

August 5, 2024

MINUTES FOR THE COLLIER COUNTY
WATER & WASTEWATER AUTHORITY MEETING

Napes, Florida

August 5, 2024

LET IT BE REMEMBERED, the Collier County Water & Wastewater Authority in and for the County of Collier, having conducted business herein, met on this date at 3 P.M. in REGULAR SESSION at the Collier County Growth Management Department Building, Conference Room 609/610, 2800 Horseshoe Drive N., Naples Florida, with the following members present:

CHAIRMAN: Eloy Ricardo (excused)

VICE-CHAIRMAN: Patricia Sherry

Bryant Collins

Eugene Wordehoff

Don Munksgaard

ALSO PRESENT: Michael Stark, Director, Operations & Regulatory Management, GMCD

Derek Perry, Assistant County Attorney

Rey Torres Fuentes, Staff Liaison, GMCD

Monica Leon, Budget Analyst II, GMCD

Any persons in need of the verbatim record of the meeting may request a copy of the audio recording from the Collier County Growth Management Department.

I. Call to order (Determination of Quorum) and Roll Call

Mr. Stark called the meeting to order at 3 p.m., roll call was taken and a quorum was established.

- Mr. Don Munksgaard was welcomed. He introduced himself, sharing his experience and background.

II. Approval of Agenda – Meeting of August 5, 2024

No Changes

III. Approval of Minutes – Meeting of February 29, 2024

Ms. Patricia Sherry moved to approve the meeting minutes. The meeting minutes for February 29, 2024, were approved unanimously, 5-0

Ms. Patricia Sherry moved to allow the chairman or vice chairmen to approve and electronically sign meeting minutes after all committee members have reviewed them by email and have no objections. The motion passed unanimously, 5-0

IV. Items Requiring Action by Authority

a. Final Order 2024-03 – Ave Maria Utility Company, Addition of Multi-family Service Rate Classification

Mr. Stark told the Authority:

- Ordinance 96-6, Section 1-3A7-8, as amended, authorizes the authority to issue a final order approving, modifying or denying any tariff or other rule or regulation proposed to be established, by or on behalf, of an applicant or utility. This authorizes the authority to, by final order established from time to time, amend a uniform system of classification of accounts.
- The request is that the Ave Maria Utility Company otherwise known as AMUC, has requested to add multifamily classification without change to its current tariff rates. The utility has provided the proposed water tariff sheets for this multifamily classification, which is attached as Exhibit A, and staff recommends the approval of this application. The final order will not change any rates. It will just provide a new classification for record-keeping purposes.
- **Mr. Stark** introduced Tammy from the Ave Maria Utility Company to answer any questions.
- **Mr. Stark** requested a motion to approve.

At this time, Mr. Eugene Wordehoff requested an explanation of the benefits.

Ms. Tammy Smith: It is our intention to separate the rate from the general so that we can track how many people we actually have in multifamily condominiums and how much usage is going toward the multifamily buildings from the general population.

Mr. Michael Stark: If I can add to that as well. Reaching out to Collier County Utilities is in alignment with what Collier County Public Utilities does if we don't separate this out. If we don't separate this out, it looks like it's a one-for-one, a single family versus a multifamily, so it provides the opportunity for better tracking purposes.

Ms. Tammy Smith: Multifamily homes can't be tracked with residential because residential is a tiered rate, and multifamily homes are automatically going to be at the top of that tier so we can't track them with our other residential rates. This is why we are asking to split them out. So that we can have a general residential type of tracking mechanism.

Mr. Don Munksgaard: I heard you say that it's the same as the residential.

Ms. Tammy Smith: It's not the same as the residential tiers. They're in the tiers of 5000 gallons. So the first tier is 0 to 5000. Anybody in the multifamily building would automatically start at the top of the tier, which is the highest-rate building. We have separated them out into the general rates so that they have a flat rate tier. We're separating them out so that we can report on them separately, and track how many multifamily homes we have.

Mr. Don Munksgaard: We were under the impression that you were just duplicating it for administrative purposes. Because you want to track the number of multifamily, and it was the same rate structure, but it's not the same rate structure. Correct?

Ms. Tammy Smith: It's not the same as residential. Right now, it's being tracked in a general rate. It has to do with the rate structures because it wouldn't be fair to the people in those condominiums to pay at a much higher rate than anybody else. They automatically have 30 units and they're going to have multiple thousands of gallons. It's a master metered building, so there's one meter for 30 units.

Another reason we want to have the multifamily is so that we can track that as true residential. We can pull it out of the general, and say it is part of our residential usage.

Mr. Don Munksgaard: Is the fact that you're going to bill this on a gallons basis, at the general service rate, going to impact what the typical customer is going to see as a water bill? Do you have calculations for the changes from a customer account at 2500 gallons?

Ms. Tammy Smith: The customer would be the HOA because it's billed to the HOA in general. Based on previous research that was done, it was determined that there was a general rate for buildings that had larger meters with multi-families in it. We're not changing the structure of that rate. We're just adding a separate, more trackable piece of it. When we look at how many residential users we have, we will grab that as part of our people. We use it to track how many people are in Ave Maria, how many heads are in those buildings. It helps us track the gallons that we need to distribute and have ready for the town to use, on a daily basis. We didn't have the problem initially because we just had 5 or 6 buildings on Mayflower, for retirement communities. When Linaro started building, they went crazy on the multi-family.

Ms. Patricia Sherry asked if there were any other questions and then moved to approve. The motion passed unanimously, 5-0

**b. Final Order 2024-04 – Ave Maria Utility Company
Revision of Water and Wastewater Customer Deposits**

Mr. Stark told the Authority:

- Ave Maria Utility Company has requested the revise of their customer deposits for both water and wastewater. The utility has provided the proposed customer deposit tariff sheet for both water and wastewater as shown in Exhibit A of the final order. The utility last updated these deposits in 2014 and are now outdated. Customer deposits are increasing an average of 36% for water and 18% for wastewater and since 2014 there has been a 36% increase in water rates and 33% increase in wastewater rates.
- We are looking for a motion to approve and I have the next slide which will outline some of the recommendations for customer deposits.

Mr. Bryant Collins: I call for questions. Is it retroactive, so will people who currently have a deposit with you have to increase the deposit?

Ms. Tammy Smith: It's for new residents only, unless an existing resident has an issue with their account and we have to reinstitute deposits. Then it would be the new deposits.

Mr. Bryant Collins: What's the default rate? How many times do you actually take the deposit like non-payment?

Ms. Tammy Smith: I would have to look into the numbers. I don't have them. I can tell you the main reason we're requesting to have them increased is because they no longer cover a bill. Ave Maria's base bill is \$100 with no usage at all. So, if the current deposit is \$180, it covers 1 month and a little bit extra. We don't lock a customer until they're 2.5 months past due. So we need something that covers at least 2 months. What we're finding now is that, when people leave, their deposits get credited back to their accounts, while they still have a bill of \$50 to \$150. Some pay and some don't, leaving us with people's bills.

Mr. Bryant Collins: Doesn't escrow close out the utilities?

Ms. Tammy Smith: It does, but not all realtors follow the rules. 90% of what is sold comes through the office and we do an estoppel. Then 10% of people do a "for sale by owner" without going through that process. So you can have a sale and still get stuck with the bill.

Mr. Bryant Collins: If you have 1,000 residents, how many of those are new residents? What is the cycle time of the deposits?

Ms. Tammy Smith: We're processing anywhere from 30 to 45 new homes a month. Those are sales and also turnover from new construction. It increases during the summertime because we have university students coming and going. It increases to between 45 and 60 a month.

Mr. Bryant Collins: When you get a deposit for the utilities does it sit in an escrow?

Ms. Tammy Smith: It sits in an escrow. There is a dedicated account. When the customer leaves, I do a calculation for the interest and apply the interest to the account. We discuss it with the accountant, and if it is a refund, we cut them a check.

Mr. Don Munksgaard: How do those deposits compare to the sister utilities, such as Collier County?

Mr. Michael Stark: I don't have that information now. Based on this conversation today, we can have Joe Bellone, who is the public utilities representative, participate in this.

Tammy Smith: I don't have those numbers either, but I believe Collier County does not require a deposit because they are in a different situation. They can put a lien on your property and collect money. We're not in the same situation because we're not a government entity. So I don't believe there are any deposit requirements for Collier County. So for us, a deposit is a protection.

Mr. Don Munksgaard: Is the \$100 comparable to the market?

Ms. Tammy Smith: It's going from \$180 to \$230 right now. We've had 10 years of rate increases and deposit increases in that time. This is our first request for a rate increase.

Ms. Patricia Sherry: So, in 10 years how much have you lost?

Ms. Tammy Smith: The number this year I believe was \$6,300 so far. I would have to get you the percentage. I believe it was 10 customers for \$6,300. We're trying to keep it from growing. We've seen it grow over the 10 years from \$300 a year to \$1,000 a year, and now it's between \$6,000 and \$10,000 a year. This is why we're requesting to increase the deposit, but I will get those percentages for you.

Don Munksgaard: You just quoted a number of \$6,000 that you've lost, but what's your annual revenue? I mean, it's got to be in the millions of dollars in revenue.

Ms. Tammy Smith: It's roughly 8 million.

Don Munksgaard: 8 million! So, \$6,000 is relatively low. It's in the round-off, but those increases are relatively substantial.

Ms. Tammy Smith: Increases are determined on the rates. The current deposit is 2.5 months worth of bills. We calculated 2 months of base fees and 2,500 gallons of usage, based on the overall estimate, which is 1,000 gallons per resident. Every home is estimated at 2.5FTE's. 2,500 gallons is roughly what a household should use in a 1 month period. This is how we arrive at the rates. I tried to round down to the nearest 5 or 10 so that they didn't go too high.

Ms. Patricia Sherry: Every person who buys, builds a house or moves into a condo will have to pay that?

Tammy Smith: To have a resident account, that they are going to pay yes. It does not apply to the multifamily because the multifamily would be under the HOA and not a residential.

Ms. Patricia Sherry: I personally don't support that.

Don Munksgaard: It seems excessive.

Ms. Patricia Sherry: I also think that every business has risk and that risk you have is so miniscule.

Mr. Don Munksgaard: Compared to other industries, utilities is really tight. I do appreciate that you're looking after the pennies to make sure that everything is under control. This is a loss you're trying to mitigate to keep it as low as possible. I think that works in your favor.

Mr. Bryant Collins: I would like more information.

Mr. Don Munksgaard suggested to table it, and adds: Not to have a negative vote. I would move to have Michael or others come back with additional information, so we can have a comfort level to approve it. Because I understand where the utility is coming from with delinquent accounts. I am also curious what PSE or other private utilities are charging for that. If we could see a comparative study we would get more comfort from a board point of view, that the residents aren't being charged excessively.

Eugene Wordehoff: What you might include in that analysis is that the Ave Maria population is not the average population. It's not like Immokalee. They're very wealthy compared to the surrounding areas, so I would think it's not such a big impact on the residents. I don't think you could compare it to Immokalee which would have more of an impact on the residents because they're lower income. So I'd like to see what's taken into account.

Ms. Tammy Smith: We will put everything together for you, in dollars and percentages, and will do the comparative study.

Ms. Patricia Sherry moved to table the Final Order 2024-04 – Ave Maria Utility Company, Revision of Water and Wastewater Customer Deposits. The motion to table passed unanimously, 5-0.

**c. Final Order 2024-05 – Ave Maria Utility Company
2024 Price Index and Pass-Through**

Mr. Michael Stark told the Authority:

- A request by the Ave Maria utility. Submitted its application for the 2024 Price Index and Recovery of increased pass-through costs. The application is for a 2.19% increase in water rates, anticipated to increase annual revenue by \$75,606 for water, and a 1.93% increase in wastewater, with an anticipated increase in revenue of \$89,688, for wastewater.
- We are looking for approval.

Ms., Patricia Sherry moved to approve the Final Order 2024-05 – Ave Maria Utility Company 2024 Price Index and Pass-Through. The motion passed unanimously, 5-0.

V. Staff Discussion

Mr. Stark told the Authority:

- Per Ordinance 96-6, Collier County Water and Wastewater Utility Regulatory Ordinance, Section 1-14 Annual Financial Reporting Requirements, Section A. Each utility shall annually, within 120 days of the close of its fiscal year, final with the authority of financial report of his operation in Collier County during the fiscal year. This is on page 29. The due date for this year was April 30, 2024, and on April 24th the Ave Maria Utility made its formal request for a 30-day extension, which they are allowed. Per the rules of the authority, the utility may file a written request for an extension of time within the authority. One extension of 30 days will be automatically granted upon request. They did submit the formal request and we did review the annual report. We found that it had satisfied all requirements.

VI. Open to the Public
(no public comment)

VII. Authority Member Discussion

Ms. Patricia Sherry asked if anyone wanted to say anything.

No additional discussion..

VIII. Adjourn

Ms. Patricia Sherry made a motion to adjourn the meeting. The motion passed unanimously, 5-0

There being no further business for the good of the County, the meeting was adjourned by the order of the vice chairman at 3:31 p.m.

COLLIER COUNTY WATER AND WASTEWATER AUTHORITY



Patricia Sherry, Vice-Chairman

These minutes were approved by the authority on 09/12/2024,
as Presented , or as amended .