansion is scheduled for 2011, sources of water available for use in the irrigation water system must be determined prior to any further installations. City Manager William Moss said that a revised five-year plan would also be brought to Council before the system is further enlarged, noting that a permit to extract water from the Golden Gate Canal would involve as least a two-year process, with additional time needed for planning and permitting of aquifer storage and recovery (ASR) wells. In addition, he clarified for Vice Mayor Taylor that the process of retrofitting the City’s median irrigation from potable to reuse water would not be cost effective at that time; only those medians which could be converted at minimal cost had to that point undergone alterations.

In response to Council Member Heitmann, Mr. Woodcock confirmed that while he certified the rates as presented, more up-to-date data since 2007 is available and valuable feedback had been provided by the aforementioned committee. He further said that he could provide rates utilizing methodology as directed by Council but no greater than a 20% alteration of any rate within the structure should be expected. Council Member Sulick reiterated her recommendation that the costs of the system be allocated to all those using the irrigation water, that the rates would apply to more and more residents, as they become customers.

Council Member Sorey suggested a line-by-line review the above referenced Table 1 (see Attachment 8) to ascertain whether it supported the assumptions used for each. Council Member Sulick cautioned that the data cited in footnote (2) regarding the number of gallons of water used by each customer classification had been taken from the aforementioned 2005-06 test year and that whatever numbers are used must be correct or equity would again be lost. She explained that this fact supported the need to collect usage data for the prior five years for each customer class, again using the assumption that, especially in Port Royal, 70% of the potable water demand had been for irrigation. In addition, she pointed out that 4 of the 11 golf courses do not have retention lakes but were given the 50% reduction in demand along with those that have lakes, and this should be altered. Mr. Woodcock indicated that this would be acceptable and that the utility billing information could be used for this purpose; however, he cautioned that the proven method of calculation involved taking a test year's costs and matching this with that year's expenses. Mayor Barnett noted his belief that the golf course/bulk user rate should remain as it is and Mrs. Heitmann agreed, reminding Council that their water supply could be interrupted if needed by the City. Mr. Woodcock also clarified for Mrs. Heitmann that although the aforementioned Table 1 reflected 9 bulk users (golf courses), 11 is the correct number and had been used in his calculations.

Council Member Price stated that the fact remained that thus far the irrigation system had cost the City \$1,258,000, \$668,000 of which is financed. A decision must be made whether to allocate the debt portion equally among the three customer classes or merely within the area where the lines are located and who had irrigation water available for use, he said.

In response to Council discussion, Mr. Woodcock pointed out that he has on hand five years of bulk user demand data and that he had used a 22% reduction in that demand for allocation purposes, this factor he recommended utilizing again. Matt Taylor, representing golf course users, stated that while they agree with Mr. Woodcock's aforesaid assumption, changing weather patterns make it difficult to determine future irrigation needs and that with the higher rates, golf courses being remodeled are attempting to reduce the amount of irrigated acreage and considering possible ASR well development. Consensus regarding bulk rate allocation methodology as reflected below.

Additional discussion followed regarding the allocation of the debt during which Mr. Middleton clarified that of the \$8-million spent on Phase I and I-A, \$2.5-million had been received in grant funding. Therefore, Council Member Price suggested, sharing the remaining cost equally between the three classifications should not be considered equitable. The \$2.5-million could be considered funding towards the main supply line and the remaining 60% to 70% could be

allocated proportionately to those benefiting from the remainder of the new system area. Council Member Sulick disagreed, saying that she believed all those with irrigation water available should contribute due to a lowered rate as more customers connect. Mr. Woodcock cautioned that it was unclear at that time when that main transmission line became a benefit to the entire community as currently it supplies water only to Phases I and I-A areas. Council Member Sorey suggested that the allocation be based upon the new flow data to be obtained from the methodology agreed upon above; Council concurred.

A brief discussion followed regarding the above referenced fact that 4 of the 11 bulk users do not have storage lakes but benefit from lower rates as do those with lakes. Council Member Sorey recommended division into two subclasses with those courses containing lakes offered a lowered rate. Mr. Middleton noted that from an operations standpoint, the two are treated separately when interruption of service is considered, and Mr. Woodcock agreed that this division would be the most equitable for this particular classification. Council concurred with this recommendation.

With regard to a diminished peak value, Mr. Woodcock explained that he had used industry standards for the study and that this could be re-evaluated to better reflect each classification's impact, and therefore allocation, with regard to wastewater treatment and maintenance; Council concurred.

City Manager Moss indicated that staff would present to Council at that Wednesday's regular meeting. a resolution reflecting the above methodology for use in the new rate study. In response to Council, Mr. Woodcock clarified that a majority of the additional costs reflected his time to attend the additional hearings to consider the new rates. Referencing the existing consulting contract for Mr. Woodcock, Mr. Moss added that a fee had been agreed upon for a certain amount of work, which had been completed. Council did not agree with the allocation method or the resulting rates and therefore additional work would be necessary for Mr. Woodcock to develop rates reflecting the above discussion. Consensus followed as reflected below.

Consensuses as follows: Allocate rates based on: (bulk) average of last five years of billed usage by golf courses with a 22% decline in future usage factored; (general) 70% of average of last five years of potable water use in Port Royal. Allocate capital debt service proportionally based upon results of above usage calculations to all irrigation customer classifications. Divide bulk classification into two: those with on-site storage lakes and those without. Adjust allocation factors for wastewater treatment, maintenance / other and maintenance / personnel in all customer classes based on diminished peak usage. Resolution will be presented on 04/01/09 to authorize additional rate study work. (4-3, Heitmann, Price and Willkomm dissenting).

.....**ITEM 9**
IRRIGATION WATER CONNECTION AND HOLD HARMLESS AGREEMENT. Last year, because of the high level of Chlorides in irrigation water, new customers were asked to sign a hold harmless agreement to connect to the irrigation (reclaimed) water system. Repairs to the sanitary sewer collection system have resulted in a significant reduction in Chlorides, from around 600 parts per million (ppm) to less than 300 ppm. The goal for chloride content is 400 ppm or less. It is recommended that the hold harmless agreement

should no longer be a requirement. City Manager William Moss explained that staff recommended that the hold harmless agreement no longer be a requirement for marketing reasons and due to the lowering of chloride levels in the irrigation (reclaimed, reuse or alternative) water provided by the City. Council Member Sulick stated that so long as connection to the irrigation system remained voluntary, she could support the removal of the agreement; Council Member Willkomm agreed and the consensus below was forthcoming.

Consensus that hold-harmless agreement no longer be a requirement with regard to connection to the City's irrigation water system.

.....**ITEM 10**
BUILDING PERMIT FUND YEAR-TO-DATE FINANCIAL SUMMARY AND RECOMMENDED ACTION. Project revenues derived from the issuance of building permits are significantly under projected Building Permit Department expenses. A year-to-date financial summary and recommended actions to offset the projected revenue shortfall will be discussed. City Manager William Moss noted his memorandum dated March 25 (Attachment 9) wherein staff recommended that the current allocation from the Fund Balance be increased from \$275,155 to \$750,000. Building Services Director Paul Bollenback utilized an electronic presentation to outline the need for this request, explaining that the current economic recession had resulted in a marked decrease in the number and size of plans submitted to his department in the past 60 days. (It is noted for the record that a print copy of the presentation is contained in the file for this meeting in the City Clerk's Office.) As a self-supporting entity, this downturn had proven devastating for his department, he said. Commercial projects, as well as multi-family projects have also decreased dramatically, as well as the remodeling of condominiums.

The Building Permit Fund currently has a balance of \$5.3-million with the anticipated use as referenced above, Mr. Bollenback said, but the extreme downturn in building activity had required the current request being brought forward. Furthermore, he noted that sites being inspected currently could have been permitted as long as six months to a year, therefore the inspectors continue to be required but new projects are not expected in the immediate future. With approval of the request noted above, he pointed out, an additional \$400,000 deficit could be realized by the end of the year. Due to the labor-intensive nature of the department's work and the fact that its staff is highly trained and state certified, the majority of the deficit is salaries, he noted. Should the allocation be approved, staffing reductions will still be necessary, as well as other cost saving measures such as canceling attendance to any additional educational seminars, he said.

Council Member Price nevertheless asserted that expenditures must be decreased, and Mr. Bollenback agreed, stating that if such reductions do not occur, the above referenced fund balance would indeed be depleted. The recent drastic downturn in permit applications had not been anticipated in light of the continued applications during the end of 2008; \$200,000 had been added to the fund during that year, he pointed out. City Manager Moss also stressed that staff reduction must occur immediately and that a decision must be made with regard to an acceptable size for the department. He also indicated that an allocation of \$1-million would however allow greater flexibility with regard to an acceptable level of service for the Building Department. Mr. Price cautioned that dramatic cost cutting must be forthcoming and that he could not support the greater amount. Council agreed with Mr. Moss and the consensus below was reached.

*Consensus to transfer \$1-million from the fund balance (Price dissenting).
(Staff to provide list of outstanding permits and their effective dates prior to
budget review.)*

BRIEFING BY CITY MANAGERITEM 11

(It is noted for the record that the City Manager's report is contained in the file for this meeting in the City Clerk's Office.)

REVIEW OF THE 04/01/09 REGULAR MEETING AGENDAITEM 12

Council Member Price requested that Item 6-e (forestry grant) and Item 6-f (grants coordinator) be removed from the Consent Agenda for separate discussion. The following items were added in response to that day's above discussions: Item 12 (Hole-in-the-Wall lake permit); Item 13 (authorize study by Tetra Tech for irrigation (reclaimed, reuse or alternative) rates); and Item 14 (budget amendment regarding Building Department).

CORRESPONDENCE / COMMUNICATIONS

(4:11 p.m.) Council Member Willkomm requested that Council recess for lunch during the April 15 regular meeting and Council Member Price agreed, requesting that such a recess be taken for all Council meetings. Council Member Heitmann noted the need for enforcement of water restrictions and questioned whether water quality credits had been awarded to Collier County for its construction of the Freedom Park water quality facility.

ADJOURN.....

4:22 p.m.

Bill Barnett, Mayor

Tara A. Norman, City Clerk

Minutes prepared by:

Vicki L. Smith, Technical Writing Specialist

Minutes Approved: 05/06/09



March 27, 2009

VIA E-MAIL: citycouncil@naplesgov.com

The Honorable Mayor William Barnett
and City Council Members
City Hall
735 Eighth Street South
Naples, FL 34102

Re: Hole-In-The-Wall Golf Club Water Quality Improvement Project

Dear Mayor Barnett and City Council Members:

Consultants will make a presentation to City Council at its Workshop on Monday. I thought it might be helpful to you to put that presentation in the context of overarching goals and objectives which we at Hole-In-The-Wall believe may provide significant mutual benefits to both the club and the city. I have accordingly prepared the following outline and Larry Settle will be available to address any questions you may have concerning it during your deliberations:

Credits:

The permitting process is in the final stages. SWFMD staff has agreed on the amount of credits and the allocation of those credits directly to the City. The City will be asked to sign as co-permittee for the limited purpose of being the governmental authority responsible for the operation of the pumps.

Money:

The overall renovation/water quality project is currently budgeted at \$10.8 million. The City's share is \$3.0 Million.

SUPPLEMENT
1

The Honorable Mayor William Barnett
and City Council Members
March 27, 2009
Page 2

Operating agreement:

1. Long term.
2. Easement to protect the City by ensuring ongoing operational advantages.
3. Hole-In-The-Wall will do routine maintenance and the first 5 years water quality sampling at its expense.
4. Refurbishment and/or replacement of capital assets will be shared on a 50/50 basis.
5. Electricity for running the pumps will be shared on a 50/50 basis.

ASR:

1. Three sites for wells and an access easement will be provided by the Hole-in-the-Wall to the City.
2. The sites will be permitted and developed at the City's discretion and at its expense.
3. Hole-In-The-Wall will receive a 10% ownership in the water stored in the wells for the sole purpose of irrigation at the Hole-In-The-Wall.
4. The first ASR well must be drilled within 10 years, or the dedication will lapse.

Irrigation water:

1. The ERP establishes conditions for the importation of irrigation water into the system.
2. Hole-In-The-Wall will sign the standard irrigation water contract all other golf courses sign.
3. If the City asks the Hole-In-The-Wall to take excess irrigation water for mitigation purposes (water that would be dumped in the Gordon River) there will be a gallon for gallon credit against water purchased under the standard contract. The credit expires annually.

We hope this outline will frame the technical presentation you hear Monday in a larger context and that the "big picture" that emerges is one that provides significant benefits to both the club and the city. We look forward to City Council's active engagement in realizing the promise we believe the project holds for our members, your constituents, and the general public.

Very truly yours,

Hole-In-The-Wall Golf Club

By: _____
John Dresser

6751-13825 #41



Potential Need

- Basin 5: 444 acres (1st inch)
37 ac-ft of volume required*
20 ac-ft of volume provided
- Basin 3: 300 acres (1st inch)
25 ac-ft of volume required*
- Basin 2: 322 acres (1st inch)
26.8 ac-ft of volume required*

* - BMP's, Swales, Lakes, System Improvements and Ex. Permitted Sites all provide reductions in water quality volume requirements. (i.e. Basin V: a 50% reduction in volume is 18.5 ac-ft which is provided)

Attachment 3 / Page 1 of 1

Operating Agreement

- General:
The Hole-In-The-Wall Golf Club (the Club) is permitting a construction project to renovate its golf course and provide a water quality improvement facility to the City of Naples (the City). This agreement sets forth the terms and conditions under which the Club will operate the facility on behalf of the City
- Term:
The initial term is twenty five years and may be renewed at the City's option for a maximum of three additional twenty five year terms upon written notice at least three months prior to any expiration date.
- Operations:
The Club will operate the pumps in accordance with the procedures detailed in the ERP permit at its own expense. The Club will also perform routine maintenance of the pumps, pipes, filter marshes, and berm at its own expense. The City shall have a reasonable right of access to inspect the facility from time to time to assure that the maintenance is being performed to industry standards. Major repairs and replacement of capital assets will be shared by the City and the Club on an equal basis. The water quality pumps will be separately metered and the cost of operating the pumps will also be shared on an equal basis by the Club and the City.

Therefore we, the undersigned Mayors and municipal elected officials, are committed to taking the following steps to improve conditions for bicycling and thus to realizing the significant potential benefits of bicycling in our community. We hereby adopt the following **Action Plan for Bicycle Friendly Communities**:

1. Adopt a target level of bicycle use (e.g. percent of trips) and safety to be achieved within a specific timeframe, and improve data collection necessary to monitor progress.
2. Provide safe and convenient bicycle access to all parts of the community through a signed network of on- and off-street facilities, low-speed streets, and secure parking. Local cyclists should be involved in identifying maintenance needs and ongoing improvements.
3. Establish information programs to promote bicycling for all purposes, and to communicate the many benefits of bicycling to residents and businesses (e.g. with bicycle maps, public relations campaigns, neighborhood rides, a ride with the Mayor)
4. Make the City a model employer by encouraging bicycle use among its employees (e.g. by providing parking, showers and lockers, and establishing a city bicycle fleet).
5. Ensure all city policies, plans, codes, and programs are updated and implemented to take advantage of every opportunity to create a more bicycle-friendly community. Staff in all departments should be offered training to better enable them to complete this task.
6. Educate all road users to share the road and interact safely. Road design and education programs should combine to increase the confidence of bicyclists.
7. Enforce traffic laws to improve the safety and comfort of all road users, with a particular focus on behaviors and attitudes that cause motor vehicle/bicycle crashes.
8. Develop special programs to encourage bicycle use in communities where significant segments of the population do not drive (e.g. through Safe Routes to Schools programs) and where short trips are most common.
9. Promote intermodal travel between public transport and bicycles, e.g. by putting bike racks on buses, improving parking at transit, and improving access to rail and public transport vehicles.
10. Establish a citywide, multi-disciplinary committee for nonmotorized mobility to submit to the Mayor/Council a regular evaluation and action plan for completing the items in this Charter.

“We will promote safe and environmentally friendly cycling and walking by providing safe infrastructure and networks...” World Health Organization Charter on Transport, Environment and Health, 1999.

“The US Conference of Mayors calls on cities and communities to promote increased safe bicycle use for transportation and recreation...” US Conference of Mayors, 2003.

For the City of:

.....
Signature

.....
Name



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Workshop Meeting Date: March 30, 2009

Agenda Item: 7	Prepared By: Lori P. Parsons, Risk Manager Date: March 20, 2009 Department: Human Resources
SUBJECT: Property, Liability and Workers' Compensation Insurance Overview.	
BACKGROUND: Historically, the City has maintained a property, liability and workers' compensation insurance program which involves a combination of self insurance with the purchase of excess insurances for protection against catastrophic events. Coverage has typically been provided through municipal programs which cater to the unique needs of government agencies with minimal changes through the years. Often referred to as a "rich" program, the City has maintained coverage for full replacement cost value on property and contents as well as actual cash value on vehicles and equipment. Since the City is substantially self insured, the City maintains an internal service fund, referred to as the Risk Management fund (Fund 500) to pay claims that fall below our self insured retentions. An annual actuarial analysis is performed to determine the appropriate funding and reserve levels. All expenses (personnel, operating, premium and claims funding) associated with the Risk Management fund are allocated, or charged back, to other City funds based on a combination of exposures and claim experience. Our current property, liability and workers' compensation insurances are provided through Preferred Governmental Insurance Trust (PGIT) and the current annual premium is \$1,317,569. <u>Workers' Compensation</u> The current excess workers' compensation insurance premium is \$213,562. Excess workers' compensation insurance covers the City for workers' compensation claims in excess of our self-insured retentions of \$200,000 for police and fire employees and \$150,000 for all other employees. Staff is exploring the options of increasing the self insured retention for all employees to \$200,000 or \$350,000. In addition, an alternate option of increasing the self insured retention for general employees to \$250,000 while the police and fire employees self insured retention remains at \$200,000. Based on the attached analysis, increasing the self insured retention for general employees to \$250,000 (vs. \$150,000) will save the City approximately \$35,000 to \$45,000 per year in premium costs with minimal increased claim exposure. While the premium saving on the \$350,000 self insured retention option is more significant, the increased risk far outweighs any premium savings. Staff recommends keeping the workers' compensation self insured retention for police and fire employees ^s at \$200,000 and increasing the workers' compensation self insured retention for general employees to \$250,000 effective October 1, 2009. <u>Auto Liability and Physical Damage</u> The current automobile liability and physical damage insurance premium is \$105,700 (\$43,731 for liability and \$61,339 for physical damage). There is a \$1,000 collision and comprehensive deductible. In recent months, the City has reduced the vehicle fleet by approximately 11%. The current vehicle schedule includes 238 vehicles plus 44 pieces of heavy equipment for a total of 282 units with an actual cash value of \$9,765,044.	

**NAPLES CITY COUNCIL AGENDA MEMORANDUM**Workshop Meeting Date: **March 30, 2009**

Page Two

Agenda Item:

7

BACKGROUND (cont.):

Staff is exploring the options of increasing the collision and comprehensive deductible on all vehicles to \$5,000 as well as a split deductible of \$5,000 on vehicles valued less than \$100,000 and \$25,000 on vehicles valued more than \$100,000. Based on the attached analysis of automobile physical damage claims and premiums paid, increasing the collision and comprehensive deductible will save the City approximately \$25,000 to \$30,000 per year.

Staff recommends increasing the automobile physical damage collision and comprehensive deductible to \$5,000 on all vehicles effective October 1, 2009.

Property Insurance

The current property insurance premium is \$827,738 for the purchase of full limits on insurable values of \$94,846,178. The wind deductible is 5% per building and contents per named storm with a minimum named storm deductible of \$35,000. There is a \$25,000 per occurrence deductible for all other perils.

Staff is exploring the following options:

- Maintain the current PGIT policy and carve out (or self insure) such items as chickee huts, pavilions, tennis courts, fencing, dugouts, and beach crossovers. This would reduce insurable values by approximately \$1.8M (2%) and save the City approximately \$13,000 in premium.
- Carve out the City's HPR (highly protected rating) classed property and insure it with a specialized carrier while continuing to insure the balance of the property with PGIT. 67% of the City's insurable values could be HPR classed (this includes water and wastewater treatment plants as well as solid concrete structures like the parking garages). HPR classed property is rated lower than the bulk of City property and insuring separately may result in premium savings.
- Insure City property with a wind loss limit. According to a recent wind modeling study, the probable maximum wind loss for the City of Naples ranged from \$17M for a 100-year event to \$50M for a 1,000-year event.

Staff recommends a combination of all three options above effective October 1, 2009 for total premium savings of approximately \$150,000.

The above savings are estimates based on current rates. Total premium savings of approximately \$200,000 to \$225,000 are anticipated by implementing all of the recommended changes above. Formal renewal quotes for the October 1, 2009 renewal will be obtained by the City's insurance broker, Public Risk Insurance Agency, and all options and recommendations will be presented to City Council in August/September for consideration and approval.

Reviewed by Department Director
Denise K. Perez

Reviewed by Finance
N/A

Reviewed by City Manager
A. William Moss

City Council Action:



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Workshop Meeting Date: March 30, 2009

Agenda Item: 8	Prepared By: Bob Middleton, Utilities Director Date: March 20, 2009 Department: Utilities
SUBJECT: Irrigation Rate Committee recommendations.	
BACKGROUND: After some lengthy discussion during March 2, 2009 Workshop regarding irrigation rates, City Council asked the City Manager to establish a committee to make recommendations regarding appropriate irrigation water rates. The Committee consisted of representatives of single-family homes, condominiums, golf courses, and institutional customers. The Committee's goal was to determine whether the members can agree to assumptions and policy regarding fair allocation of costs between the three classes of customers—residential, bulk, and institutional. Public notice was posted for two (2) meetings that took place on March 11, 2009 and March 17, 2009 at the City's Utilities Department between the times of 1:00 pm and 3:00 pm. Attached are the meeting agendas and the meeting minutes from both meetings. The recommendations of the committee are as follows: 1. Committee reviewed historical consumption data. Recommendation: Committee recommends that the next rate study include a 5-year average of all flow data. 2. Interruptible water supply for customer classes. Recommendation: Committee agreed that interruptible water supply remain as is on bulk customers. No other classes will have interruptible water supply. 3. Number of customer classes. Committee discussed options of changing the number of customer classes. Recommendation: Committee recommended for all classes to remain the same. 4. Line item budget allocation referred to as table 1. Committee discussed the line item allocations across the customer classes. Recommendation: Committee recommended that consultant review line item budget data presented during the meeting. Committee discussed discrepancies in flow data used in the rate study. The next rate study will have verified flow data based on updated billed consumption. 5. Full cost recovery in the irrigation rates. Committee discussed options of cost recovery of capital improvements with irrigation rate or spread cost recovery over all utility customers. Recommendation: Committee did not make a recommendation on this item. Future capital cost will be incorporated in next rate study.	

City of Naples



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Workshop Meeting Date: March 30, 2009

Page Two

Agenda Item:

8

BACKGROUND (cont.):

Based on the Committee recommendations, a revised irrigation rate study is required. The cost to revise the irrigation rate study is \$12,460 based on a proposal from Tetra Tech.

Reviewed by Department Director
Bob Middleton

Reviewed by Finance
N/A

Reviewed by City Manager
A. William Moss

City Council Action:

#4 PC.
SUBMITTED M.L. EASTON
3/30/09

Suggested Planning Approach

A. Set the Planning Horizon - typical is 3-5 years

B. Establish Volume Forecast by Category per year (within the planning horizon)?

1. Any more Bulk users beyond 11? or major variations in consumption pattern that differs from the past actual 3, 4, or 5 year history? (Obtain written confirmation from each Bulk user Board of Directors)
2. Any more Government/Insitutional users beyond 71, such as additional medians converted from potable to reclaimed water, or other additional category users?
3. Any more Residential/General users beyond the Phase I (729-771) such as Aqualane Shore, Old Naples, Gulf Shore Blvd., others, within planning horizon?

C. Based on consumption forecasts above (B1+B2+B3), is there any additional Capital Requirement above the "Pay as you go Capital" & the "Renewal & Replacement" budget (within planning horizon)?

D. Confirm/Reconfirm Fiscal Requirements Budget Line Items and \$ amounts

E. Operational Considerations

1. Interruptible Service due to lack of water (what is priority of bulk user shut off)
2. Increased Plant capacity or supplemental water (well, river, potable). (when will additional water be required, when available, and how much will be available?)
3. Days of week that each user class can irrigate

F. Methodologies to be considered

1. Tetra Tech - budget line item by line item allocation method
2. Parity Price Starting Point (PPSP) - simplified allocation method
3. Others

G. Methodology Assumptions - What are the assumptions that differ or vary from allocating costs based on actual irrigation water usage?

H. All of the above should be provided to and approved by City Council prior to any Detailed Rate Development for the selected Methodology(s). This will reduce or eliminate multiple iterations before City Council.

Table 1
The City of Naples
Irrigation Fiscal Requirement Allocation

Budget Item	Allocation Method	Irrigation Budget	% of Reclaimed Budget Allocated		
			General	Bulk	Institutional
Administration	Customers ⁽¹⁾	\$96,700	92.04%	1.14%	6.82%
Water Production	n/a	0	0.00%	0.00%	0.00%
Water Distribution	n/a	0	0.00%	0.00%	0.00%
Wastewater Treatment	Irrigation Demand ⁽²⁾	119,200	68.80%	17.70%	13.50%
Wastewater Collection	n/a	0	0.00%	0.00%	0.00%
Maintenance Personnel	Irrigation Demand plus additional personnel ⁽³⁾	202,700	83.78%	9.20%	7.02%
Maintenance - Other	Irrigation Demand ⁽²⁾	33,700	68.80%	17.70%	13.50%
Debt Financed Capital	Irrigation Demand ⁽⁴⁾	668,000	37.62%	35.39%	26.99%
Pay as you go Capital	Projected Revenue ⁽⁵⁾	37,100	62.26%	20.56%	17.18%
Renewal & Replacement	Projected Revenue ⁽⁵⁾	63,000	62.26%	20.56%	17.18%
Reimbursement to General Fund	Projected Revenue ⁽⁵⁾	26,100	62.26%	20.56%	17.18%
Misc. Revenue	Irrigation Demand ⁽⁴⁾	(7,900)	37.62%	35.39%	26.99%
Total Reclaimed Budget		\$1,258,600	50.86%	24.91%	24.23%

(1) Customer allocation based on the number of customer in each customer class.

General customers: 729
Institutional customers: 54

Bulk customers: 9

(2) Wastewater Treatment and Maintenance allocations are based on irrigation demand by customer class. Bulk and Institutional demand is reduced by half to account for diminished peak demands and interruptible service. Projected irrigation demand is presented below in gallons per year.

General Users: 684,587,100

Bulk: 644,119,000

Institutional: 481,193,075

Maintenance Personnel are allocated among customer classes based on irrigation demand. A budget amount for additional personnel required for the Phase 1 project is allocated to General customers only.

(3) Debt Service and Miscellaneous Revenues are allocated based on unadjusted irrigation demand.

(4) Pay-as-you-go capital, renewal and replacement, and reimbursement to GF are allocated among customer classes based on projected revenues per class. Projected Revenues are presented below (rounded)

General: \$687,000

Bulk: \$197,000

Institutional: \$165,000

NAPLES CITY COUNCIL AGENDA MEMORANDUM

Workshop Meeting Date: March 30, 2009

Agenda Item:	Prepared By: A. William Moss, City Manager
10	Date: March 25, 2009 Department: City Manager
SUBJECT: Building Permit Fund year-to-date financial summary and recommended action.	
BACKGROUND: The adopted FY 2008-09 budget for the Building Permit Fund, an enterprise fund, anticipated revenues of \$3,226,198 and expenditures of \$3,501,353. The difference of \$275,155 was, by policy decision, allocated from the Building Permit Fund balance. The budget was reduced by \$400,000 from the previous year. The budget document included a statement that permit revenues was not projected to be significantly lower than in prior years, despite the downturn in the economy due to previous rate increases and several major projects in the pipeline. While plans provided for a six-month review of budgets, the financial projections for this fund warrant immediate review. Attached is a financial summary as of March 24, 2009. Based on revenues and expenditures to date, the projected revenues for the fiscal year are \$2,279,948 and projected expenditures are \$3,502,124. Expenditures exceed revenues by \$1,222,176, or \$947,021 more than projected last June during the budget preparation process. Fortunately, the Fund has accumulated a good Fund Balance of about \$5.3 million. Use of Fund Balance is expected, since building inspection activities for any given development may continue for one or two years, or longer, following issuance of building permits and receipt of permit revenue. Revenues may not be aligned with expenditures, and the City of Naples is fortunate to have recognized this potential imbalance and allowed accumulation of Fund Balance during the era of high building permit activity. However, there is little reason to believe that permit revenues will increase next year or thereafter to a significant degree. Therefore adjustments to the budget and organization are recommended. Staff recommends additional allocation of Fund Balance, from the current allocation of \$275,155 to \$750,000. The remaining unfunded expenditure of about \$475,000 will be reduced through "right-sizing" the organization and other expenditure reductions. Since Human Resources represent over 66% of the budget and because the deficiency must be balanced in the remaining six months of the fiscal year, major staff reductions should be anticipated, even with the increased use of Fund Balance. The remaining Fund Balance after this recommended allocation will be \$4,550,000.	



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Workshop Meeting Date: March 30, 2009

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Agenda Item: 10		
BACKGROUND (cont.): Reasons to consider use of Fund Balance include the following: <ul style="list-style-type: none"> • Building permit inspections are required for one to two years or longer following receipt of revenue when the permit is issued. • All staff members are highly trained and state certified in their respective disciplines. Replacement at a future date with equally qualified people will be difficult. • Commercial properties are experiencing loss of tenants and vacancies. Occupied buildings rather than vacant buildings will benefit the City and its residents. New tenants often require remodeling work, and permitting is difficult in multi-use buildings. The Department is committed to a quick plan-review turn-around for commercial properties as a means to help insure market competitiveness and earlier use of vacant space. • Department staffing is likely higher because of an expected higher level of service. Good plan review and zoning code coordination, regular monitoring of construction sites and review of on-site drainage plans by an engineer are but a few examples. <p>This subject matter and recommendations are presented to City Council for discussion and further direction.</p>		
Reviewed by Department Director A. William Moss	Reviewed by Finance Ann Marie Ricardi	Reviewed by City Manager A. William Moss
City Council Action:		