



Utility Rate Schedule Review May 17, 2010

Utilities Advisory Board

- Ken Honecker – Chairman
- Amadeo Petricca – Vice Chairman
- Richard Bergmann
- Mike Nocifora
- Dave Rasmussen


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History of the Rate Structure

- Utility purchased in 2003
- Created Water Conservation Incentive Block Rates in 2005
- Changed Water Base Rate to Master Meter Multi Family to a Unit Base Rate at 75% of Residential Class in 2005
- Changed Reclaim Water Rate to 40% of Potable Rate in 2008


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Events Affecting Utility since 2003

- \$37.0 Million Capital Plan Identified only 11.4 million funded with Acquisition Bonds
 - Remainder was assumed to be funded over next five years
- City agreed to limit rate adjustments for 5 year (Inflation Indexing Only) – Expired 2008/Actual 2009
- Decline in customer growth and average water use per customer resulting in lower revenues
- Initiated new programs - STRP


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Marco Island FY11 Revenue Required

- Revenue Required - \$26,786,575 (\$129.69 Per Unit – Per Month)
 - Debt service - \$11.0 million
 - Utility Operations - \$15.7 million
- Residential Units
 - Condos - 10,656
 - Homes - 6,499
- Debt Service/Residential Unit
 - \$53.43 per month
- Operating Cost/Residential Unit
 - \$76.26 per month


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Rate Structure Goal

- Revenue Adequacy - revenue supports utility
- Rate Stability - fluctuation of pricing burdens customers and utility
- Equity – Fixed and variable cost distribution should be “fair” among ALL users
- Executable - rate structure must be able to be billed with current system


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Rate Structure Goal

- Simplicity - users should be able to calculate and predict their charges
- Public Understanding - final rate structure needs to be presented in a clear manner to the community


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Major Assumptions

- 50% Cost Recovery Between Base and Usage Charges
 - Base Fee (To help cover readiness to serve)
 - Current – 42%
 - Proposed – 50%
 - Use Fee (Based on volume usage)
 - Current – 58%
 - Proposed – 50%
- Why
 - Promote revenue stability to cover more of fixed costs
 - Reduce Risk


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Major Assumptions

- Wastewater Master Metered Multi-Family Class of Service
 - Existing
 - Solely on Water Meter Size
 - Proposed
 - Per Residential Unit
 - Consistent with Water Existing Rate Structure


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Major Assumptions

- Consistent Rate Structure for Marco Island and Marco Shores
 - Apply a 25% Outside City Surcharge to Marco Shores
 - Per Fl. Statute 180.191


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Major Assumptions

- ERC Flow Based Monthly Base Charges for Commercial Customer (3" Meters and Above)
 - Currently Based on AWWA Meter Size Equivalent Factors.
 - Does not adequately reflect demands placed on the System.
 - Improves equitability of cost recovery
 - Only Applicable to 7 Commercial Meters out of 487 Total – Approximate 35% Combined Increase


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Major Assumptions

- Usage Rate for Wastewater Residential, Individually Metered Condos and Multi-Family Condos have a 6,000 Maximum Cap
 - Currently – no maximum
 - Proposed – up to 6,000 gallons per unit per month


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Major Assumptions

- North Marco Utilities Wastewater Rate
 - Sewer collection – North of Old Marco Lane
 - Currently
 - 1 master sewer meter plus total flow
 - Commercial rate structure
 - Not consistent with other Island properties
 - Proposed
 - Based at 80% of Marco Island residential unit rate (Both Base and Usage)


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Major Assumptions

- Calculate the Key Marco Wastewater only Rate Based on the Residential Single Family Base Charge Plus 6,000 Gallons of Usage and include a 25% Infrastructure Surcharge

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Major Assumptions

- Calculate Goodland Wastewater Only Rate Based on the Residential Single Family base Charge Plus 6,000 Gallons of Usage Apply and include a 25% Outside City Surcharge
 - Per Fl. Statute 180.191

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Typical Bill Impact FY11 5/8" Residential Customer – Marco Island (includes metered condos)



Total Usage (000's Gallons)	Combined Bill at Existing Rates	Combined Bill at Existing Rates Plus 10.5%	Projected Combined Water and Wastewater Bill			
			Proposed FY 2011 Rates	Total Increase/(Decrease)		
				Amount	Percent	
0	\$ 50.65	55.97	\$ 53.09	\$ (2.88)	-5.7%	
1	58.63	64.79	60.59	(4.20)	-7.2%	
2	66.61	73.6	68.09	(5.51)	-8.3%	
3	74.59	82.42	75.59	(6.83)	-9.2%	
4	82.57	91.24	83.09	(8.15)	-9.9%	
5	90.55	100.06	90.59	(9.47)	-10.5%	
6	98.53	108.88	98.09	(10.79)	-11.0%	
7	102.01	112.72	101.45	(11.27)	-11.0%	
8	105.49	116.57	104.81	(11.76)	-11.1%	
9	108.97	120.41	108.17	(12.24)	-11.2%	
10	112.45	124.26	111.53	(12.73)	-11.3%	
11	115.93	128.1	114.89	(13.21)	-11.4%	
12	119.41	131.95	118.25	(13.70)	-11.5%	
13	122.89	135.79	121.61	(14.18)	-11.5%	
14	126.37	139.64	124.97	(14.67)	-11.6%	
15	129.85	143.48	128.33	(15.15)	-11.7%	

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Typical Bill Impact For Certain Master Metered Multi-Family Customers



Multi-Family Account	Number Of Units	Bill at Existing Rates *	Bill at Existing Rates Plus 10.5% *	Projected Water and Wastewater Bill		
				Proposed FY 2011 Rates *	Total Increase/(Decrease)	
				Amount	Percent	
Sandcastle 1 (4" Meter)						
Water	94	\$2,929.21	\$3,236.77	\$3,503.28	\$266.50	8.23%
Wastewater	94	\$1,528.86	\$1,689.39	\$2,457.65	\$768.26	45.48%
Combined		<u>\$4,458.07</u>	<u>\$4,926.16</u>	<u>\$5,960.93</u>	<u>\$1,034.76</u>	<u>21.01%</u>
Sunset North (4" Meter)						
Water	92	\$2,781.59	\$3,073.66	\$3,336.83	\$263.17	8.56%
Wastewater	92	\$1,396.78	\$1,543.44	\$2,319.75	\$776.31	50.30%
Combined		<u>\$4,178.37</u>	<u>\$4,617.10</u>	<u>\$5,656.58</u>	<u>\$1,039.48</u>	<u>22.51%</u>

* Based on average monthly Fiscal Year 2009 consumption for each individual account.

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Customer ERC's and Usage Statistics by Class Wastewater System

Marco Island and Marco Shores Wastewater System FY 2011

Description	ERC's		Usage (000's)		Revenues Under Proposed Rates	
	Amount	Percentage	Amount	Percentage	Rates	Percentage
MARCO ISLAND AND MARCO SHORES						
Base Facility Revenue						
Residential	7,243	38.23%	321,966	41.24%	\$2,954,310	39.07%
Multi-Family	9,090	47.98%	266,094	34.08%	3,148,848	41.65%
Commercial	1,741	9.19%	169,074	21.66%	1,226,746	16.22%
North Marco Utilities	871	4.60%	23,569	3.02%	231,240	3.06%
Total	18,945	100.00%	780,703	100.00%	\$7,561,144	100.00%


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Customer ERC's and Usage Statistics by Class Wastewater System

Wastewater Revenue Collection Statistics	
Cost Per ERC	
Residential	\$33.99
Multi-Family	\$28.87
Commercial	\$58.73
North Marco	\$22.12
Average Cost Per ERC	\$33.26
Cost Per Gallon	
Residential	\$9.18
Multi-Family	\$11.83
Commercial	\$7.26
North Marco	\$9.81
Average Cost Per Gallon	\$9.69

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Customer ERC's and Usage Statistics by Class Water System

Marco Island and Marco Shores Water System FY 2011

Description	ERC's		Usage (000's)		Revenues Under Proposed	
	Amount	Percentage	Amount*	Percentage	Rates	Percentage
MARCO ISLAND AND MARCO SHORES						
Base Facility Revenue						
Residential	9,162	38.76%	1,565,570	66.63%	\$9,608,867	54.06%
Individually Metered Condo's	1,505	6.37%	29,532	1.26%	738,987	4.16%
Multi-Family	10,083	42.66%	307,825	13.10%	4,372,527	24.60%
Commercial	2,053	8.69%	242,540	10.32%	1,778,116	10.00%
Irrigation	832	3.52%	204,301	8.69%	1,277,021	7.18%
Total	23,634	100.00%	2,349,769	100.00%	\$17,775,517	100.00%

* Does not include Reclaimed, Bulk or Raw Water Flows.


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Customer ERC's and Usage Statistics by Class Water System

Water System Revenue Collection Statistics	
Cost Per ERC	
Residential	\$87.40
Individually Metered Condo's	40.92
Multi-Family	36.14
Commercial	72.17
Irrigation	127.98
Average Cost Per ERC	\$62.68
Cost Per Gallon	
Residential	\$6.14
Individually Metered Condo's	25.02
Multi-Family	14.20
Commercial	7.33
Irrigation	6.25
Average Cost Per Gallon	\$7.56


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Other Utilities Multi-Family Base Charge Methodology

- Marco Island - Unit Base Water / Meter Based Sewer
- Hillsborough - Unit Based
- Charlotte County - Unit Based
- Naples - Unit Based
- Lee County - Unit Based
- Sarasota - Unit Based
- Collier County - Meter Based
- Lehigh Acres - Meter Based
- Bonita Springs Utilities - Unit Based
- North Port - Meter Based


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Utility Rate Schedule Review


- Discussion and Direction from Council
 - Maintain current rate structure plus 10.5%
 - Modify wastewater rate structure and maintain water rate structure plus 10.5%
 - Accept UAB recommendations
 - Modify UAB recommendations

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Q&A

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Typical Bill Impact 5/8" Residential Customer – Marco Shores

Total Usage (000's Gallons)	Combined Bill at Existing Rates	Combined Bill at Existing Rates Plus 10.5%	Projected Combined Water and Wastewater Bill			
			Proposed FY 2011 Rates	Total Increase/Decrease		
				Amount	Percent	
0	\$ 38.87	\$ 42.95	\$ 66.36	\$ 23.41	60.2%	
1	53.58	59.21	75.74	16.53	30.9%	
2	68.29	75.46	85.12	9.66	14.1%	
3	83.00	91.72	94.50	2.79	3.4%	
4	97.71	107.97	103.88	(4.09)	-4.2%	
5	112.42	124.22	113.26	(10.96)	-9.8%	
6	127.13	140.48	122.64	(17.84)	-14.0%	
7	132.43	146.34	126.84	(19.50)	-14.7%	
8	137.73	152.19	131.04	(21.15)	-15.4%	
9	143.03	158.05	135.24	(22.81)	-15.9%	
10	148.33	163.90	139.44	(24.46)	-16.5%	
11	153.63	169.76	143.64	(26.12)	-17.0%	
12	158.93	175.62	147.84	(27.78)	-17.5%	
13	164.23	181.47	152.04	(29.43)	-17.9%	
14	169.53	187.33	156.24	(31.09)	-18.3%	
15	174.83	193.19	160.44	(32.75)	-18.7%	

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