

**Lee County Board of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20051541-UTL

1. Action Requested/Purpose:

Accept staff recommendation to reject acquisition proposal submitted by *Tamiami Village Water Company, Inc.*

2. What Action Accomplishes:

Formal acknowledgement of staff recommendation.

3. Management Recommendation:

Approval.

4. Departmental Category: 10 - Utilities

CIOA

5. Meeting Date:

11-29-2005

6. Agenda:

- Consent
- Administrative
- Appeals
- Public
- Walk-On

7. Requirement/Purpose (specify)

- Statute
- Ordinance
- Admin. Code
- Other Approval

8. Request Initiated:

Commissioner _____
 Department Public Works
 Division Utilities
 By: [Signature] 11/7/05
Rick Diaz, P.E., Director

9. Background:

The Tamiami Village Water Company, Inc. (TVWC) is a current bulk-rate customer (John J. Ustica, President) of Lee County Utilities, per Agreement dated October 1, 2002, approved by the BOCC on January 21, 2003, which provides a reduced/wholesale rate to its estimated 744 water only customers.

TVWC continues to request that Lee County purchase their utility system. Lee County Utilities (LCU) has made numerous inspections, and for the following reasons, cannot recommend the purchase of this system:

- a. The LCU rate payers would have to bear the cost of purchasing the utility since there are no current plans to issue any kind of debt.
- b. Many expensive and expansive improvements are needed such as fire lines, hydrants, larger distribution piping, etc., which would also have to be paid by our ratepayers.
- c. There are a limited amount of funds that are currently being used to repair our existing infrastructure, as well as increasing our capacities.
- d. There is no regional benefit for our ratepayers.

Attachments: Letter dated 8-2-05 from J. Ustica
 Letter dated 9-6-05 from S.I. Velez

10. Review for Scheduling

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager / P.W. Director
					Analyst	Risk	Grants	Mgr.	
<u>[Signature]</u> J. Lavender Date: <u>11-7-05</u>	N/A Date:	N/A Date:		<u>[Signature]</u> S. Coovert Date: <u>11/8/05</u>	<u>[Signature]</u> Date: <u>11/8/05</u>	<u>[Signature]</u> Date: <u>11/8/05</u>	<u>[Signature]</u> Date: <u>11/8/05</u>	<u>[Signature]</u> J. Lavender Date: <u>11-7-05</u>	

11. Commission Action:

- Approved
- Deferred
- Denied
- Other

RECEIVED BY COUNTY ADMIN: [Signature]
 11-8-05
 11:50
 COUNTY ADMIN FORWARDED TO: [Signature]
 11-9-05
[Signature]

Rec. by CoAtty
 Date: 11/8/05
 Time: 11:00 AM
 Forwarded To: [Signature]
11/26/05

TAMIAMI VILLAGE WATER COMPANY, INC.
WATER UTILITY
9280-5 COLLEGE PARKWAY
FT. MYERS, FL. 33919
(239) -482-0717
Fax (239)-489-2017

August 2, 2005

Mr. Rick Diaz, P.E.
Lee County Utilities Director
P.O. Box 398
Fort Myers, Florida 33902-0398

Re: Sales Price of Utility

Dear Mr. Diaz:

It is my understanding the Commissioners requested the sales price for the Utility.

The sales price is \$1,400,000 supported as follows:

Estimated income to County:

718 residential @ \$8.45 = \$6,067.10 per month x 12 =	\$ 72,805.20
1 3" RV 244 spaces @ \$2.50 = \$610 per month x 12 =	7,320.00
6 1.5" commercial @ 33.25 = 199.50 per month x 12 =	2,394.00
1 1.0" commercial @ 17.75 = 17.75 per month x 12 =	213.00
19 5/8" commercial @ 8.45 = 160.55 per month x 12 =	1,926.60
30,530,880 gallons sold @ 2.46 per thousand	75,105.96
Meter readings sold to Sewer Company 745 meters @ \$1.00 x 12 =	8,940.00
Miscellaneous fees	<u>1,500.00</u>
Total estimated income to county	\$ 170,204.76
Estimated costs (Water, Maintenance & Administration Costs) \$4,000 per month x 12	<u>(48,000.00)</u>
Estimated income over estimated expenses	<u>\$ 122,204.76</u>

The estimated cash flow generated by the territory would result in an 8.73% return on \$1,400,000 (\$122,204.76 / \$1,400,000.) This return will increase if there is an increase in rates beginning in October, 2006 and vacant property in the territory is built on. The cash flow generated by these ratepayers will also pay for any improvements. The utility is not in need of any repairs at this time. The residential ratepayers in the territory would also benefit since their monthly basic facility charge would be reduced from \$11.50 to \$8.45 and the gallonage charge on the first 6,000 of gallons would be reduced from 2.81 per thousand gallons to 2.46 per thousand.

Mr. Rick Diaz
August 2, 2005
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Tamiami Village Water Company, Inc. is not owned by a developer. The utility is a water distribution utility with no wells or treatment plants. The utility is regulated by the Florida Public Service Commission and is compliance with all federal and state regulations.

The purchase of this Utility will eliminate the middle man, reduce the cost to the residential rate payers and will increase the cash flow to the county.

Thank you for your attention to this matter. My cell number is 229-9398 if you need to speak to me.

Sincerely,

John J. Ustica, President

Cc: Commissioner Alboin
Commissioner Hall
Commissioner Janes
Commissioner Judah
Commissioner St. Cherny
County Attorney David M. Owen, Esq.
County Manager Donald Stilwell
Public Works Director Jim Lavender



Lee County
SOUTHWEST FLORIDA

**INTEROFFICE MEMORANDUM
FROM
PUBLIC WORKS**

Date: September 6, 2005

TO: Rick Diaz, P.E.
Director LCU

From: S. I. Velez, P.E.
Deputy Director

SUBJECT: John J. Ustica – Private Water System Purchase

The following are my comments regarding the e-mail letter from Mr. Ustica to Commissioner St. Cerny:

- Mr. Ustica is correct to say that the BOCC authorized the purchase of GES and FCWC and that they did not fully comply with the LCU Standards and were in need of repairs. However, he did not mention that Lee County purchased two large water and sewer franchises that served a large population within the County and had a tremendous potential for growth. One of the many reasons for the purchase was to ensure that the present and future population of this County is provided with safe water and sewage service as well as adequate fire protection.
- It was not indicated that the proposed purchase of Tamiami Village does not serve other public purpose but its owner's. I feel that this is contrary to the purchase of the FCWC and the GES systems.
- In the past, Lee County has taken over several other systems. Most were privately owned sewer systems that were turned over to the County at no cost. If you check the records, those systems were within the Fort Myers Beach/ Iona McGregor area. Prior to taking them over, the County required from its owners that the collection system and pump station were brought to certain standards before assuming ownership. The County did not assume those systems in poor condition. The County built master pump stations to connect such system to the County's. The communities being connected were required to pay connection fees. By doing that, the County was able to eliminate and decommission several private wastewater treatment facilities. Most of these plants were in a state of disrepair and posed an environmental and health hazard.
- I feel that the Tamiami Village water system could be considered as a substandard water distribution system. Most of its water lines are 2, 4 and 6-inch in diameter. The community lacks adequate fire protection. The water lines are within narrow private roads without easements and under the pavement making it hard or almost impossible to maintain.

If the County were to assume the system, there should be a requirement that the water lines be replaced with 8 and 6-inch diameter pipes and fire hydrants be installed throughout the entire community. The water lines must be installed outside the paved areas within adequate easements dedicated to the County for proper maintenance of the lines. This is almost impossible to

accomplish due to the way the community was platted and developed.

This task requires the installation of approximately 20,000 LF of 8-inch and 8,000 LF of 6-inch water lines; the installation of at least 40 hydrants; and new services and meters for each individual unit. The work described will result in a cost of over \$1.8 million. I don't believe that Mr. Ustica took this into consideration when he did the financial evaluation of the system.

It is my recommendation that the County does not proceed with the purchase of the Tamiami Village water system since it does not serve public purpose or provide benefits to the County's customers.