

# IMMOKALEE WATER & SEWER DISTRICT

1020 Sanitation Road, Immokalee, Fl 34142

Telephone: (239) 658-3630

## Rate Study Business Plan Workshop

Wednesday, May 8, 2024

3:00 p.m.

### MINUTES

Board Members		
Title	Name	Attendance
Chair	Joseph Brister	Present
Vice-Chair	Patricia Anne Goodnight	Present
Secretary	Bonnie Keen	Present
Treasurer	Robert Halman	Absent
Commissioner	Magda Ayala	Present
Commissioner	Jack Johnson, Jr.	Present
Staff Present	Professional Staff Present	Guests Present
Louis Brunetti	Laura Donaldson	See sign-in sheet
Jeff Carpenter	Gary Ferrante	
Sarah Catala		
Misty Smith		
Lance York		

#### I. Call to Order

Mr. Joseph Brister, Chair, called the workshop to order at 3:01 p.m.

#### II. Preliminaries

- a. Pledge of Allegiance  
Mr. Brister led the pledge of allegiance.
- b. Roll Call  
Ms. Misty Smith, Executive Assistant, conducted roll call. A quorum was reached.
- c. Additions or Deletions from the Agenda  
There were no additions or deletion to the agenda.

#### III. Review of Status of Rate Study Business

Ms. Sarah Catala, Executive Director, gave an introduction and summarized the purpose of the workshop and then introduced Mr. Murray Hamilton, Vice President at Raftelis, who began his presentation.

Mr. Hamilton followed a PowerPoint presentation which first highlighted the principal cost drivers for rate increases, such as funding for capital improvements, and then highlighted the overall financial business plan which focused on two phases which were used to guide the discussion during the workshop. Phase 1 consisted of a revenue sufficiency analysis and Phase 2 consisted of the review of adequacy of miscellaneous fees and charges.

Mr. Hamilton went on to explain the expenses that rates typically cover and then presented the major study assumptions which included projected gross revenue, projected operating expenses,

capital needs funded from rates, projected debt service payments, minimum rate covenant compliance, projected adequacy of existing rates, working capital considerations, and proposed maintenance of reserve funds.

Mr. Hamilton then explained that he did a comparative analysis which encompassed a review of the actual operating results from revenue sufficiency, days of reserve and the capital improvement plan.

As the presentation concluded, Mr. Hamilton provided the following conclusions and recommendations:

- Through FY2023, the System appears to be performing better than estimated in the business plan.
  - Initial revenues are greater than previously estimated and projected annual debt service payments and capital maintenance expenditures are slightly less.
- The additional revenues and use of available reserves may assist District staff in funding approximately \$8.2 million in capital improvements.
  - Such capital needs exceed what was originally funded under the rate plan.
- The Board of Commissioners should consider implementing the adopted rates effective on or after October 1, 2024 (FY2025).
- The rate study should also be updated beginning in the 3rd Quarter of FY2025 as the District begins developing the Proposed FY2026 Budget.
  - The proposed study will consider financial results through FY2030.

Mr. Hamilton pointed out that there are several upcoming staff initiatives such as proposed contract services for a grant writer and for rate consulting services. There are also future considerations of implementing capital connection charges (capacity fees) and reviewing the reserve policies and other financial objectives.

Commissioners then asked questions regarding the required, or most appropriate reserve amount needed. Ms. Catala pointed out that although the total reserves are healthy, it is not always obvious that the reserves are designated to specific projects and often, management must explain that specific amounts of the reserves are in fact designated, such as by showing to others that there are footnotes within the audit. A discussion ensued.

*Commissioner Ayala excused herself from the meeting at 4:16pm.*

Ms. Laura Donaldson, District Attorney, explained that there are specific state statutes and requirements that must be followed if the Board is planning to implement capacity fees, such as a 90 days' notice to the public to ensure that the fee is not deemed a tax. A discussion ensued.

The Board requested that Ms. Catala bring back a proposal to conduct a capacity fee study at the July Board meeting.

#### **IV. Public Comment**

There was no public in attendance.

#### **V. Adjournment**

The board workshop adjourned at 4:43 p.m.