

# MINUTES OF MEETING

## ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Enterprise Community Development District held February 26, 2009, was continued to Friday, March 6, 2009, at 10:00 a.m. at 851 Celebration Avenue, Celebration, FL 34747.

Present and constituting a quorum were:

Matt Kelly	Chairman
Don Hempel	Supervisor
Pat Wasson	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Cheryl Stuart ( <i>by phone</i> )	Attorney: Hopping Green & Sams
Tony Hairston	Public Resources Management Group
Jim Parker	Walt Disney Imagineering
Brian Smith	Severn Trent Services

### FIRST ORDER OF BUSINESS

#### Roll Call

Mr. Kelly called the meeting to order at 10:00 a.m.

Mr. Moyer called the roll and stated a quorum was present for the meeting.

### SECOND ORDER OF BUSINESS

#### Public Comment Period

There being none, the next order of business followed.

### THIRD ORDER OF BUSINESS

#### Discussion of Revised Rate Study

Mr. Hairston reviewed the revised rate study that was distributed to the Board, which is made a part of these meeting minutes, and available for public review in the District Office during normal business hours.

Mr. Hairston stated we provided a new rate class for large users. A large user is defined as one who has a capacity over 100,000 gallons per day with actual usage exceeding 100,000 gallons per day on average. This rate schedule for large users for reuse water is a base facility charge per month going from \$.28 to \$.75, which compares to the proposed rate of \$.89 for other reuse customers. Gallonage charge for large users is proposed to go from the current rate of \$.28 to their BFG (Base Facility Gallonage) of \$.96 per thousand gallons, as compared to the proposed rate of \$1.31 for other reuse customers. The large user rate structure also includes a conservation element. If they use two times their BFG, the proposed rate is \$1.20 and three times their BFG, the proposed rate is \$1.43. There is one customer that fits these criteria, and we provided a billing

impact. Currently under the average usage for this customer, their average reuse bill is approximately \$4,000 per month, and it will increase to an average of \$12,137 per month.

Ms. Wasson stated my concern is that it is such a centralized large hit for commercial accounts and even for residential customers. I am very concerned about that. It would have been nice if we had been doing it all along for commercial customers. I realize the problem is because of Toho Water Authority and that is where this money goes. Is there anyway we can have a plan to do this in increments?

Mr. Kelly stated we have some covenants in our bonds that we have to meet.

Mr. Hairston stated that is correct. The constraint is the bond covenants and that is on a fiscal year basis. Every year, your cash flow has to meet that requirement. Our immediate concern is that the rates will need to go to this level to meet your costs. You do not have any flexibility right now to meet the debt service coverage requirements in this fiscal year, which ends September. The proposed water and reuse rates will go into effect in June, which is for four months of the fiscal year. We are still comfortable with our projections, and with this implemented in June, you will be right at your minimum coverage.

Mr. Hempel asked were some of the increases in residential offset by the reductions in other areas?

Mr. Kelly stated yes.

Mr. Hempel stated I think residential customers are not going to be impacted as much, when you take those reductions in usage into consideration.

Mr. Hairston stated because of metering reuse for the past several years and with conservation messages, people have the ability to respond by reducing their consumption. If they reduce their consumption on average from 14,000 to 12,000 per month, they can reduce their bill by a few dollars each month. The one benefit the District has, even though there are fixed costs, a large portion of those costs are based on actual usage from Toho Water Authority. If customers use less, your bill from Toho Water Authority is less. That is beneficial to the District and to your customers. I want to remind you that a large part of the increase is driven off of the large user costs. We have demonstrated in our presentations how those costs have increased over the last several years and the significant increase in reuse in the past two years.

Mr. Kelly stated summarize the percentage these costs have risen in the past two years from Toho Water Authority's rate to us.

Mr. Hairston stated on reuse, there is a monthly meter cost that we did not have in prior years, so fixed costs were zero up to two years ago and now it is about \$23,000 per month. That is an annual increase of \$280,000 and the usage charge is now \$.81 while the District has been charging \$.28.

Mr. Kelly stated that is the key factor to tell everyone that Toho Water Authority is charging us so much more.

Ms. Wasson stated traditionally they will express their concerns at the first meeting and then we will not hear from them again.

Ms. Stuart asked did we talk with Toho Water Authority about any plans they will have regarding future rate increases?

Mr. Moyer stated we do that every year when we prepare our budget. They cannot tell us year over year, but they can tell us what they are going to project for our next fiscal year.

Mr. Hairston stated I did call and talked with Mr. Rodney Henderson, who is the Finance Director for the utility. They are looking to consolidate their retail rates because they have multiple systems. They are looking at impact fees, as well. There may be some large increases to some very small systems, and that may have been what Ms. Wasson reported last meeting about a report on the news. We do not have any additional information on the potential impacts to the District. We will get new information for our rates in October and when they true up the actual costs, you get that information in December.

Ms. Stuart stated at the point in time when there are other increases coming, it may be worth our time and money to challenge those or to try to get involved in their process, given the dramatic impact it has had on us.

Mr. Kelly asked for reuse water for irrigation for a single-family home, if the homeowner follows the recommended guidelines, how many gallons will they typically use?

Mr. Smith stated about 10,000 gallons.

Mr. Kelly stated we have examples of 7,000 gallons and 14,000 gallons. It appears that if they follow the recommended guidelines, their bill will increase about \$8.

Mr. Hairston stated using 14,000 gallons, their reuse costs will go from \$13.24 to \$27.19. If their usage went from 14,000 gallons down to 10,000 gallons, it will be an increase of \$6 or \$7.

Ms. Stuart asked when was the last time we had an increase?

Mr. Moyer stated we restructured our rates, but we have not increased the rates since 2003.

Ms. Stuart stated for the record, that is important to recognize.

Mr. Kelly stated if people consider all of that, this is not a big change except in a special instance, namely the golf course.

Ms. Wasson stated it is coming in a bad economy.

Ms. Stuart asked does your rate structure for a large reuse customer take into account the base facility structure we discussed at the last meeting?

Mr. Hairston stated yes. Previously the base facility charge was \$.89 for all users and with the current proposed structure, it is \$.75 for large users.

Ms. Stuart stated we need to come up with a set of rates that we are going to advertise in the newspaper for a hearing. We can make more adjustments to the rates during the interim but we need to have something for the advertisement. On other rates and charges we have, I suggest changing the gallonage charge for temporary service. Historically we have had it at the amount in the highest usage tier for consumption. I propose you change those rates to match the highest tier in the rate structure. Nothing has changed for any of the District documents or for the service application fees. The capacity reservation charges have not changed, nor have the connection charges. Standby charges are unchanged. The base facility charges have been changed to the proposed amounts, as have the gallonage charges. We added the large user reuse rate. I have not changed the engineering review fees. I increased the returned check fee as we discussed last meeting. The effective date of the rates is as Mr. Hairston recommended. The pass through language is what we discussed at the last meeting except this does not include the pass through on the reuse user charge, which we propose adding since it was an oversight. We show the reuse pass through being implemented in December and the water and wastewater pass through being implemented in April. I do not know if that is an issue for anyone with the different dates.

Mr. Moyer stated we decided the 90-day timeframe would be sufficient for us to do that.

Ms. Stuart stated the December 1 date is less than 90 days if we receive the information in October.

Mr. Moyer stated I think we will be fine with those dates.

Ms. Stuart stated I want to be sure we include all the rates we want to change since we are having the hearing. Are meter costs included in this rate schedule?

Mr. Moyer stated the cost of the meter has not changed significantly so I think that is fine.

Mr. Smith stated it depends on the meter size and that is included with their connection fee. We bill them the cost of the meter plus the cost for the contractor to install the meter.

Ms. Stuart stated on current connection fees, we have only water and wastewater, no reuse charges. I know we install reuse meters but should we also have a connection fee for reuse?

Mr. Smith stated we include that as part of the connection fee. If they want a reuse meter, the cost of the meter and installation is part of the total connection fees.

Ms. Stuart stated there is no connection fee charge on the schedule for reuse.

Mr. Hairston stated you need a mechanism for setting the reuse meter.

Mr. Smith stated we collect that in the connection fee.

Ms. Stuart stated there is no charge for reuse.

Ms. Wasson stated the charge they collect for connection fees include both meters.

Mr. Smith stated you can add a charge for reuse connection charges. The only thing we currently charge for now is the meter and installation of the meter.

Mr. Kelly asked what if someone wanted to hook up to just reuse?

Mr. Smith stated we would charge them for the meter and installation of the meter.

Ms. Stuart asked where is that written down somewhere? It is not on the rate schedule anywhere. That is my point. Whatever we are doing and however we recover those costs needs to be on the rate schedule.

Mr. Smith stated it is on the utility customer receipt that we prepare for each project. It is not shown in the rate schedule.

Ms. Stuart stated it needs to be.

Mr. Hairston stated we can show a meter fee at cost.

Mr. Moyer stated plus installation. We can just add a footnote to connection charges that says *“In addition to the BFG charges for water and wastewater, meter costs and installation will be added for all meters”*.

Ms. Stuart stated I am hearing that we recover the cost of the meter and installation through the connection charge.

Mr. Moyer stated no, it is added on the receipt to the calculated connection charges. It is on a form that is processed that includes connection fees, meter costs and installation fees. We need to add a footnote that we will add meter costs and installation costs.

Mr. Hempel asked should those fees be shown in the rate schedule?

Mr. Moyer stated it depends on what size the meter is. For residential single family, that charge is simple to define.

Mr. Smith stated that is fairly consistent, although sometimes they want to upgrade to a one-inch meter, so we charge them a different amount.

Ms. Stuart stated I will add that footnote.

Mr. Kelly asked will the connection fee for reuse remain at zero?

Mr. Smith stated we will charge for just the meter and the installation costs.

Mr. Kelly stated I can see that happening where someone owns an undeveloped lot and they just need to irrigate. Is that not a problem to us?

Mr. Smith stated no. we will setup an account for the reuse meter and bill them for the costs of the meter and installation.

Mr. Kelly asked do we need to approve these rates in order to set the hearing?

Ms. Stuart stated yes.

On MOTION by Mr. Hempel, seconded by Ms. Wasson, with all in favor, approval was given to the proposed rate structure, including the changes discussed.
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Mr. Kelly stated we need to determine a hearing date. Do we need to do that today?

Mr. Moyer stated we can poll the Board for an available date.

Ms. Stuart stated it will need to be in April. We have a meeting scheduled for April 15.

Ms. Wasson stated I would like to have this meeting in the evening at 6:00 p.m.

Ms. Stuart asked do you want to have another workshop on this issue?

Mr. Moyer stated no.

Mr. Hempel stated I wonder if it would be appropriate to talk to the golf course individually to let them know

Mr. Moyer stated we plan to do that.

Mr. Kelly stated we need to work with them on how they can conserve. They may want to abandon the idea of their pond.

Mr. Moyer stated they could try to get a permit from SFWMD to do wells, which would be the best way for them.

Mr. Kelly stated I think they will need approval from RCID, also.

Ms. Stuart asked do you want to have a regular meeting as well as the hearing?

Mr. Kelly stated yes. We will not have very much on the agenda. I am not available April 21 through that week. The week of April 27 is fine.

Mr. Hempel stated Monday and Tuesday are better days for me if we have an evening meeting.

Ms. Wasson stated there is a major volunteer event here on April 20.

Mr. Kelly stated staff is directed to find a meeting date and publish all the necessary advertisements.

#### **FOURTH ORDER OF BUSINESS**

#### **Staff Reports**

##### **A. Manager**

There being nothing to report, the next item followed.

##### **B. Attorney**

Ms. Stuart stated there is momentum gaining for the tax revenue cap. Last year we were dealing with the Tax and Budget Reform Commission in their attempt to put a constitutional amendment on the ballot that would limit revenues of local governments, including Districts. It was ultimately defeated in the Tax and Budget Reform Commission and there is a legislative effort on this issue, which could have a dramatic impact on Special District operations, particularly on the utility side. We will monitor that but it would not be a positive thing if it passes. There are petitions to add that constitutional amendment on the ballot as well as legislative efforts on this issue.

##### **C. District Representative**

There being nothing to report, the next order of business followed.

#### **FIFTH ORDER OF BUSINESS**

#### **Other Business**

There being none, the next order of business followed.

**SIXTH ORDER OF BUSINESS**

**Supervisor Requests**

There being none, the next order of business followed.

**SEVENTH ORDER OF BUSINESS**

**Adjournment**

On MOTION by Mr. Hempel, seconded by Ms. Wasson, with all in favor, the meeting adjourned at 10:30 a.m.
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Gary L. Moyer, Secretary

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Matt Kelly, Chairman