

MINUTES
KEY COLONY BEACH CITY COMMISSION AND UTILITY BOARD
JOINT WORKSHOP ON STORMWATER UTILITY FUNDING
Thursday, July 23, 2009 9:30 a.m. City Hall Auditorium

The Joint Workshop Meeting of the City Commission and Utility Board was called to order at 9:30 a.m. by Mayor Ron Sutton. *Present were:* Mayor Ron Sutton, Vice-Mayor Geraldine Zahn, Commissioner Mary Schmidt, Commissioner Jeff Vorick, Utility Board Chair Glenda Keach and members: Steve Flood, Eric Larsson, and John Grimes. *Also Present:* Sewer Plant Operator Dave Evans, Utility Board Clerk Pat Britske and City Clerk Vickie Bollinger. Public: 0

Mayor Sutton thanked the commissioners and Utility Board members for coming to discuss the stormwater funding issue. He stated the commission discussed options during the budget workshops and realized that the Utility Board needed to be involved. He said grant funding from CDBG would not be available in future years due to limitations on income levels for projects and that grants from SFWMD required matching funds. The commission came to the conclusion that user fees needed to be collected to help fund future projects. One option is to take \$5 of the monthly charge for wastewater and use that for stormwater. Property owners would not see any increase in payments to the city or for taxes.

Mayor Sutton stated that in 2002 the commission passed a resolution creating the Stormwater Utility and agreeing to create stormwater user fees. He said he had learned in meetings that establishing and collecting user fees is critical to receiving any kind of funding from the stimulus package offered by the federal government. A stormwater utility ordinance has been drafted to define the process and procedures for collecting user fees. The Mayor recommended the fees be nominal to start and then adjusted in future years as needed.

Chair Keach stated that the Utility Board had discussed the option to take \$5 per month from the wastewater fees and they agreed this is not a good plan. Estimated revenues and expenses show that next year the sewer expenses will be higher than revenues. Future years show increasing deficits. Taking revenues away for stormwater will only increase the deficit.

Commissioners and Board Members discussed/commented:

- \$5 per month represents 8% of the sewer revenue; that is too much to take for stormwater.
- The Board has budgeted \$2,500 per year for stormwater and the city is in compliance with the resolution.
- Sewer reserves should not be taken for stormwater; look at future income only.
- Stormwater and wastewater must be kept separate.
- Fees can be raised by adding a line item to the tax bill or by separate invoice to each property owner.
- Flat fees are harder on lower income households.
- Some smaller houses are used more than the new large homes and the small ones may be more likely used for rentals.
- Fees could be based on usage or square footage.
- The stormwater system is for containment of stormwater on public areas like the roads, parks, and public buildings. Each property owner is responsible for retaining stormwater on their property.

There was a consensus of the commissioners that stormwater user fees could not be taken from sewer revenues. The Mayor said that \$7-\$8 million is needed to complete the stormwater system which is to be completed by 2018 per state mandate. He said that in talking with SFWMD the city is in a good position for more grant funding. Past projects have demonstrated that the city complies with grant requirements and completed projects on time. Next year the city may receive \$100,000-\$150,000. In FY2009-2010 the city will have \$150,000 available for matching funds.

Discussion continued:

- User fees cannot be placed on the tax bill for this year. May need a separate invoice for this year and put on the tax bill in future years.
- City needs to get something started now, even if it is only a small amount.
- Loans or bonds may be needed to complete this project and the user fees can be used to pay those. This will spread the expense out over many years rather than trying to find \$8 million in the next 10 years to meet the state 2018 deadline.
- At \$5 per month or \$60 per year, user fees would raise about \$85,000-\$90,000.
- User fees will also be paid by vacant properties and commercial properties.
- Letter should be sent to all property owners explaining the need for the user fees.

There was discussion on options for when the invoices should be sent, due dates, penalties for late payment, how to charge commercial properties, changes needed to the draft ordinance, using Business Tax licenses to identify/charge commercial properties, use of flat fee, variation of size of commercial properties, business owner is not always the property owner.

Commissioners and Utility Board agreed that residential property owners, including vacant lots, would be charged a stormwater user fee of \$60 for FY2009-2010. Commercial property owners, not business owners, would be charged a stormwater user fee of \$120 for FY2009-2010. Each year user fees would need to be reviewed and adjusted as needed for project funding.

All agreed a letter would be sent with the September 20 mailing of sewer bills to educate owners about the stormwater utility and the funding plan. Invoices for stormwater would be mailed probably in January to cover the entire year and be due by the end of January.

Commissioners discussed the proposed one cent increase in sales tax that would result in the city receiving approximately \$200,000 for stormwater, wastewater or reuse water. The increase requires voter approval. The difficult economic times may make voter approval unlikely, but it would mean that tourists would help pay for these state mandated improvements. If the voters approve the increase, user fees could be reduced.

Mayor Sutton thanked everyone for their participation.

The meeting adjourned at 10:45 a.m.

Vickie L. Bollinger, City Clerk