MINUTES
Key Largo Wastewater Treatment District (KLWTD)
Board of Commisisoners Special Call Meeting

March 30, 2005
Key Largo Civic Club, 209 Ocean Bay Drive

The KLWTD Board of Commissioners met for a regular meeting on March 30, 2005 at 5:10 PM. Present were Chairman Charles Brooks, Commissioners, Claude Bullock, Gary Bauman, and Andrew Tobin arriving at 5:21 PM. Also present were General Manager Charles Fishburn, Board Clerk Carol Simpkins, District Counsel Thomas Dillon, and all other appropriate District staff.

Chairman Brooks led the Pledge of Allegiance.

PUBLIC COMMENT: The following persons addressed the Commission: Steve Gibbs, Key Largo, asked if the District has looked into to seeing if the 2010 mandate has been altered. The District responded that they have not.

General Manager's Report
Purchase of District Vehicle
General Manager Charles Fishburn explained the District need for a vehicle for the Inspectors use on the construction site and to carry District inspection equipment.

After discussion the Board directed staff to do more research in the purchase option and the lease option and bring it back to the next meeting.

System Development Charges Presentation
Tony Hairston from PRGM gave a presentation (see exhibit "A").

SRF Funding Presentation
Robert Holmden from the State Revolving Fund gave a presentation to the Board.

Discussion among the Board followed.

Motion: **Commissioner Bauman made a motion to submit a Request for Inclusion for the SRF. Commissioner Bullock made the second.**

Vote on motion:

Board Member	Yes	No	Other
Commissioner Gary Bauman	X		
Commissioner Claude Bullock	X		

Commissioner Glenn Patton			Absent
Commissioner Andrew Tobin	X		
Chairman Charles Brooks		X	

Motion passed 3 to 1

Video Camera

General Manager Charles Fishburn explained the benefits of having a video camera for pipeline inspections The cost of the camera would be charged to a grant. The Board directed staff to bring the item back with more information.

ADJOURNMENT

After a motion to adjourn by Commissioner Bullock and a second by Commissioner Tobin the Board adjourned the meeting at 8:39 PM.

Key Largo Wastewater Treatment District

System Development Charge and Rate Workshop

March 30, 2005

Presented by Public Resources Management Group, Inc.

Exhibit "A"

Presentation Outline

- **Description of various customer costs**
- **System Development Charge and Assessment Discussion**
- **Financial Modeling and Monthly User Rates**

Customer Costs

Lateral (Customer connection)

- One-time cost paid by customer to contractor at time of connection

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System Development Charge

- Charge paid by customer to District for wastewater plant, transmission, and collection system capital costs

Monthly Charges

- Charge paid by customer to District for monthly operating and maintenance costs associated with wastewater service

Lateral (Customer Connection)

- One-time cost paid by customer to contractor at time of connection
- Customer hires contractor for connection to District's collection system and decommission onsite septic system
- Cost will vary among customers

System Development Charges

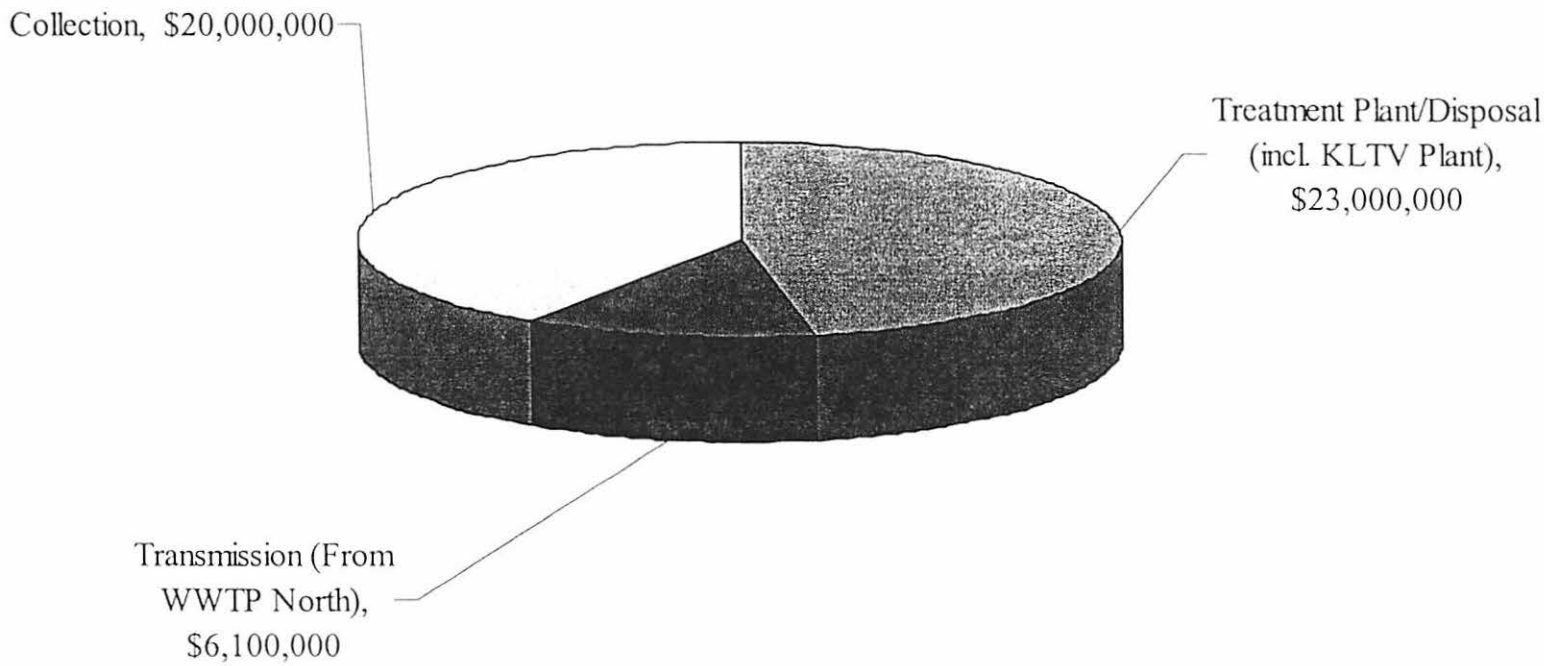
- **Paid by customer to District for capital (construction-related) costs**
- **Commonly referred to as:**
  - **Impact Fee, Capacity Fee, Connection Fee, Capital Recovery Fee, etc.**
- **Payment methods (KLWTD policy options):**
  - **One-time payment**
    - **Payable by customer prior to connection; or**
  - **Multi-year payments**
    - **Non-Ad Valorem assessment on annual property tax bill**
    - **Example: annual payment over 20 or 30 years**

Monthly Wastewater Rates

- Billed monthly to customer for operating/maintenance and other ongoing utility costs
- Billing begins at time of service availability
- Residential rate structure options
  - Flat rate (all customers pay same monthly amount)
  - Base rate + usage charge
    - Monthly bill varies based on monthly water usage level
    - No usage charge past 12,000 gallons per month
- Annual rate index (based on published price index, e.g., Consumer Price Index)

System Development Charge and Assessment Discussion

Wastewater System Capital Costs through Fiscal Year 2009



Estimated Project Costs include KLTV, KLP, Calusa Campground, Sexton Cove/Lake Surprise Systems. Total Cost = $49.1 million.

Allocation of Treatment/Disposal Capital Costs

- Treatment Costs = $23.0 million
- Includes interim plant (part of KLTV project)
- Plant designed to serve entire Key Largo Wastewater Treatment District service area
- Approximately 13,000 EDUs
- Average cost per EDU = $1,700 to $1,800

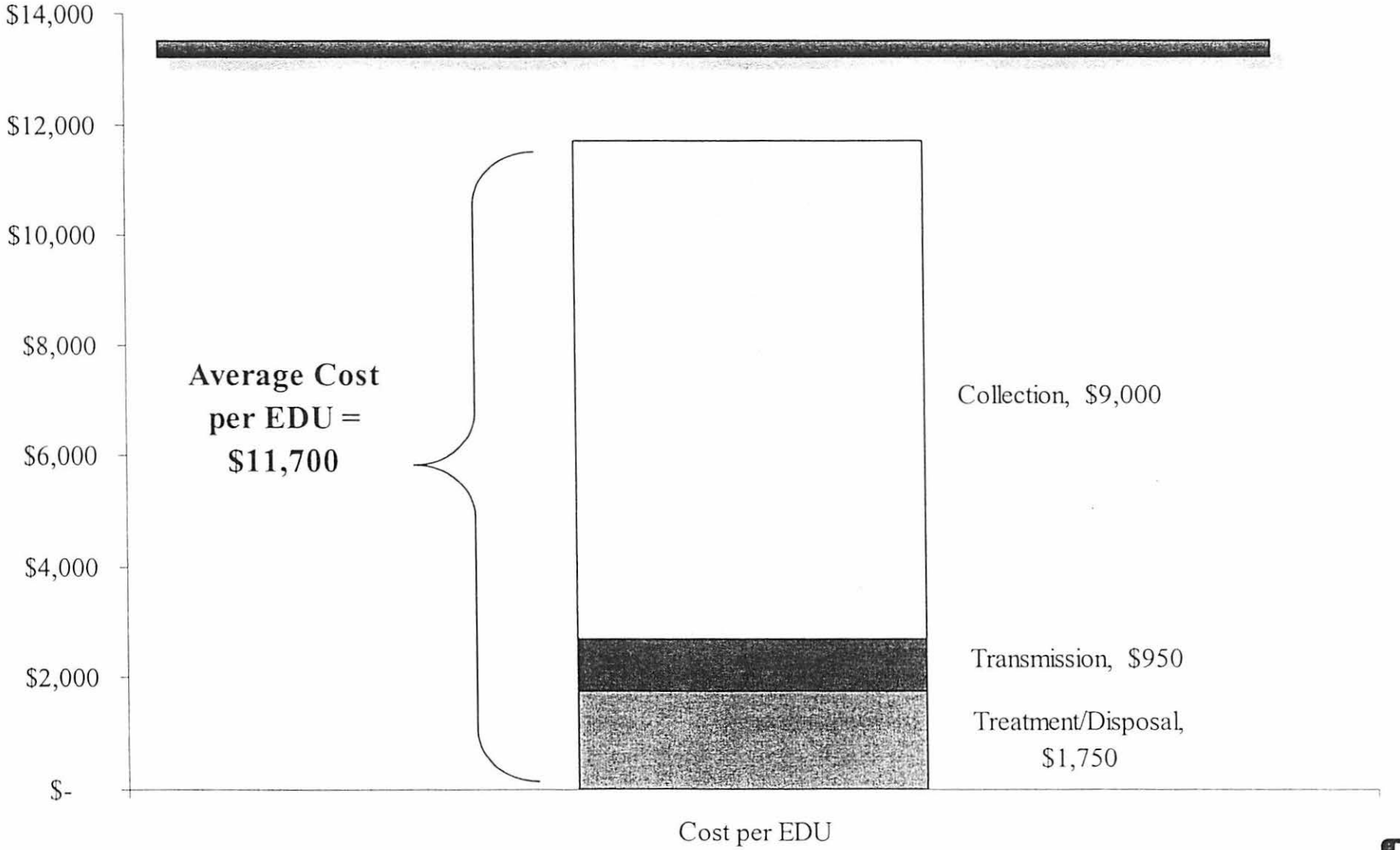
Allocation of Transmission Capital Costs

- Transmission Costs = $6.1 million (including $1.1 million currently under construction)
- Cost of transmission from northern end of service area to plant site in middle of service area
- Approximately 6,600 EDUs
- Average cost per EDU = $900 to $1000

Allocation of Collection Capital Costs

- Collection costs = $20.0 million
- Cost of collection systems for Key Largo Trailer Village, Key Largo Park, Calusa Campground, Sexton Cove/Lake Surprise projects
- Approximately 2,300 EDUs
- Average cost per EDU = $8,500 to $9,500

Summary of Capital Costs by Function



Proposed System Development Charges

- Average cost per EDU = $11,700
- Proposed Residential System Development Charge per EDU = $4,770
- Proposed charge reflects 59% grant funding
- Grant funding for identified projects is currently 65% (including County Bonds)
- Commercial System Development Charge
  - Proposed $2,600 to $3,000 per EDU
- Annual inflation index

System Development Charges (Cont'd.)

- System development charge to be assessed over a 20 - 30 year period, beginning October 2005
  - KL Trailer Village, KL Park, Calusa Campground, Sexton Cove, Lake Surprise
  - Customers may choose to pay entire SDC upfront rather than the 20-30 year assessment
  - Annual assessment of $4,770 system development charge is approximately $350.00 (assuming 20 year assessment)
    - 4% discount if payment made in November of tax year
    - Discounted annual amount approx. $336.00 or $28.00/month
    - Interest rate is linked to District's borrowing cost

System Development Charges (Cont'd.)

- **Determination of SDC for forecast purposes**
  - **EDU = Equivalent Dwelling Unit**
  - **Individually Metered Residential = 1 EDU**
  - **Master-Metered Residential = 1.0 EDU per dwelling unit**
  - **Hotels/Campgrounds/etc. = 1.0 EDU per room/site**
  - **Commercial EDUs based on historical usage levels**
    - **1 EDU represents 167 gallons per day**

Financial Modeling and Monthly User Rates

Financial Model (cont'd)

- **Operating expenses**
  - **Initial plant operations**
  - **System-wide plant operations**
- **Other considerations**
  - **MSTU revenues**
  - **Debt service**
  - **Adequate reserve funding**

Financial Model

- **Projection period - Fiscal Year 2005 through 2009**
- **Customer forecast**
  - **Customer connections**
  - **Treatment requirements**
  - **Billing statistics**
  - **Revenue projections**
- **Capital funding**
  - **Capital expenditure schedule**
  - **Capital funding analysis**

Financial Model (cont'd)

- **Determine average rate level to meet revenue requirements**
- **Design of actual rates**
  - **Rates by customer class (residential single-family, residential multi-family, non-residential, etc.)**
  - **Base monthly charge**
  - **Usage charge**
  - **Revenue stability**
  - **Equity among various customer classes and usage levels**

Monthly Rates

- **Monthly rates depend on system development charge option**
  - **Higher system development charges = Lower monthly rates**

	Residential System Development Charge (per EDU)	Monthly Basis(1) billed annually on tax bill, shown here monthly for comparison purposes	Monthly Wastewater Bill (2) billed monthly to customer	Total Monthly Cost
	1. $2,700 SDC	$16.00	$57.00 *	$73.00
or				
	2. $4,770 SDC	$28.00	$45.00 *	$73.00

(1) Amount reflects 4% discount for paying tax bill in November each year.

(2) Amount reflects estimated average residential bill (base plus usage charge). Amount assumes MSTU is extended past Fiscal Year 2007.

Preliminary, Subject to Change

Estimated Initial Monthly Rates

Monthly Rates for Wastewater Service (1)	Alternative 1	Alternative 2
Residential System Development Charge	$2,700.00	$4,770.00
Base Facility Charge (per Account):		
Individually Metered Residential	-to be determined	-to be determined
Multi-Metered Residential (rate per dwelling unit)	--tbd	--tbd
Commercial and All Other Customer Classes (by meter size):		
5/8 and 3/4-Inch Meter	--tbd	--tbd
1-Inch Meter	--tbd	--tbd
11/2-Inch Meter	--tbd	--tbd
2-Inch Meter	--tbd	--tbd
3-Inch Meter	--tbd	--tbd
4-Inch Meter	--tbd	--tbd
6-Inch Meter	--tbd	--tbd
	--tbd	--tbd
Consumption Charge (per 1,000 gallons of metered water service):		
Individually Metered Residential Service – maximum monthly use of 12,000 gallons	-to be determined	-to be determined
All Other Classes of Service – All metered Consumption (2)	--tbd	--tbd

(1) Rates effective during Fiscal Year 2005 and Fiscal Year 2006. Such rates are to be indexed annually based on the Consumer Price Index or similar index.

(2) Rates reflect domestic-strength wastewater. Industrial surcharges apply for customers with higher than domestic-strength wastewater.

The KLWTD meeting minutes of March 30, 2005 were approved on April 20, 2005.

Chairman Charles Brooks

Key Largo Wastewater Seal

Carol Simpkins, CMC
Board Clerk

Conclusions/Recommendations

- System Development Charges
  - Residential charge of $4,770 per EDU
  - Commercial charge between $2,600 to $3,000
  - Prior to adoption, final amount may vary from estimate amount due to changes in project costs or EDU tabulation
  - Continue assessment procedure
- Work with staff on completing financial forecast
  - Projection of annual revenue requirement
  - Identify average monthly rates
  - Design monthly rates