



**MINUTES OF THE CITY COUNCIL WORK SESSION
CITY OF NEW PORT RICHEY**

**NEW PORT RICHEY CITY HALL COUNCIL CHAMBERS
5919 MAIN STREET, NEW PORT RICHEY, FLORIDA**

October 3, 2018

5:00 PM

**ORDER OF
BUSINESS**

1 Call to Order - Roll Call

The meeting was called to order by Mayor Rob Marlowe at 5:00 pm. Those in attendance were Deputy Mayor Jeff Starkey, Councilman Peter Altman and Councilman Matt Murphy. Councilman Chopper Davis was excused. Also in attendance were City Manager Debbie Manns, City Attorney Timothy Driscoll, City Clerk Judy Meyers, Finance Director Crystal Feast and Public Works Director Robert Rivera.

DISCUSSION ITEMS

2 2018 Utility Revenue Sufficiency Analysis Update - Page 2

City Manager Manns introduced the item to Council. She stated that the purpose of this discussion item was to determine operating from a capital needs perspective whether we are operating appropriately or adjustments need to be made. Mr. Rivera stated that several scenarios were being presented. He then introduced Erick van Malssen who then made a presentation to Council. Mr. van Malssen began his presentation by providing a brief background on the project. The Revenue Sufficiency Analysis confirmed the need to annual across-the-board rate adjustments. The financial management plan process begins with year 2018 and goes out ten years.

Key issues were keeping pace with escalating operating costs, maintaining adequate debt service coverage, maintaining operating reserve levels above minimum requirement, funding for all Capital Improvements and Renewal & Replacement. Continual need for 4% annual rate adjustments. Borrowing required for CIP funding in FY2019. Recommendations included the annual adjustment rate, continue to update analysis on an annual basis.

Residential rate survey showed that if increased by 4% bills would be in the middle of other municipalities.

Councilman Altman asked about the rates for Pasco County's rates. Mr. van Malssen stated it all

matters where consumptive rate tiers are. Mr. Dykstra stated the County has different rates within its tiers. Mr. Rivera asked Councilman Altman if he was referring to the twenty-five percent increase by Statute.

Deputy Mayor Starkey asked about the rates for lawn irrigation. Mr. Rivera stated that is something that can be looked at and come back with recommendations. Mr. van Malssen stated the first tier is an affordability tier. Once you get into the upper tiers it gets into a conservation tier. Councilman Altman stated he did not see why we could not relax some on the rates if we are not in a drought. Mayor Marlowe stated the high potable water rates makes watering his lawn difficult. Mr. Rivera stated it would be easier to work with the consultant to come up with a solution for watering than trying to install transmission lines for reclaimed water.

Deputy Mayor Starkey stated he has been asked by a Commissioner more than once about purchasing the FGUA system but it is not feasible and Mr. Dykstra stated it is not feasible to take on the amount of debt the system already has. There is currently an estimated \$1.9m a year in debt service for Lindrick. A discussion then ensued regarding the issue of purchasing the system and how current customers' rates would increase and what capital improvements would be needed to bring the system up to current standards.

Mr. Rivera asked Mr. van Malssen if Council gave nod to start proceeding how would it affect everything if you came back and stated FGUA was feasible. Mr. van Malssen stated any scenarios regarding Lindrick did not impact fiscal for next two years.

3 Orangewood Lake Utility Services – Valuation Analysis - Page 35

Mr. Rivera introduced the item to Council. He stated that the purpose of this discussion item was to review the Orangewood Lake utility. Mr. Mitchel Chiavaroli from McKim & Creed stated the process was started back in 2016. The area covers 482 water customers and 436 sewer customers. Preliminary engineering for extending services began in 2017 with the final utility valuation completed in March 2018. Three ways to conduct a valuation include asset, income and comparable sales. Asset valuation \$285,496, income valuation \$1,065,084 and comparable sales valuation \$912,966. Capital costs \$1,161,00 and includes meter upgrades, water transmission main, existing pump station upgrades and new pump station and force main. Annual revenue \$393k for FY18 to \$554k in FY27, operating cost \$90k in FY18 to \$119k in FY27. Net revenue \$303k for FY18 to \$435k in FY27. Councilman Altman asked about the cost per customer versus Lindrick system. He stated this would fit within our rate structure. Mayor Marlowe stated the six year ROI was nice. Mr. Rivera stated that this will be brought back as a Notice of Intent for a Council agenda.

4 Adjournment

There being no further business to consider, upon proper motion, the meeting adjourned at 6:27 p.m.

Approved: _____ (date)

_____ (signed)

Initialed: _____

Judy Meyers, City Clerk