



Meeting Date: 5/25/2010

Agenda Item # 8-A

# CITY COUNCIL AGENDA ITEM

Contact Name: Paul Johnson  
Department/Contact # 775-5447

Department Director: *[Signature]*  
City Manager: *[Signature]*

- Type of Item:
- |                          |                          |                                     |                     |
|--------------------------|--------------------------|-------------------------------------|---------------------|
| <input type="checkbox"/> | Public Hearing           | <input type="checkbox"/>            | Resolution          |
| <input type="checkbox"/> | Ordinance First Reading  | <input checked="" type="checkbox"/> | Discussion & Action |
| <input type="checkbox"/> | Ordinance Second Reading | <input checked="" type="checkbox"/> | Council Approval    |

**Subject:** Orange City Utilities Automatic Rate Increase

**BACKGROUND:** In September 2009, the Interim City Manager recommended that the City’s Utility not implement the automatic rate increase scheduled for October 1, 2009. Although this was discussed with most Council members, no formal action was taken by City Council at that time. This item is being brought before Council to formalize that action.

On February 25, 2003 Council adopted Resolution 193-03 authorizing utility rate increases as recommended by a revenue sufficiency analysis performed by the City’s continuing consultant engineer. With Resolution 193-03, the City adopted a policy that effective as of October 1 of each year, the water system user rates be automatically adjusted pursuant to the Florida Public Service Commission (FPSC) Deflator Index or 2.5 percent, whichever is greater.

On April 28, 2009, City Council approved Resolution 540-09 revising Orange City Utilities Miscellaneous Fee Schedule. An Alternative Water Fee was added to the water system user’s monthly bill as of March 1, 2009. The Resolution reflected a \$4.00 per account charge and a charge of 25% of the water usage charge in hope it would spur conservation.

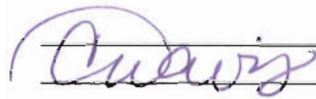
With the implementation of the Alternative Water Fee in March it was felt it would not be prudent to increase the rates as scheduled for October 2009. Staff was directed to hold rates at the current level.

**RECOMMENDATIONS:** That City Council formally approve maintaining current rates and *not* implementing the automatic rate increase scheduled for October 1, 2009.

**ATTACHMENTS: None**

**FINANCIAL IMPACT:** By not raising the rates as scheduled, the projected reduction in revenue for the fiscal year is \$80,163. Although the increase was not calculated in this year's budget projection, conservation initiatives such as the Alternative Water Fee have reduced projected revenue. Additionally, by not raising rates, the Alternative Water fund has been impacted. The corresponding loss to that fund through April is \$4,496.01 with a projected decrease for the fiscal year of \$7,707. A budget adjustment may be required to account for these reductions in revenue.

**Reviewed by City Attorney**  
**Reviewed by Finance Dept.**  
**Reviewed by:**



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<b>1<sup>st</sup> Discussion Date:</b> 5/25/2010	<b>2<sup>nd</sup> Discussion Date:</b> <a href="#">Click here to enter a date.</a>	<b>Third Discussion Date:</b> <a href="#">Click here to enter a date.</a>	<b>Other Dates:</b> <a href="#">Click here to enter a date.</a>
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