

LEE COUNTY BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY **BLUE SHEET NO: 20030374-UTL**

1. REQUESTED MOTION:

ACTION REQUESTED:

Approval to pay the City of Fort Myers for FY02-03 wastewater treatment costs at the estimated rate of \$2.31 per thousand gallons; total FY02-03 cost is estimated at \$4,822,636.29 based on an estimated 2,090,910,420 gallons. Approve transfer from Utilities reserves in the amount of \$250,000.

WHY ACTION IS NECESSARY:

To pay wastewater treatment costs for FY02-03 based on the City of Fort Myers' adopted budget. The rate for wastewater treatment is an estimated rate based on the City's budget, until actual costs are available at the end of the fiscal year. The Interlocal Wastewater Treatment Agreement dated 11-06-83, amended 04-09-86, between the City of Fort Myers and Lee County requires a rate be set on the City's budgeted costs.

WHAT ACTION ACCOMPLISHES:

Sets rate for FY02-03 wastewater treatment costs and authorizes Lee County Utilities to pay this rate to the City of Fort Myers based on their adopted budget until actual costs are available at the end of the fiscal year.

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

C10F

3. MEETING DATE: *04-08-2003*

4. AGENDA:

- CONSENT
- ADMINISTRATIVE
- APPEALS
- PUBLIC
- WALK ON
- TIME REQUIRED: _____

5. REQUIREMENT/PURPOSE:

- (Specify)*
- STATUTE _____
 - ORDINANCE _____
 - ADMIN. CODE _____
 - OTHER *Approval to Pay*

6. REQUESTOR OF INFORMATION:

- A. COMMISSIONER: _____
- B. DEPARTMENT: Lee County-Public Works
- C. DIVISION/SECTION: Utilities Division
- BY: Rick Diaz, Utilities Director
- DATE: 3/25/03

Jim J. U. FOR Rick Diaz

7. BACKGROUND:

Under the Interlocal Wastewater Treatment Agreement, dated 11-6-83, amended 4-9-86, between the City of Fort Myers and Lee County, the City treats Lee County Utilities' wastewater.

Each fiscal year the City estimates the cost of treatment per 1,000 gallons based on its adopted budget. For FY02-03, the City's estimated cost for treating Lee County Utilities' wastewater is \$2.31 per 1,000 gallons, which is a 47.13% increase from last year's actual rate of \$1.57. This increase is mostly due to new MIS charges as explained in the attached letter from the City of Fort Myers dated 11-18-02. The estimated gallonage to be treated is 2,090,910,420 gallons.

Once actual costs are available at the end of FY02-03, a revised rate based on actual costs will be calculated and any required adjustments to the amount paid will be made at that time.

Funds are available in account OD5360348700.503490.
 Attachment: Letter from City of Fort Myers dated 11-18-02
 Copy of City of Fort Myers Rate Projection

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
					OA	OM	Risk	GC	
<i>J. Lavender</i> Date: <i>3-26-03</i>	N/A Date:	N/A Date:		<i>S. J. ...</i> Date: <i>3/26/03</i>	<i>P.M.</i> Date: <i>3/27/03</i>	<i>J.J.</i> Date: <i>3/27/03</i>	<i>PLS</i> Date: <i>3/27/03</i>	<i>J. Lavender</i> Date: <i>3-26-03</i>	

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

Rec. by CoAtty
 Date: *3/26/03*
 Time: *2:10 PM*
 Forwarded To:
 City Admin
3-26-03 3:30

RECEIVED BY
 COUNTY ADMIN. *PM*
3-26-03
4:10
 COUNTY ADMIN.
 FORWARDED TO:
3/27 300

REQUEST FOR TRANSFER OF FUNDS

FUND NAME: Lee County Utilities DATE: 03/27/03 BATCH NO. _____

FISCAL YEAR: FY02/03 FUND #: 48700 DOC TYPE: YB LEDGER TYPE: BA

TO: Lee County Utilities Utilities - WW Treatment Contract
 (DIVISION NAME) (PROGRAM NAME)

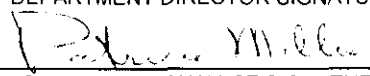
NOTE: PLEASE LIST THE ACCOUNT NUMBER BELOW IN THE FOLLOWING ORDER:
 FUND #-DEPT/DIV #-PROGRAM #-OBJECT CODE #-SUBFUND #-PROJECT#-COST CENTER #.
 (EXAMPLE: BB5120100100.503450)

ACCOUNT NUMBER	OBJECT NAME	DEBIT
OD5360348700.503490	Other Contracted Services	\$ 250,000
	TOTAL TO:	\$ 250,000

FROM: Non-Dept. Utilities Reserves
 (DIVISION NAME) (PROGRAM NAME)

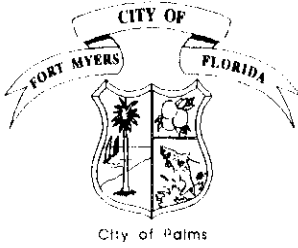
ACCOUNT NUMBER	OBJECT NAME	CREDIT
GC5890148700.509910	Reserves for Contingencies	\$ 250,000
	TOTAL FROM:	\$ 250,000

EXPLANATION: Transfer from LCU Reserves as per Bluesheet #20030374-UTL dated 4/8/03.

DIVISION DIRECTOR SIGNATURE	DATE	DEPARTMENT DIRECTOR SIGNATURE	DATE
DBS: APPROVAL <input checked="" type="checkbox"/> DENIAL <input type="checkbox"/>			3/27/03
APPROVAL <input type="checkbox"/> DENIAL <input type="checkbox"/>		OPERATIONS ANALYST SIGNATURE	DATE
CO. ADMIN.: APPROVAL <input type="checkbox"/> DENIAL <input type="checkbox"/>		BUDGET OPERATIONS MANAGER SIGNATURE	DATE
BCC APPROVAL DATE		CO. ADMIN. SIGNATURE	DATE
		BCC CHAIRMAN SIGNATURE	

BA NO: _____ AUTH CODE: _____ TRANS DATE: _____

REV. 05/93



City of Fort Myers, Florida

**FINANCIAL SERVICES DEPARTMENT
ACCOUNTING DIVISION
PO DRAWER 2217
FORT MYERS, FLORIDA 33902-2217
(239) 332-6371
lwalker@cityftmyers.com**

18 November 2002

Kris Miller
Environmental Services
Lee County Public Works Center
1500 Monroe Street -- 3rd Floor
Fort Myers, FL 33901

Re: Wastewater Interlocal Year Ending September 30, 2003
Via Fax

Dear Kris:

Attached is a revised projection for the City of Fort Myers – Lee County Wastewater Interlocal agreement. This has been updated from the previous one I sent for actual usage and two other items.

Please note that the City changed its capitalization policy during the 01-02 fiscal year. We now capitalize items costing more than \$5,000. Consequently, items costing \$5,000 or less per item are shown as operating expenses. In addition, The City's Management Information Systems department has been set up as an internal service fund. Due to this, the various departments share of the cost of MIS is shown in the Office and Other Expense line item. The allocation of MIS is based upon the number of computers each department has. In the past, the General Fund had absorbed all MIS costs. If you would like a separate line item to show this cost, I would be happy to revise the reports.

I have also calculated the budget charge differently from last year. This was based on a review of the 01-02 fiscal year actual expenses. I have included the operational expenses at 100% and the capital expenses at 50%. Based on this, the per 1,000 gallons charge will be \$2.306476761.

I have previously sent you a preliminary report on the 01-02 fiscal year wastewater true-up. That preliminary report showed Lee County owed the City of Fort Myers \$505,005.56. As that report will not be audited until January, and the amount due to the City is large, I would like to ask if your department could go to the County Commissioners and begin paying the current year invoices now. If not, based on last year's figures, when the County did start paying, you could owe almost \$900,000. This would put a severe strain on our Utility System's operating cash.

I realize that in the past you have not paid until the audit is done. However, in those instances a large refund was due to Lee County and the delay in paying helped your cash flow until we

could issue the refund check. This is the opposite case and payment for the current year's usage would certainly help our cash flow.

Please contact me if you have any questions or would like to discuss.

Sincerely,
CITY OF FORT MYERS, FLORIDA

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

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 02/03 Budget**

Prepared by alw 11/18/2002

	Operating <u>Costs</u>	Capacity <u>Costs</u>	<u>Total</u>
Lee County Gallonage (Actual 01/02)	2,090,910,420	2,090,910,420	2,090,910,420
Costs per 1,000 Gallons (Projected)	2.051116306	0.255360455	2.306476761
Total Reimbursement due the City	4,288,700.46	533,935.84	4,822,636.29
Total Paid by Lee County, Fiscal Year 02/03 (1)			0.00
FY 02/03 amount due to City of Fort Myers (Lee County) Projection			4,822,636.29
Monthly Billing (\$4,822,636 / 12 = 401,886)			401,886.36

(1) Billings/Collections:

<u>Month</u> <u>Bill Sent</u>	<u>For:</u>	<u>Amount</u> <u>Billed</u>	<u>Amount</u> <u>Collected</u>	<u>Date</u> <u>Collected</u>
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Totals for FY 02/03	0.00	0.00
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**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 02/03 Budget**

Prepared by alw 11/18/2002

INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 02/03 Projected)

	Based upon Estimated Gallons
OPERATING COSTS	
Sewer Plant Operating Expenses (1)	4,339,585.00
Administrative Expenses (2)	1,719,209.50
Capitalized Expenses (3)	2,485,344.00
Total	8,544,138.50
 Total Gallonage (01-02 Actual)	 4,165,604,100
 Operating Cost per 1,000 gallons	 2.051116306
 CAPACITY COSTS	
Capacity costs related to debt service (5)	1,067,871.67
City of Fort Myers Capacity Allocation (50%)	533,935.84
City of Fort Myers Gallonage (01/02 Actual)	2,074,693,680
City of Fort Myers Capacity Cost per 1,000 Gallons	0.257356467
Lee County Capacity Allocation (50%)	533,935.84
Lee County Gallonage (01/02 Actual)	2,090,910,420
Lee County Capacity Cost per 1,000 Gallons	0.255360455
 Combined Costs:	
Fort Myers:	
Operating	2.051116306
Capacity	0.257356467
Total	2.308472774
Lee County	
Operating	2.051116306
Capacity	0.255360455
Total	2.306476761

NOTES:

- (1) Separate schedules are attached showing budgeted expenses for sewer plant operations.
- (2) See calculation of administrative costs attached.
- (3) See schedule of capitalized expenses attached.
- (5) See calculation of capacity costs attached.

Assumptions:

- (a) Actual 01/02 gallonage used for this calculation. Assumes no changes
- (b) Actual budgeted numbers used.
- (c) Capital expenses assumed to be 50% of budget as most projects were started by prior year end.
- (d) Reclaimed water expenses assumed at actual 01/02 expenses with a 5% increase in salaries.
- (e) Estimated Interest income on debt service sinking funds to be same as 01/02 actual.

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 02/03 Budget**

Prepared by alw 11/18/2002

COMPUTATION OF OPERATING COSTS FOR FY 02/03 Projection

Calculation of Administrative Expense
Allocable to Sewer Plant Operations

Water Plant Operations (0908)	1,855,757.00
Water Distribution - Maintenance (0909)	1,324,702.00
Sewer Plant Operations - Central Plant (0911)	2,204,689.00
Reclaimed Water Production Facility (Based on 01/02 actual)	(147,600.00)
Sewer Plant Operations - South Plant (0912)	2,282,496.00
Sewer Maintenance - Lift Stations (0913)	737,645.00
Sewer Maintenance - Maintenance (0914)	1,095,211.00
	9,352,900.00

Administration Expense - Total (1) 3,705,330.00

Sewer Plant Operations:

Central Plant	2,057,089.00
South Plant	2,282,496.00
	4,339,585.00

Prorated portion of Sewer Plant Operations to total
Water and Sewer Operations: \$4,339,585/\$9,352,900 46.398282886%

Administrative Expense allocable to Sewer Plant
Operation: \$3,705,330 x 46.398282886% 1,719,209.50

(1) Administrative Expense total excludes transfers to other funds except for
General Fund administrative charge to Utility Fund for services provided
by General Fund programs/departments.

INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 02/03 (Projection)

CAPITALIZED EXPENSES:

Central Plant (0911) (1)	30,000.00
South Plant (0912) (2)	30,000.00
Odor Control SWWTP (6020)	54,366.00
CWWTP Roof Repairs (6090)	30,000.00
CWWTP On Site Disinfection (6093)	1,237,716.00
On Site Disinfection SWWTP (6097)	1,188,386.00
Dry Well Piping CWWTP (6119)	222,652.00
Degasifier Redesign (6168)	10,743.00
Grit Removal System CWWTP (6221)	460,193.00
Dry Well Piping SWWTP (6223)	215,424.00
Grit Removal System SWWTP (6225)	460,208.00
CWWTP Polymer Storage (6294)	105,000.00
CWWTP Return Activated Sludge Pump Upgrade (6295)	240,000.00
CWWTP Nitrific Gearbox Rebuild (6296)	100,000.00
SWWTP Laboratory Automatic Analyzer (6341)	75,000.00

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 02/03 Budget**

Prepared by alw 11/18/2002

SWWTP Polymer Storage (6342)	105,000.00
SWWTP Nitrific Gearbox Rebuild (6343)	100,000.00
SWWTP Roof Repairs (6344)	56,000.00
SWWTP Other Maintenance (6345)	<u>250,000.00</u>
	4,970,688.00

Estimate 50% of Total Budget	2,485,344.00
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- (1) Waste activated sludge pumps (\$15,000) and Polymer Mixing System (\$15,000).
- (2) Polyblend system for pressing (\$15,000) and Variable speed controller for RAS / WAS Pumps (\$15,000).

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Wastewater Interlocal Agreement
Fiscal Year 02/03 Budget**

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INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 02/03 (Projection)

CAPACITY COSTS RELATED TO DEBT SERVICE - FY 02/03 (Projection)

		4/1/01 Payment	10/1/01 Payment
1985 Issue	Issued 6/11/85 Defeased by Series 1989A Issue dtd 11/1/89	0.00	0.00
1989A Issue	Issued 11/1/89 Defeased in part by Series 1993A Defeased in part 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) 04/1/03 = 1,427,517.50 x 24.9856023% 10/1/03 = 1,428,117.50 x 24.9856023%	356,673.84	356,823.76
1999A Issue	Issued September 30, 1999 Refunded \$24,395,000 Series 1989A Bonds Resulted in \$36,495,000 New Construction Funds Debt Service Allocable to Refunding of Series 1989A bond is 40.06% (2) 04/1/03 = 1,582,909.38 x 40.0640499% 10/1/03 = 2,307,909.38 x 40.0640499%	634,177.60	924,641.97
TOTALS		990,851.44	1,281,465.72
COMBINED TOTALS			2,272,317.16
Pay Agent Fees (Estimated)			800.00
Less Interest Income (2001 Earnings)			(9,238.27)
			2,263,878.89
Allocation Percentage to Wastewater Plants			47.17%
WASTEWATER DEBT SERVICE			1,067,871.67

(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	<u>47,001,084.25</u>	<u>75.0143977%</u>
	62,656,084.25	100.00%

(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%

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 02/03 Budget**

Prepared by alw 11/18/2002

Series 1999A Bonds Construction Funds	<u>36,495,000.00</u>	<u>59.9359501%</u>
	60,890,000.00	100.00%

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

	1993A	1999A
Total interest income	10,618.93	16,436.38
Allocation % from above	<u>24.9856023%</u>	<u>40.0640499%</u>
Earnings Allocable	2,653.20	6,585.08

Total interest income 9,238.27

INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 02/03 (Projection)

Schedule of Utilities Operating expenses - Excluding Depreciation and Capital Outlay

	<u>Water</u> (0908)	<u>Sewer</u> (0911 + 0912 - Reclaimed water costs)	<u>Total</u>
<u>Plant Operations</u>			
Salaries and wages	\$557,373.00	1,510,181.00	\$2,067,554.00
Employee benefits	145,395.00	426,797.00	572,192.00
Telephone and utilities	607,484.00	950,213.00	1,557,697.00
Repairs and maintenance	85,300.00	226,630.00	311,930.00
Operating supplies	295,282.00	700,093.00	995,375.00
Contractual services	97,870.00	392,698.00	490,568.00
Fleet equipment rental	18,548.00	33,228.00	51,776.00
Office and other expenses	48,505.00	99,745.00	148,250.00
	<u>1,855,757.00</u>	<u>4,339,585.00</u>	<u>6,195,342.00</u>

	<u>(0909)</u>	<u>(0913 + 0914 + 0915)</u>	<u>Total</u>
<u>Distribution and Collection</u>			
Salaries and wages	700,302.00	846,121.00	1,546,423.00
Employee benefits	188,545.00	268,452.00	456,997.00
Telephone and utilities	43,726.00	129,350.00	173,076.00
Repairs and maintenance	211,742.00	227,958.00	439,700.00
Operating supplies	56,460.00	111,648.00	168,108.00
Contractual services	11,510.00	80,328.00	91,838.00
Fleet equipment rental	96,851.00	161,922.00	258,773.00
Office and other expenses	15,566.00	7,077.00	22,643.00
	<u>1,324,702.00</u>	<u>1,832,856.00</u>	<u>3,157,558.00</u>
	<u>\$3,180,459.00</u>	<u>\$6,172,441.00</u>	<u>\$9,352,900.00</u>

Administrative (0907 + 2302)

Salaries and wages	752,494.00
Employee benefits	205,381.00
Professional services	205,673.00
Office and other expenses	1,023,053.00
Insurance and bonds	190,563.00
General Fund - administrative charge	1,321,231.00
Repairs and maintenance	6,935.00
	<u>\$3,705,330.00</u>

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 02/03 Budget**

Prepared by alw 11/18/2002

Allocation of administrative expenses of utilities to
sewer plant operations ($\$4,339,585/\$9,352,900 = 46.398282886\%$)
 $\$3,705,330 \times 46.398282886\%$

46.398282886%
\$1,719,209.50