



City of Margate

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Meeting Minutes City Commission Workshop

Mayor Joanne Simone
Vice Mayor Tommy Ruzzano
Commissioners:
Joyce W. Bryan, Lesa Peerman, Frank B. Talerico

City Manager Douglas E. Smith
City Attorney Eugene M. Steinfeld
City Clerk Joseph J. Kavanagh

Wednesday, September 9, 2015

6:00 PM

Commission Chambers

CALL TO ORDER

Present: 5 - Commissioner Lesa 'Le' Peerman, Commissioner Frank B. Talerico, Commissioner Joyce W. Bryan, Vice Mayor Tommy Ruzzano and Mayor Joanne Simone

In Attendance:

City Manager Douglas E. Smith
City Attorney Eugene M. Steinfeld
City Clerk Joseph J. Kavanagh

1) PRESENTATION(S)

A. ID 14-1352 STORMWATER RATE STUDY

DIRECTOR OF PUBLIC WORKS SAM MAY stated that a presentation was to be given by Tony Harrison, of Raftelis Financial Consultants

TONY HARRISON, Senior Manager of Raftelis Financial Consultants, stated that his firm specialized in Utility Rate studies and Financial Feasibility Studies around the Country. He noted that he ran the Orlando office and did 85 percent of his work in Florida for the past 18 years. He said that he also worked with the City of Margate's Water and Sewer Utility for a number of years to help with rate efficiency and with Capital Improvement Plan Funding. He said that he currently worked with Staff on a Rate Study, which was a combined effort because he asked for a lot of data from Staff. He noted that he valued their input and perspective. Mr. Harrison gave a brief background and explained that Stormwater was a hidden utility and the management of the water throughout the cycle of taking rainfall from catch basins into a piping system and then into the canals, as well as the apparent cost and hidden cost. He stated that the services included maintenance of the shore line, canal debris removal, infrastructure, repair and maintenance and preventative maintenance. He noted that preventative maintenance included things like street sweeping to reduce the nutrients that went into the canal and keeping it in compliance with regulations. He added that other types of preventative maintenance were right-of-way spraying, catch basin cleaning and so forth. He noted that this was governed by Environmental Protection Agency (EPA) regulations and the National Gluten discharge elimination system through the EPA. He stated that the City had a Co-permit with Broward County, which was called a MS-4 Permit. He said that it was heavily regulated in order to manage the water quality of the canals and making sure there was drainage occurring in a proper manner. He said that the endeavor was very important; however, it

was relatively inexpensive when compared to other services, though very visible when not working right. Mr. Harrison provided statistics of Margate's Stormwater System and said that 110 miles of streets were maintained with street cleaning; 16 miles of canal maintenance; and over 2,000 catch basins. He added that there was 45 miles of Stormwater pipe. He noted that the corrugated portion of that pipe was in major need of repair, which was a major focus of the funding of the adjustment to the proposed Stormwater Fee. Mr. Harrison explained that to provide the Stormwater Service, the expenses related to the Stormwater System were people, labor, maintenance and administrative functions. He noted that the Stormwater Fund had a total of 10 employees with additional administrative support by the City and a General Fund cost allocation. He added that other costs were chemicals, equipment, and Capital Replacement, which was important for the future and needed to be addressed. Mr. Harrison explained that one of the trends over the past few years was health insurance for the Stormwater group, which increased over the last several years from about \$68,000 to \$108,000. He noted that there were also projected increases in the future, which were factored in. He said that there was an Indirect Cost Allocation Study done by the City in order to identify what administrative support was provided for each of the services. He added that another expense trend was to maintain vehicle and equipment in good repair and \$20,000 was committed for that, and that the other was Capital Replacement. Mr. Harrison showed pictures of major Stormwater vehicles, such as the back truck and the street sweeper. He said that there were 11 more vehicles in the Stormwater Fund with two harvesters, four boats and other minor equipment. He stated that the sustainable replacement cycle was identified between 8 and 10 years at \$150,000 a year. Mr. Harrison explained that another major endeavor was Asset Life Extension, which pertained to the lining of the pipe. He showed a root growing through a corrugated pipe, which could cause major problems; therefore, the City needed a Proactive Plan. He noted that after a pipe was lined it would have over 50 years of service life. He said that the City needed to move at a measured pace to complete the \$3.5 million dollar project over a 10 year horizon. Mr. Harrison summarized the major Stormwater expenses. He said that he compared the 2015, year to next year at a sustainable level, based on a fully funded Budget and found that the City would be just under \$1.4 million dollars in total expenditures. He explained that to get everything done with a fully funded Budget would cost \$1,725,000, which included the repair and maintenance of \$592,000, the lining of the corrugated pipe and other maintenance and repairs. He added that it included sustainable vehicle replacement in the amount of \$150,000 a year. He noted that the current Budget was lacking two components; therefore, he proposed a fully sustainable rate level to fund into the future, which required a Budget Amendment. He stated that a new rate for January was also proposed. He also proposed adding a fully funded repair and maintenance, as well as vehicle replacement, which was not currently in the proposed Budget. He suggested fully funding the Budget for this year and the future as well. Mr. Harrison noted that the City had an established Stormwater Fee on the water and sewer bill. He stated that it was a flat rate of \$3.57 for residential, with non-residential being charged per square feet. He added that the rate was in place for seven years; however, it was now time to address long term sustainability of the Stormwater Program. Mr. Harrison stated that there had been minimal growth in the City's customer base. He noted that there would be an additional 480 units that would increase the customer base, which was reflected in his five year projections. He explained that the Stormwater Revenue the past years was flat at \$1,254,000 a year; however, there were inflationary adjustments such as vehicles aging, which caused a major capital improvement. He stated that with the current fee structure, it would take \$7 million dollars to get everything done. He said that to fully fund the Stormwater System Program the fee would have to be \$5.15 per month in 2016, with annual indexing thereafter to keep up with inflation. He stated that the proposed increase was \$1.58. He explained that the phased in option for January of \$.95 to bring the fee to \$4.52, with another \$.95 cents in October 2016 for \$5.47, with indexing thereafter. He

said that \$225,000 of the current Stormwater Reserves would be used; however, fortunately, the City had over \$500,000 in reserve funds. He said that if the fees were kept the same, within four to five years the City would be behind between \$2,000,000, to \$2,500,000. He noted that was not a proactive sustainable solution. Mr. Harrison noted that the Fee as on the water bill, and that water fluctuated from month to month, but the Stormwater stayed the same. He noted that the Garbage Fee was also billed on the same Utility Bill. He stated that in the next few months there would be changes in the Garbage Fee and the Water Sewer Fees, which will cause the actual Utility Bill to decrease by \$2 a month. He stated that the City would be providing a sustainable Stormwater System to avoid and minimize future bad events proactively now. He added that the City had identified sustainable asset replacement, fully funding and sharing City resources in a way that was not a major disruption to the Utility Bills. He further explained that with the fully funded rate of \$5.15 and comparing to other Cities, the average was about \$7.08. He noted that in Coconut Creek and North Lauderdale, two agencies were providing the services, rather than just the City. He said that Coconut Creek had the Cocomar Water Control District; therefore, if adding the two fees together, Margate would be under the average. Mr. Harrison summed up by noting that the City was providing full service to the residents and was proactively identifying how to take care of its Capital Improvements in the future.

VICE MAYOR RUZZANO agreed that the Stormwater System needed improvement; therefore, he was 100 percent in favor. He noted that Margate had some of the nicest canals in the area, which were maintained great.

COMMISSIONER TALERICO asked whether the commercial drains went into the catch basins.

DIRECTOR MAY said that some overflowed into the Canal System, but mostly they were privately maintained on site. He noted that they had to maintain the first inch of water, and that some of them with overflow into the City's system had to go into retention ponds to hold the water themselves. He clarified that the commercial component was for the Stormwater, and that commercial properties had to pay an Equivalent Residential Units (ERU) based on their impervious area; however, they maintain their own drainage on site. He further explained that pertaining to the inspection process, the County would come in and inspect on a five-year cycle, but the City did not inspect the commercial properties.

COMMISSIONER TALERICO noted that he was also in favor.

COMMISSIONER BRYAN noted that the City was able to maintain the rate since 2009, which was great. She said that if increasing to the proposed rate of \$5.15, but decreasing another area; therefore, she preferred it be done one time and get it over with.

COMMISSIONER PEERMAN agreed and did not like splitting it up, because it would cost them more. She mentioned the amounts of \$5.15 and \$5.47, and questioned where \$5.47 came from.

MR. HARRISON noted that was the phased in rate to show comparison.

DIRECTOR MAY clarified that the phased in rate was \$.95 for two years, plus \$1.90; therefore, it was \$1.90 plus \$3.57, which totaled \$5.47.

COMMISSIONER PEERMAN said that a lot of the items, such as the sewer lines, were not seen; therefore, people were not aware they needed repair until they broke. She stated that this would be proactive rather than reactive for a change. She apologized for

the money being taken from Mr. May's Fund balance. She agreed that the equipment also needed to be planned for. She agreed with the one-time fee of \$5.47.

VICE MAYOR RUZZANO AND COMMISSIONER BRYAN also stated that they were in favor of the one-time fee of \$5.47.

DIRECTOR MAY noted that the one-time fee was cheaper long term and the reserves would not be lost.

VICE MAYOR RUZZANO also felt that it was good time with the DEES proposal.

COMMISSIONER TALERICO questioned whether the City maintained Lemon Tree Lake.

DIRECTOR MAY agreed that the City did maintain that property.

COMMISSIONER TALERICO he questioned whether the Stormwater went into the Lake.

DIRECTOR MAY agreed.

COMMISSIONER PEERMAN mentioned the Harvester going in the Lake.

DIRECTOR MAY noted that it was maintained by spraying.

COMMISSIONER TALERICO asked why the Harvester could not go there.

COMMISSIONER PEERMAN said that it was because of the ramp being tilted.

DIRECTOR MAY noted that if the water was up the Harvester could go in there, but not if the water was low.

COMMISSIONER PEERMAN stated that only bad area was the Canal behind the Swap Shop property, but the rest of the lake did not get that bad.

DIRECTOR MAY noted that was the Department of Transportation (DOT) Canal.

VICE MAYOR RUZZANO mentioned the Canal on East Palm Drive ending at Atlantic Boulevard.

DIRECTOR MAY said that it went to Lemon Tree Lake.

VICE MAYOR RUZZANO mentioned the lining of the pipe, and he asked whether it would all be replaced.

DIRECTOR MAY stated that the City was going to try to line as much as it could, and would not replace unless it absolutely had to. He explained that it would be done by the oldest section and would probably TV the whole section to see what was bad.

VICE MAYOR RUZZANO said that it was not done in years; therefore, he was in favor.

COMMISSIONER TALERICO asked how many years ago the Margate Utility went into effect.

DIRECTOR MAY noted that back in the 1990's.

COMMISSIONER BRYAN was grateful that there was this type of technology to cover these things.

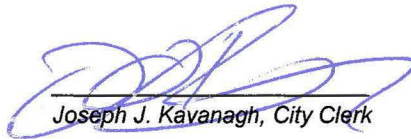
DIRECTOR MAY noted that a large pipe under Rock Island Road was slip-lined, which made a construction magazine.

ADJOURNMENT

There being no further business, the meeting adjourned at 6:31 PM.

Respectfully submitted,

Transcribed by Carol DiLorenzo



Joseph J. Kavanagh, City Clerk

Date: 10/28/15