

Water & Sewer Rates

City Council Workshop

April 27, 2009

Impacts of UEP

- Economic Development
 - Short Term
 - Long Term
- Environmental
- Property Owner
 - Foreclosure Question
 - Assessment Methodology
- Rates

Economic Development – Short-Term

- SW 6/7 – Water/Sewer/Irrigation:
 - \$85.5 million over eighteen months.
 - Construction project estimated to generate a total of 336 jobs per year, on average 201 construction jobs per annum.
 - Over 18 months, estimated to generate 1,009 jobs in direct and indirect employment.
 - Total investment impacts will bring about an average \$16.4 million per annum personal income.
 - City's economy will benefit from \$19.5 million per annum Gross Regional Product.

Source: Southwest Florida Regional Planning Council – Economic Impact Analysis April 2009

Economic Development – Short-Term

- North 1-8 – Water:
 - \$200 million over 3 years.
 - Construction project estimated to generate a total of 586 jobs per year, on average 342 construction jobs per annum.
 - Over 3 years, estimated to generate 2,344 jobs in direct and indirect employment.
 - Total investment impacts will bring about an average \$29.7 million per annum personal income.
 - City's economy will benefit from \$31.7 million per annum Gross Regional Product.

Source: Southwest Florida Regional Planning Council – Economic Impact Analysis April 2009

Economic Development – Long-Term

- Availability of Utilities in Areas currently not served.
 - Comprehensive Plan Impacts
 - Limited Commercial development opportunities (Reduced availability of jobs; good service)

Environmental

- Impact to Canal Water Quality
- Less Household Effluent for Irrigation Use
- Increased 'Harvesting' of freshwater aquifers
- May require density agreements/policies
- Well failure
- Septic Tank failure

Property Owner

- Foreclosure Question
- Assessment Methodology

Property Owner - Foreclosure Question

- Majority of Properties in or having gone through Foreclosure Proceedings sold between 2004 - 2007
- Average of 20% of Single Family Residential (SFR) properties in all assessment areas (since 1992) are in Foreclosure
- Average of SFR Properties in North 1-8 and SW 6/7 in foreclosure is 35%.
- Conclusion – Assessment Areas did not create or worsen the Foreclosure 'Crisis'.

Foreclosure Question

Assessment Area			Total Number of Parcels	# of Parcels	# of Foreclosures	% of SFR parcels in foreclosure	# of Foreclosures	% of homes in foreclosure	% of sales that are in foreclosure		% of SFR parcels that sold 2004-2007
				Single Family Residential Units					SFR		SFR
				Property Sales 2004-2007					Property Sales 2004-2007		Sales 2004-07
820	Green W/I	8 years	16,636	8,716	1,703	20%	1085	64%	3,166	34%	36%
824	Green Sewer	18 years	8,922	5,838	955	16%	566	59%	1,853	31%	32%
825	Orange Water & Sewer	18 years	12,482	9,089	1,458	16%	866	59%	2,651	33%	29%
826	Orange Irrigation	15 years	12,177	9,074	1,451	16%	862	59%	2,646	33%	29%
827	Blue Irrigation	8 years	23,910	13,896	1,569	11%	985	63%	3,659	27%	26%
828	Green Striped Sewer	18 years	1,487	745	144	19%	98	68%	260	38%	35%
834	Diplomat Water	6 years	677	399	111	28%	83	75%	186	45%	47%
837	Santa Barbara Water	6 years	198	142	17	12%	10	59%	51	20%	36%
838	Trafalgar North Water	6 years	222	138	33	24%	22	67%	58	38%	42%
N 1-8	North 1 - 8 Water		59,087	16,572	6,472	39%	5263	81%	12,120	43%	73%
NCL	North Central Loop Extension	20 Years	97	2	-	0%	-	-	-	-	-
PI	Pine Island Extension	20 Years	1,722	89	22	25%	18	82%	43	42%	48%
SE1	Southeast One Extension	20 Years	4,450	2,066	459	22%	294	64%	844	35%	41%
SUR	Surfside Extension	20 Years	101	24	6	25%	5	83%	13	38%	54%
SW 6/7	Southwest 6/7		6,316	3,321	982	30%	750	76%	1,639	46%	49%
SW1	Southwest One Extension	20 Years	3,160	2,181	294	13%	192	65%	844	23%	39%
SW2	Southwest Two Extension	20 Years	3,445	1,974	445	23%	292	66%	893	33%	45%
SW3	Southwest Three Extension	20 Years	3,508	2,169	427	20%	296	69%	918	32%	42%
SW4	Southwest Four Extension	20 Years	3,852	1,972	606	31%	436	72%	1,049	42%	53%
SW5	Southwest Five Extension	20 Years	3,572	1,859	599	32%	396	66%	895	44%	48%
Totals			166,021	80,266	17,753	21%	12,519	69%	33,788	36%	40%
<i>Averages</i>											

** Note: will not total to tax rolls due to overlap in some of the earlier assessment areas

Of the homes in foreclosure **XXX%** were sold in the Years 2004-2007

Of the sales that occurred between 2004-2007 **XXX%** are in foreclosure

Property Boom Churn Ratio (Total sales / # of parcels)

Property Owner-Assessment Methodology

- Change Methodology – Four Common Types:
 - Equivalent Residential Connection
 - Front Footage
 - Connection Fee
 - Land Area
- Estimate one year to finalize changes to meet legal requirements - Similar to 1999/2000 work product.

Value Added to Over-sized Single Family Parcels



06/19/2003

Corner SW 28th Place & Eldorado Pkwy.

Property Owner-Assessment Methodology

Institutionals

- The City currently pays on 31 institutional assessment accounts. 15 are the older legacy assessments, and 16 are tax billed assessments.
- From 1992, there were 39 legacy assessment accounts coded as institutional, and 28 were tax billed assessment accounts.
- Some accounts have paid off, and some are no longer coded with a DOR code between 70-79 (for Institutional) (such as Churches, Fraternal Lodges, Government Owned Property, School Property, etc.)

Rates

- The Rate Proposal presented on March 30, 2009 can be Influenced.

How?

- # of Accounts – 52,908 (as of 3/31/09)
- # of Equivalent Residential Units (ERU) – 58,335
- # of ERU's to Add - 19,122
 - SW 6/7 ~ 3,122
 - North 1-8 ~16,000

Rates

- Alternative Financing

How?

- Increase Number of Equivalent Residential Units in the System

How?

Rates

- Alternative Financing

- Referendum in November 2009 for General Obligation Debt for the remaining portion of the debt issue – approximately \$275 million
- Estimated Debt Service \$22 to \$25 million per year for 30 years
- At current taxable property values in City – estimate 2 – 2.5 mils for debt service millage

Rate-Increase Number of ERUs in System

No Change – UEP on Hold	Rates stay as proposed
Restart SW-6/7 and N 1-8 prior to 9/30/09 and complete over three years – (Potentially move first payment to 2012 for N 1-8)	Rates reflect Informational Item #2 in Study
Restart SW 6/7 and N 1-8 and complete over next five (5) years	Rates reflect 1 st year increase, remainder adjusted down for timing of ERUs coming on to system
Restart SW 6/7 and N 1-8 and complete over next ten (10) years	Rates would reflect little change from the rate adjustment scenario for no UEP in 2009 study.

Rates – North 1-8 Water

- Estimated Assessment - \$6,000
 - Distribution lines Construction - \$2,639
 - Established based upon SW 5 Water line costs extrapolated to all the quantities for the North area, subsequently validated via an independent review.
 - This was then applied across the number of equivalent parcels in the area.
 - Capital Facility Expansion Charge - \$3,361
- Prepayment Feature – 20% Discount (\$1,200):
 - Full payment within first four months - \$4,800:
 - Distribution lines construction - \$1,439
 - Capital Facility Expansion Charge - \$3,361
- Capital Facility Expansion Charge will be used for Transmission Lines and Water Plant.

Summary

- Rate Adjustment Recommendation needs to be adopted as is on May 18, 2009 to insure debt service coverage, support for debt issues, and funding for continuing operations.
- And

Summary

- Rate Model can be influenced based upon actions and timing regarding the UEP and/or General Obligation Referendum

	Comparisons between the Three Scenarios Combined Rate Plans						
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>5 Year Cumulative</u>	<u>10 Year Cumulative</u>
Rate Study-Combined Rate Plan	27.09%	13.83%	13.96%	14.07%	3.31%	92.50%	126.50%
Average Annual Adjustment	\$ 21.73	\$ 14.14	\$ 16.25	\$ 18.68	\$ 5.02	\$ 75.82	
North 1-8 Only-Combined Rate Plan	20.82%	7.86%	7.90%	7.94%	3.29%	55.30%	82.30%
Average Annual Adjustment	\$ 16.66	\$ 7.58	\$ 8.22	\$ 8.92	\$ 3.98	\$ 45.86	
SW 6/7 & N 1-8-Combined Rate Plan	16.25%	7.35%	7.40%	7.43%	3.27%	47.60%	73.10%
Average Annual Adjustment	\$ 13.04	\$ 6.84	\$ 7.39	\$ 7.98	\$ 3.77	\$ 39.02	