

LEE COUNTY BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

BLUE SHEET NO: 20020219-UTL

1. REQUESTED MOTION:

ACTION REQUESTED:

Approve adjusted final rate for FY 00-01 for wastewater treatment provided by the City of Fort Myers of \$1.89 per 1,000 gallons; and, accept reimbursement from the City of Fort Myers to Lee County Utilities in the amount of \$458,035.86.

WHY ACTION IS NECESSARY:

Provides for final wastewater treatment rate for FY 00-01 of \$1.89 per 1,000 gallons, adjusted downward from the estimated rate of \$2.12 per 1,000 gallons.

WHAT ACTION ACCOMPLISHES:

Completes FY 00-01 fiscal requirements under the terms of the Interlocal Wastewater Treatment Agreement between the City of Fort Myers and Lee County.

2. DEPARTMENTAL CATEGORY: 10 - UTILITIES
COMMISSION DISTRICT #: CW

C10C

3. MEETING DATE: 03-19-2002

4. AGENDA:
 CONSENT
 ADMINISTRATIVE
 APPEALS
 PUBLIC
 WALK ON
TIME REQUIRED: _____

5. REQUIREMENT/PURPOSE:
(Specify)
 STATUTE
 ORDINANCE
 ADMIN. CODE
 OTHER Rate Adjustment

6. REQUESTOR OF INFORMATION:
A. COMMISSIONER:
B. DEPARTMENT: Lee County Public Works
C. DIVISION/SECTION: Utilities Division
BY: Rick Diaz, Utilities Director
DATE: 3/6/02

7. BACKGROUND:

On 5-8-01, the Board of County Commissioners approved payment, by Lee County Utilities to the City of Fort Myers, of a wastewater treatment cost for FY 00-01, estimated at \$2.12 per 1,000 gallons.

The final rate decreased to \$1.89 per 1,000 gallons from the projected rate of \$2.12 per 1,000 gallons. This is due primarily to wastewater treatment operating and capital costs being less than projected.

Utilities' staff has reviewed the final costs submitted by the City of Fort Myers and concurs that the amount of reimbursement from the City of Fort Myers is \$458,035.86.

The new rate for FY 01-02 was approved by the Board at \$1.69 per thousand gallons. Attached is a letter from the City of Fort Myers indicating that they will revisit these projected rates again in May to try to get them lowered so that LCU does not overpay so much in the future.

Check was deposited in Account No. OD5360048700369300.9008
(Utilities Operating/Utilities/Refund Prior Year Expenditures)

Attachment: Copy of Check
Copy of CFM 3-1-01 Letter
Copy of Purvis Gray & Company Final Audit Report

8. MANAGEMENT RECOMMENDATIONS:

9. RECOMMENDED APPROVAL

(A) DEPARTMENT DIRECTOR	(B) PURCH. OR CONTRACTS	(C) HUMAN RESOURCES	(D) OTHER	(E) COUNTY ATTORNEY	(F) BUDGET SERVICES				(G) COUNTY MANAGER
					OM	Risk	GC		
<i>J. Lavender</i> Date: 3-6-02	N/A Date:	N/A Date:	N/A Date:	<i>J. Lavender</i> 3/6/02	<i>DD</i> 3/7/02	<i>AS</i> 3/7/02	<i>AS</i> 03/07/02	<i>AS</i> 3-7-02	<i>J. Lavender</i> Date: 3-6-02

10. COMMISSION ACTION:

- _____ APPROVED
- _____ DENIED
- _____ DEFERRED
- _____ OTHER

Rec. by CoAtty
Date: 3/6/02
Time: 3:20pm
Forwarded To:
Buccher
3/7/02 9:25am

RECEIVED BY
COUNTY ADMIN.
3/8 10:00
COUNTY ADMIN.
FORWARDED TO:
3/7 3:30



Date	Check #
02/28/02	219355

COPY

ACCOUNT NUMBER	INVOICE NUMBER	P.O. NUMBER	AMOUNT	DISCOUNT	NET AMOUNT
401-0000-208-0002	022202	OVERPAY 00-01 SEWER INTER- LOCAL	458035.86		458035.86

Deposit Acct #
 OD 5360048700369300.9008

VERIFY THE AUTHENTICITY OF THIS MULTITONE SECURITY DOCUMENT BY CHECKING BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

CITY OF FORT MYERS
"CITY OF PALMS"
PAYABLE FROM POOLED CASH

63-4
630

Date	Check #
02/28/02	219355

PAY ONLY **458035.86**
FOUR FIVE EIGHT ZERO THREE FIVE DOLLARS AND 86 CENTS

FOUR HUNDRED FIFTY EIGHT THOUSAND THIRTY FIVE DOLLARS AND 86 CENTS *****

Pay To The Order Of LEE CO BOARD OF COUNTY COMMISSIONERS
1500 MONROE ST-3RD FLOOR
FORT MYERS, FL 33901

Ann Humphrey
Debra J. Baintista

⑈ 219355 ⑈ ⑆ 063000047 ⑆ 003446506521 ⑈

COPY

City of Fort Myers, Florida



FINANCE DEPARTMENT
PO DRAWER 2217
FORT MYERS, FLORIDA 33902-2217
(941) 332-6371

1 March 2001

Kris Miller
Lee County Utilities
1500 Monroe Street 3rd Floor
Fort Myers, FL 33901

Dear Kris:

Attached please find a check in the amount of \$458,035.86 made payable to the Lee County Board of Commissioners. This check represents a refund of the overpayment made for the Wastewater Interlocal Agreement for the fiscal year ended September 30, 2001.

Also attached is a copy of our auditor's, Purvis Gray & Company, "Computation of Operating and Capacity Costs per 1,000 Gallons".

I believe this closes the Wastewater Interlocal for our fiscal year 2001.

As I mentioned in our phone conversation, during May I will review our expenses relating to fiscal year 2002 and send you an estimated calculation on costs based on that review. I believe this review will be done in such a manner as to avoid a major over or under payment in the 2002 fiscal year.

Also, I will be working with our Accounts Receivable group to issue new invoices based budgeted costs. The new invoices should be to you sometime next week.

Should you have any questions, please do not hesitate to contact me at 332-6371 or e-mail lwalker@cityftmyers.com.

Sincerely,
CITY OF FORT MYERS, FLORIDA

A handwritten signature in cursive script that reads "A. Leigh Walker, Jr.".

A. Leigh Walker, Jr., CPA, CPFO
Controller

cc: File

COPY

(FINAL AUDIT REPORT)

**CITY OF FORT MYERS, FLORIDA
INTERLOCAL WASTEWATER
TREATMENT AGREEMENT**

**COMPUTATION OF OPERATING AND
CAPACITY COSTS PER 1,000 GALLONS**

SEPTEMBER 30, 2001

CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule of Computation of Operating Costs, Capacity Costs and Combined Operating and Capacity Costs Per 1,000 Gallons	2
Schedule of Utilities Operating Expenses - Excluding Depreciation and Capital Outlay	3
Schedule of Total Gallonage and Capitalized Expenses	4
Schedule of Wastewater Capacity Costs	5-6

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Mayor and City Council
City of Fort Myers, Florida
Fort Myers, Florida

We have performed the procedures enumerated below to the accompanying schedule of computation of operating costs, capacity costs and combined operating and capacity costs per 1,000 gallons of the City of Fort Myers Wastewater Treatment and Disposal Facilities for the fiscal year ended September 30, 2001, under the Interlocal Wastewater Treatment Agreement (the Agreement) dated November 16, 1983, and amended on September 12, 1984, April 9, 1986, and March 3, 1993, between the City of Fort Myers and Lee County. These procedures, which were agreed to by representatives of the City of Fort Myers and Lee County, were performed solely to assist you in complying with Section 5.06D of the Agreement. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

- Agreed Operating, Administrative and Capitalized Costs to the City's September 30, 2001, Trial Balance and Audited Financial Statements;
- Agreed Number of Units Per Page 4 to a Schedule Prepared By the City;
- Agreed Interest and Principal Payments to the Bonds' Respective Debt Service Schedules;
- Agreed Reserve Fund and Sinking Fund Interest Income to Trust Company Statements;
- Confirmed Amount Paid By Lee County to the City; and
- Recalculated Mathematical Accuracy of Schedules.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the aforementioned schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

January 15, 2002
Ocala, Florida

Purvis, Gray and Company

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
1727 2nd Street • Sarasota, Florida 34236 • (941) 365-3774 • FAX (941) 365-0238

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**SCHEDULE OF COMPUTATION OF OPERATING COSTS, CAPACITY COSTS
AND COMBINED OPERATING AND CAPACITY COSTS PER 1,000 GALLONS
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
CITY OF FT. MYERS, FLORIDA**

Computation of Operating Costs Per 1,000 Gallons

Operating Costs	
Sewer Plant Operating Expenses (See Page 3)	\$ 3,735,508.57
Administrative Expenses (See Page 3)	1,581,937.58
Capitalized Expenses (See Page 4)	1,460,550.52
Total Operating Costs	<u><u>\$ 6,777,996.67</u></u>
 Total Gallonage (See Page 4)	 <u><u>4,142,917,915</u></u>
 Operating Cost Per 1,000 Gallons	 <u><u>\$ 1.636044163</u></u>

Computation of Capacity Costs Per 1,000 Gallons

Capacity Costs Related to Debt Service (See Page 5)	<u><u>\$ 1,063,531.92</u></u>
 City of Fort Myers Capacity Cost Per 1,000 Gallons	
Allocation of Percentage of Capacity	50.0%
Capacity Cost - City of Fort Myers	<u><u>\$ 531,765.96</u></u>
 City of Fort Myers Gallonage (See Page 4)	 <u><u>2,100,147,162</u></u>
 Capacity Cost Per 1,000 Gallons - City of Fort Myers	 <u><u>\$ 0.253204142</u></u>
 Lee County Capacity Cost Per 1,000 Gallons	 1,063,531.92
Allocation of Percentage of Capacity	50.0%
Capacity Cost - Lee County	<u><u>\$ 531,765.96</u></u>
 Lee County Gallonage (See Page 4)	 <u><u>2,042,770,753</u></u>
 Capacity Cost Per 1,000 Gallons - Lee County	 <u><u>\$ 0.260316024</u></u>
 Combined Operating and Capacity Costs Per 1,000 Gallons	
City of Fort Myers	<u><u>\$ 1.889248305</u></u>
Lee County	\$ 1.896360187
Lee County Gallonage	2,042,770,753
Total Reimbursement Due to City of Fort Myers	3,873,829.13
Total Paid By Lee County For Fiscal Year 1999-2000 <i>2000-2001</i>	<u><u>4,331,864.99</u></u>
 Amount Due to Lee County	 <u><u>\$ 458,035.86</u></u>

**SCHEDULE OF UTILITIES OPERATING EXPENSES -
EXCLUDING DEPRECIATION AND CAPITAL OUTLAY
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
CITY OF FT. MYERS, FLORIDA**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Plant Operations			
Salaries and Wages	\$ 486,478.81	\$ 1,366,344.80	\$ 1,852,823.61
Employee Benefits	109,161.24	334,111.34	443,272.58
Telephone and Utilities	556,987.86	889,229.36	1,446,217.22
Repairs and Maintenance	87,952.96	247,304.54	335,257.50
Operating Supplies	247,941.98	555,443.25	803,385.23
Contractual Services	44,312.42	262,124.91	306,437.33
Fleet Equipment Rental	24,145.00	56,140.00	80,285.00
Office and Other Expenses	15,046.02	24,810.37	39,856.39
Total Plant Operations	<u>1,572,026.29</u>	<u>3,735,508.57</u>	<u>5,307,534.86</u>
Distribution and Collection			
Salaries and Wages	516,333.67	743,866.80	1,260,200.47
Employee Benefits	135,685.38	199,408.80	335,094.18
Telephone and Utilities	3,243.63	104,772.61	108,016.24
Repairs and Maintenance	178,756.06	120,795.26	299,551.32
Operating Supplies	26,079.00	44,773.12	70,852.12
Contractual Services	33,182.44	30,443.48	63,625.92
Fleet Equipment Rental	98,730.00	146,345.00	245,075.00
Office and Other Expenses	1,319.57	915.74	2,235.31
Total Distribution and Collection	<u>993,329.75</u>	<u>1,391,320.81</u>	<u>2,384,650.56</u>
Totals	<u>\$ 2,565,356.04</u>	<u>\$ 5,126,829.38</u>	<u>\$ 7,692,185.42</u>
Administrative			
Salaries and Wages			\$ 602,322.55
Employee Benefits			135,982.04
Professional Services			196,509.35
Office and Other Expenses			733,233.47
Insurance and Bonds			117,096.00
General Fund - Administrative Charge			1,470,213.00
Repairs and Maintenance			2,180.54
Total Administrative			<u>\$ 3,257,536.95</u>
Allocation of Administrative Expenses of			
Utilities to Sewer Plant Operations			
(\$3,735,508.57/\$7,692,185.42 = 48.5623833%)			
\$3,257,536.95 X 48.5623833%			<u>\$ 1,581,937.58</u>

SCHEDULE OF TOTAL GALLONAGE AND CAPITALIZED EXPENSES
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
CITY OF FT. MYERS, FLORIDA

Gallongage

Type of Facility	Class	Number of Units	Yearly Average (Rounded)	Total Gallongage
City Facilities:				
Residential	1	9,076	80,000	726,080,000
Duplex/Apartments	2 & 3	10,262	60,000	615,705,000
Mobile Homes	4 & 7	703	54,000	37,980,000
Motel/Hotel	5 & 6	1,851	60,000	111,075,000
Commercial	8	2,912	209,252	609,307,162
Total		<u>24,804</u>		<u>2,100,147,162</u>
County Facilities				
Residential	1	15,103	80,000	1,208,213,333
Duplex	2	477	60,000	28,610,000
Commercial	8	1,246	333,924	416,097,420
Commercial (Units)	3	6,498	60,000	389,850,000
Total		<u>23,324</u>		<u>2,042,770,753</u>
Total Gallongage, All Facilities				<u>4,142,917,915</u>

Capitalized Costs

	Project Number	Amount
Central Plant	0911	\$ 25,939.10
South Plant	0912	84,247.53
Sewer Maintainance - Lift Stations	0913	7,099.00
Administration Building	6085	385,667.99
Dry Well Piping CWWTP	6119	50.00
Influent Pump Replacement CWWTP	6091	676,930.00
Nitrification Blade Replacement CWWTP	6092	3,996.50
On-Site Disinfection CWWTP	6093	21,973.11
Influent Pump Replacement SWWTP	6094	65,250.00
Internal Recycle Pump	6222	124,932.00
Nitrification Blade Replacement SWWTP	6096	3,996.50
On-Site Disinfection SWWTP	6097	24,037.59
Effluent Reuse Pump CWWTP	6220	23,227.00
Main Fuel Tank Replacement CWWTP	6187	7,349.80
Main Fuel Tank Replacement SWWTP	6192	5,804.40
Dry Well Piping SWWTP	6223	50.00
Total Capitalized Expenses		<u>\$ 1,460,550.52</u>

**SCHEDULE OF WASTEWATER CAPACITY COSTS
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
CITY OF FT. MYERS, FLORIDA**

		April 1, 2000 Payment	October 1, 2000 Payment
1985 Issue	Issued June 11, 1985 Defeased By Series 1989A Issue Dated November 1, 1989	\$ 0.00	\$ 0.00
1989A Issue	Issued November 1, 1989 Defeased In Part By Series 1993A Remainder Defeased By Series 1999A	0.00	0.00
1993A Issue	Issued August 12, 1993 Refunded \$15,655,000.00 Series 1989A Bonds Refunded \$47,001,084.25 Series 1989B Bonds Debt Service Allocable to Refunding of Series 1989A Bond is 24.99% (1) April 1, 2000 = \$1,430,250.00 X 24.9856023% October 1, 2000 = \$1,429,517.50 X 24.9856023%	357,356.58	357,173.56
1999A Issue	Issued September 30, 1999 Refunded \$24,395,000.00 Series 1989A Bonds Resulted in \$36,495,000 New Construction Funds Debt Service Allocation to Refunding of Series 1989A Bonds is 40.06% (2) April 1, 1999 = \$1,610,834.38 X 40.0640499% October 1, 1999 = \$2,280,834.38 X 40.0640499%	645,365.49	913,794.62
Totals		<u>\$ 1,002,722.07</u>	<u>\$ 1,270,968.18</u>
Combined Totals			\$ 2,273,690.25
Pay Agent Fees			800.00
Less Interest Income (3)			(19,811.59)
Allocation Percentage to Wastewater Plants			<u>47.17%</u>
Wastewater Debt Service			<u>\$ 1,063,531.92</u>

(1) Allocation of Debt Service on City of Fort Myers Series 1993A Utility System Refunding Revenue Bonds:

Series 1989A Bonds Refunded	\$ 15,655,000.00	24.9856023%
Series 1989B Bonds Refunded	47,001,084.25	75.0143977%
	<u>\$ 62,656,084.25</u>	<u>100.00%</u>

SCHEDULE OF WASTEWATER CAPACITY COSTS
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
CITY OF FT. MYERS, FLORIDA
(Concluded)

(2) Allocation of Debt Service on City of Fort Myers Series 1999A Utility System Refunding Revenue Bonds:

Series 1989A Bonds Refunding	\$ 24,395,000.00	40.0640499%
Series 1999A Bonds New Money	36,495,000.00	59.9359501%
Total	<u>\$ 60,890,000.00</u>	<u>100.00%</u>

(3) Allocation of Interest Income Earned on Sinking Fund for Series 1993A and 1999A Utility System Refunding Revenue Bonds:

	<u>1993A</u>	<u>1999A</u>
Total Interest Income Series 1993A	\$ 32,596.40	\$ 29,121.33
Allocation Percentage From Above	24.9856023%	40.0640499%
Earnings Allocated	<u>8,144.41</u>	<u>11,667.18</u>
Total Combined Interest Income to Allocate		<u>\$ 19,811.59</u>