

St. Petersburg City Council
BUDGET, FINANCE & TAXATION COMMITTEE

Committee Report for the Meeting of August 27, 2009

Members: Chair James R. "Jim" Kennedy Jr., Vice-Chair James S. Bennett, Jeff Danner, Wengay M. "Newt" Newton Sr. , & Karl Nurse (Alternate).

Call to Order

Approval of Agenda

Minutes of August 20, 2009

1. New Business

a. Proposed Utility Rates for FY 2010

Mr. Richard Bulger, Billing & Collections Director, presented staff's recommendations for the 2010 Utility Rates. Mr. Bulger reviewed three reports recommending rates associated with water, wastewater, reclaimed water, sanitation services, and stormwater. These items are scheduled to come before City Council as a First Reading on September 3, and then to be considered for final adoption at a Public Hearing to be scheduled for September 17. Mr. Bulger provided detailed information for the proposed increases in each of the enterprise operations. The water/wastewater increases are proposed at 2.0% which includes water, Tampa Bay Water, wastewater and reclaimed water. The increase in water and wastewater only (excluding Tampa Bay Water and reclaimed water) amounts to a 0.79% increase. The proposed increase for sanitation service is zero (0%) percent for both residential and commercial. The proposed increase for stormwater is recommended at zero (0%) percent. All of these increases are significantly below the 3.2% Consumer Price Index for the St. Petersburg-Tampa-Clearwater area (as published by the US Department of Labor, Bureau of Labor Statistics, 2008). In accordance with direction received by City Council and as supported by the Southwest Florida Water Management District, Mr. Bulger's report also included a new tier to bill excess single family water users. The fifth tier applies to single family consumers of water over 20,000 gallons per month. The fifth tier total volume charge (including Tampa Bay Water) is 100% higher than the fourth tier rate. Mr. Nurse wanted to know what was the rationale for subsidizing reclaimed water so heavily. Mr. George Cassady, Water Resources Director, explained the rationale used. Mr. Nurse suggested that we look at decreasing the subsidy over time. Mr. Newton commented regarding customers who can't get reclaimed water. Mr. Cassady explained that seasonal reclaimed connections are being tested. Mr. Kennedy inquired about when council would see a report concerning Reclaimed Water Distribution System extensions. Mr. Mike Connors, Internal Services Administrator, indicated that the report mentioned had been provided and that he would be happy to go over the report as needed. Mr. Newton inquired about the reclaimed water capacity issue. Mr. Cassady explained that the system is at capacity during the dry parts of the year

and that seasonal reclaimed connections are being tested for times when the resource is available. Mr. Polson requested information about why a customer using a 1" meter is charged a higher base rate than a customer using a 5/8" meter. Mr. Bulger and Mr. Connors explained the fixed cost and potential increased capacity needs associated with a larger meter. Mr. Polson stated that he has been opposed and continues to oppose the rate of the new fifth tier and suggests that the rate be half of the suggested rate, with smaller increases over the next couple of years. Mr. Danner wanted to know if staff had considered city parks in the reclaimed water expansion review. Mr. Clarence Scott, City Services Administrator, indicated that the Parks Department has been working with the Water Resources Department to review the parks that are currently using potable water. Mr. Scott indicated that only a small number of parks are currently not on the reclaimed system and that in those parks every attempt is being made to switch to reclaimed water. Mr. Newton inquired about the Stormwater Reserve balance and requested information about the policy associated with the balance. Mr. Connors indicated that the policies associated with this fund balance would be included in the BFT fiscal policy review scheduled for September 10. Mr. Nurse inquired about the history of automatic rate increases. Staff indicated that the practice was based on City Ordinance. Mr. Connors explained how the stormwater charge is calculated and indicated that the fees associated with stormwater are consistent. He also commented that on vacant, residential properties, stormwater fees are paid by mortgage companies and banks. The committee discussed the timeframe associated with curbside recycling. Mr. Connors indicated that the County had pushed the start date back and that June looked to be the new target.

Mr. Bennett moved to recommend the proposed 2010 Water/Wastewater Rates and Mr. Danner seconded, the motion passed unanimously.

Mr. Bennett moved to recommend the proposed 2010 Stormwater Rates and Mr. Danner seconded, the motion passed unanimously.

Mr. Bennett moved to recommend the proposed 2010 Sanitation Rates and Mr. Danner seconded, the motion passed unanimously.

b. Deferred Compensation Plans and Pension Plans

Mr. Gary Cornwell, Human Resources Director, updated the committee on the progress of the Deferred Compensation and Pension program transition. Mr. Cornwell provided an outline titled "457 Deferred Compensation Plan Transition from ING to ICMA-RC" which provided an overview of the process to date, a chart showing plan cost analyses for participant investments and revenue sharing, and a copy of the transition letter sent by ICMA-RC to all current ING account holders, which provides detail on the transition process including the ICMA-RC fund lineup mapping strategy from ING funds to ICMA-RC funds. Mr. Cornwell explained in detail the plan cost analyses and investment costs to participants. He also explained the improvements to the revenue sharing program. Mr. Polson inquired about the annual fee. Mr. Cornwell indicated that the annual fee was in lieu of a basis point fee structure.

Mr. Polson suggested that the City needed to offer the 401/457 Plans to new hires in lieu of the Employee Retirement System. Mr. Cornwell indicated that the process to offer the 401/457 Plans to all employees had begun.

2. Continued / Deferred Business
 - a. None

3. Next Meeting Agenda Tentative Issues

September 10, 2009

- a. Fiscal Policies
 - Tim Finch, Budget & Management Director
 - Jeff Spies, Finance Director
- b. Energy Conservation Program
 - Tom DeYampert, Housing Finance & Rehab Manager

September 24, 2009

- a. Cooperative Brokers
 - Bruce Grimes, Real Estate & Property Management Director
- b. Great Explorations
 - Chris Ballestra, Downtown Enterprise Facility Director
- c. Museum Collaboration Update
 - Chris Ballestra, Downtown Enterprise Facility Director

4. Adjournment – meeting adjourned at 9:17 a.m.

**BUDGET, FINANCE & TAXATION COMMITTEE
PENDING / CONTINUING REFERRALS**

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TOPIC	DATE REFERRED	REFERRED BY	SCHEDULED / HEARD ON	RETURN DATE	STAFF RESPONSIBLE	SPECIAL NOTES
Energy Conservation Program	04.23.09	Kennedy		09.10.2009	DeYampert	Kennedy requested update on status of HELP.
Mahaffey Management Study - AMS Planning & Research	06.18.09	Scott		08.20.2009	Scott	Management study.
Cooperative Brokers	07.09.09	Danner		09.24.2009	Grimes	Cooperative Brokers-commissions on City leases.
Tax Utility Rebate Program	08.20.09	Nurse				Tax Utility Rebate Program