

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
AUGUST 30, 2011

The Niceville City Council met in special session at 6:00 PM, August 30, 2011 in the Council Chambers, 208 N Partin Drive. All Council members, except for Councilman Henkel and the Mayor were present. Also present were City Manager, Lannie Corbin; City Clerk, Dan Doucet; Public Works Director, Bruce Price; a member of the press and visitors in the audience. Mayor Wise called the meeting to order at 6:00 PM.

PUBLIC HEARINGS

Ordinance 11-09-01 - An ordinance of the City of Niceville, Florida amending and restating ordinance No. 11-08-01 enacted by the City Council on August 9, 2011, and titled: "An ordinance authorizing the City of Niceville, Florida to obtain a Commercial Bank Loan in the amount not to exceed \$1,100,000 to accomplish refunding of the City's Outstanding Sales Tax Revenue Bonds, Series 2003, to finance the cost of general capital expenditures, for terms and conditions of said loan; authorizing the City to pledge Sales Tax Revenues of the City of Niceville as security for the Commercial Bank Loan; providing that interest from the loan will be tax exempt to the holder as a "Qualified Tax Exempt Obligation" within the meaning of §265(b)(3) of the Internal Revenue Code; providing that the holder shall have "Bank Qualified Tax Exempt Status;" providing for proper advertisement; and providing for an effective date" to conform certain provisions to the terms of the proposal to purchase such bonds from Hancock Bank; and providing an effective date. (Second Reading)

Mr Doucet read ordinance 11-09-01 by title. Councilman Thomas moved approval on second reading. Councilman Rominger seconded. No one spoke for or against. Council Vote: Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes.

Ordinance 11-09-02 - An ordinance of the City of Niceville, Florida amending and restating Ordinance No. 11-08-02 enacted by the City on August 9, 2011 and titled: " An ordinance authorizing the City of Niceville, Florida to obtain a Commercial Bank Loan in the amount not to exceed \$1,550,000 to accomplish refunding of the City's Outstanding Gas Tax Revenue Bonds, Series 2003; providing for terms and conditions of said loan; authorizing the City to Pledge Gas Tax Revenues of the City of Niceville as security for the Commercial Bank Loan; providing that interest from the loan will be tax exempt to the holder as a "Qualified Tax Exempt Obligation" within the meaning of §265(b)(3) of the Internal Revenue Code; providing that the holder shall have "Bank Qualified Tax Exempt Status;"providing for proper

advertisement; and providing for an effective date” to conform certain provisions to the terms of proposal to purchase such bonds from Hancock Bank; and providing an effective date. (Second Reading)

Mr Doucet read ordinance 11-09-02 by title. Councilman Schaetzle moved approval on second reading. Councilman Smith seconded. No one spoke for or against. Council Vote: Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes.

Ordinance 11-10-01 – An ordinance adopting amendments to the Niceville Land Development Code, Ordinance No. 91-1, as amended; providing for Residential Floor Level; to repeal conflicting ordinances or provisions thereof; and providing for an effective date. (Third Reading)

Mr Doucet read ordinance 11-10-01 by title. Councilman Thomas moved approval on third reading. Councilman Rominger seconded. No one spoke for or against. Council Vote: Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes.

Other business:

Appointment to Regional Sewer Board.

Mr Corbin explained there was a need to appoint a replacement for Mr Swihart who has served on the Regional Sewer Board for a number of years. He asked that this item be added to the agenda. Councilman Smith moved approval to add this item to the agenda. Councilman Schaetzle seconded. Council Vote: Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes. Discussion followed. Councilman Smith moved to appoint Councilman Rominger to serve on the Regional Sewer Board. Councilman Schaetzle seconded. Council Vote: Schaetzle-yes; Thomas-yes; Rominger-yes; Smith-yes.

Budget Workshop – Water & Sewer Fund

Mr Doucet discussed the following budgetary revenue and expense items.

WATER AND SEWER DEPARTMENT

REVENUES

Charges for Services	\$ 6,039,500
Miscellaneous	\$ 213,300
Non-Revenue & Other Sources	\$ 5,112,500
TOTAL	\$11,365,300

EXPENSE

This year - \$11,365,300

Repair Maintenance Other:

Fire Hydrant Replacement/Repairs (10 hyds @ \$400 ea)	Estimated cost:	\$ 4,000
Water Valve Location - New Boxes		\$ 5,000
Reline 8" SS Coral Dr. to Everglade 1000'		\$ 10,000
Reline 8" SS Kelley Rd — 1000'		\$ 10,000
Pump and Motor Repair		\$ 15,000
Manhole Repair/Reline - 5 manholes @ 3,000 ea		\$ 15,000
Manhole Elevation correction after road paving \$300ea X 10MH		\$ 3,000
Relocate LS # 33 (in house job)		\$ 75,000
Rehab Lift Station # 56 (Pumps & discharge piping)		\$ 35,000
New Pump for Lift Station # 42		\$ 10,000
Lateral Sewer Camera Repair		\$ <u>5,000</u>
	Total:	\$ 187,000

Repair Maintenance Contractual

Water Tank Maintenance contract	Estimated Cost:	\$ 52,000
Generator Service Contract		\$ 22,000
80 Hours SCADA Maintenance		\$ 8,000
SCADA Repair		\$ 15,000
Odor and Grease Control Service		\$ 20,000
CCR Report (Print and Mail)		\$ 5,000
Bioxide Treatment (\$ 14,610 gal @ 24.40 a gallon)		\$ <u>35,650</u>

Total: \$
157,650

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Buildings:

Well # 6 New Building (does not include engineering & Permit Fees)	Estimated Cost:	\$ 40,000
Well # 2 New floor, Room & Vinyl complete Building)		\$ 13,000
Well # 4 New Door		\$ 1,000
Well # 5 Roof & Roof over Control Panels - 2 Doors		\$ 20,000
Lift Station # 11 Building Replacement		\$ <u>15,000</u>
	Total:	\$ 89,000

IMPROVEMENTS OTHER THAN BLDGS

Relocate Pipe Storage Yard	Estimated Cost:	\$ 20,000
Well # 5 - Fence		\$ <u>2,000</u>
	Total:	\$ 22,000

Equipment

WELLS

C12 Scales X 2 (\$1,700ea)	Estimated Cost:	\$ 3,400
F1 pumps X 2(\$1,000 ea)		\$ 2,000
Water Test Equipment		\$ 2,000
Back Flow Test Equipment		\$ 5,000
Chlorinators # 2 (\$1,500 ea)		\$ 3,000
Well # 6 200KW Generator		\$ 50,000

LIFT STATIONS:

Sewer Camera Main Line	Estimated Cost:	\$ 60,000
Gas Detector		\$ 3,000
2 – 35KW Generator lift stations 6 & 48 (\$20,000 each)		\$ 40,000
1 Portable Generator		\$ 35,000

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LINE CREW

Well points & header pipe	Estimated Cost:	\$ 5,000
Barricades, Cone and signs		\$ 2,500
Message board		\$ 8,000
Hand tools, saws & pump replacements		\$15,000

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LOCATES & MAPPING

GPS	Estimated Cost:	\$ 5,000
Line locator with sonde		\$ 4,000
Valve box locator		\$ 1,000
Loader - cost share		\$37,000

Meter Maintenance Dept

Used ½ Ton Pickup to replace 1997 unserviceable vehicle	Estimated Cost:	<u>\$8,000</u>
	Grand Total:	\$ 281,900

**Water System and Projects
Water system upgrades & extensions
Distribution System:**

WATER PROJECTS

Bayou Plaza Water Improvements Project #594.04	\$ 150,000 WE****
Install new Fire Hydrants (5) @ 2,500 ea.	\$ 12,500 WE****
Misc loops/Hudson Circle; Palm Blvd; 23 rd St; & King St	\$ 10,000 *05 Bonds
Water Main Valp Blvd to 18 th Street	\$ 40,000* 05 Bonds
1,000,000 - Gal Elevated Tank - 594.14	\$1,900,000***** Loan/Bond
	Total: \$ 2,112,500 PG 46

SEWER PROJECTS

Collection System:

LS # 1 Relocation and FM	(599.47) \$ 400,000 **SRF
	NVOC Process Upgrade \$
	<u>2,600,000</u> **SRF
	Total: \$
	3,000,000

GRAND TOTAL: \$ 5,112,500

- * **Bond Issue Funds**
- ** **SRF Funds - Project will be completed as funds become available.**
- *** **Sewer.Ext Funds - associated with growth.**
- **** **Water.Ext Funds - associated with growth.**
- ***** **Pending Bank Loan/Bond Issue**

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Water and Sewer Rate Proposal:

Doucet explained that our engineer advises that we must have water and sewer rates in place that are sufficient to support our Capital Improvements, operating expense, bond payments, and provide coverages which have been promised in previous bond issues. He stated that bond covenants require we meet our debt service requirements. Mr Doucet advised that the City projects receiving the required revenues to meet our coverage requirements in FY-12, however, the consulting engineer recommends we raise water and sewer rates 3% this year to prevent doubling up in FY13 if we choose against an increase in FY-12. Mr Doucet advised that Mr Glenn Stephens, Polyengineering will provide the council with a coverage analysis briefing during our special meeting on September 15, 2011. In addition, Mr Bill Fray, Fray Municipal Securities, Inc. (our finance advisor) will be here on the same night to brief the council on our investments and other financing issues.

PROPOSED INCREASES:

Mr Doucet advised that currently the average residential customers uses 7,000 gallons of water per month with a billing of \$ 27.17. He proposed to increase the average monthly billing \$.58 to \$27.75. The base rate is changed from \$11.15 to \$11.35. The first 2,000 gallons from \$3.82 to \$3.90. The balance of the 5,000 gallons would increase from \$2.44 to \$2.50 per thousand gallons.

NOTE: THE RATE FOR A 7,000 GALLON CUSTOMER WOULD INCREASE \$.58 PER MONTH.

Lawn Meters:

All water consumed: from \$4.50 to \$4.68 per 1,000 gallons

Each residential living unit from \$253.30 to \$260.00.

Each commercial unit from \$253.00 to \$260.00 per 1,000 square foot floor space or fraction thereof.

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SEWER RATE INCREASE:

Mr Doucet advised the base rate will increase from \$16.90 per month to \$17.60 and the per 1,000 cost will be increased from \$2.36 to \$2.46 not to exceed 16,000 gallons per unit. This rate increase is required to offset the cost of doing business.

NOTE: THE RATE FOR A 7,000 GALLON CUSTOMER WOULD INCREASE \$ 1.40 PER MONTH.

.70
.70
1.40

This change would also apply to:

Multiple Family, Apartments, Motels, and Trailer Parks

and all Non-Residential customers

Customers on Water Well connected to Sewer.

From \$ 54.66 a month to \$56.96 a month.

Customers not connected - Sewer Available:

From \$16.90 a month to \$17.60 a month.

Outside City Limits:

A surcharge of ten (10) percent shall be added.

Mr Doucet provided a Water and Sewer Rate Comparison Chart for surrounding Utilities. The chart provides the results of a telephone survey made to utilities August 17, 2011. Niceville

ranks approximately 4.6% lower than the average rate for all utilities listed. He explained that our tiered rates in effect actually discourages high volume use. This rate structure helps us to meet the permitting limitations placed on us by the Water Management District.

Mr Doucet advised that if there is no objection by the council he will advertise the appropriate rate increases for public hearing along with the Advalorem Ordinance and the Budget Ordinance. Mr

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Doucet made reference to proposed budget which was developed based on the proposed millage rate of 3.65 mills which is slightly lower than the rolled back rate of 3.717. He advised that if the council wants to meet again to discuss any budget concerns/issues we have set aside September 1, 2011 at 6:00 PM to meet prior to our first public hearing that is scheduled for September 15, 2011 at 6:00 PM. Discussion followed.

The meeting adjourned at 6:40 PM.

MAYOR

CITY CLERK