

RESOLUTION NO. 13-16

**A RESOLUTION OF THE CITY OF MARCO ISLAND, FLORIDA RELATING TO RECOMMENDATIONS OF PUBLIC RESOURCES MANAGEMENT GROUP, INC., THE CITY'S RATE CONSULTANT, ACCEPTANCE AND APPROVAL OF THE BOND FEASIBILITY REPORT CONCERNING WATER AND WASTEWATER UTILITY RATE INCREASES THROUGH AND INCLUDING FISCAL YEAR 2018; DETERMINING THAT SUCH FUTURE RATE INCREASES ARE NECESSARY FOR THE OPERATION, MAINTENANCE AND IMPROVEMENT OF THE CITY'S WATER AND WASTEWATER UTILITY SYSTEM AND TO SUPPORT THE INCURRENCE OF DEBT TO REFUND OUTSTANDING UTILITY REVENUE BONDS; EXPRESSING INTENT TO CONSIDER SUCH FUTURE RATE INCREASE DURING THE CITY'S BUDGET ADOPTION PROCESS FOR EACH FISCAL YEAR FOLLOWING REQUISITE NOTICE; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, on November 6, 2003, the City of Marco Island, Florida (the "City") acquired its water and wastewater utility system (the "System") from Florida Water Services Corporation, and during the course of such acquisition considered a due diligence report (the "Diligence Report") outlining recommendations for capital improvements to the System; and

WHEREAS, in 2005, the City Council of the City (the "City Council") incorporated the Diligence Report recommendations into the City's 5 year Capital Improvement Plan (the "CIP"); and

WHEREAS, the CIP was implemented by City Council with the intent that water and wastewater utility rates would remain substantially level with only an annual cost of living increase through the fiscal year ending September 20, 2008; and

WHEREAS, the CIP and Diligence Report outline various capital improvements necessary and desirable to ensure the functionality, reliability and longevity of the System and therefore the continued delivery of high quality water and wastewater utility service; and

WHEREAS, the City is currently in the process of refunding utility system revenue bonds issued to acquire the System in 2003; and

WHEREAS, such financing plan includes, but is not limited to, the issuance by the City of its not to exceed \$69,000,000 City of Marco Island, Florida Improvement and Refunding Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), the authorizing resolution for which is being considered on even date herewith; and

WHEREAS, in connection with the issuance of the Series 2013 Bonds a Bond Feasibility Report was prepared and the City's CIP was reviewed; and

WHEREAS, the City Council now wishes to ratify and confirm its acceptance and approval of the recommendations in that Bond Feasibility Report and its intent to formally adopt

the rate increases recommended in that Bond Feasibility Report during the City's budget adoption process for each fiscal year following requisite notice.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Marco Island, Florida as follows:

**Section 1. Recitals.** The recitals to this Resolution set forth above are adopted as findings of the City Council and incorporated as though fully set forth herein.

**Section 2. Rate Increases.**

(A) The City Council hereby ratifies and confirms its acceptance and approval of the Rate Consultant's recommendations concerning future water and wastewater utility increases, in the following percentages, which include both the annual rate adjustment authorized by Section 52-39 of the City's Code of Ordinances and the additional rate adjustments necessary to satisfy expected debt service requirements:

<b>Estimated System Average Percent Revenue Increase<sup>(1)</sup></b>			
<b>Marco Island and Marco Shores</b>			
<b>Fiscal Year</b>	<b>COLA</b>	<b>Additional Rate Adjustment</b>	<b>Combined<sup>(2)</sup></b>
2014	1.90%	5.10%	7.00%
2015	2.10%	0.00%	2.10%
2016	2.10%	0.00%	2.10%
2017	2.20%	0.00%	2.20%
2018	2.30%	0.00%	2.30%

(1) Fiscal Year 2014 rate adjustment assumed to be effective November 1, 2013. All other rate adjustments assumed to become effective with services rendered on October 1<sup>st</sup> of each Fiscal Year.

(2) Rate adjustments include application of the annual price index adjustment which has historically been annually adopted and applied by the City (with the exception of Fiscal Years 2012 and 2013).

(B) Such minimum rate increases are necessary for the operation and maintenance of the System, to meet the capital improvement needs of the System as described in the CIP and to satisfy debt service requirements for the Series 2013 Bonds and other planned indebtedness.

(C) The percentage increases contemplated hereunder pertain to the revenue production of the System as a whole and are not necessarily indicative of the rate increases for individual System customers or customer classes.

(D) Nothing herein shall prevent City Council from increasing rates above the percentages recommended by the Rate Consultant in the event such additional increases become necessary for the continued operation, maintenance and improvement of the System.

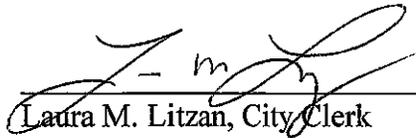
**Section 3. Implementation of Rate Increases.** The City Council hereby expresses its intent to consider the rate increase recommendations of the Rate Consultant at a duly noticed public hearing during the budget adoption process for each applicable fiscal year and to implement any approved increases by resolution considered at the conclusion of such public hearing.

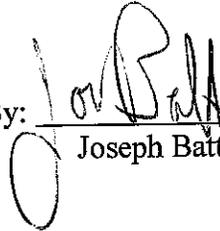
**Section 4. Effective Date.** This Resolution shall take effect immediately upon its adoption.

**DULY ADOPTED** this 19<sup>th</sup> day of August 2013.

**ATTEST:**

**CITY COUNCIL OF MARCO ISLAND,  
FLORIDA**

  
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Laura M. Litzan, City Clerk

By:   
\_\_\_\_\_  
Joseph Batte, Chairman

Approved as to Form:

  
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Burt Saunders, City Attorney  
GrayRobinson, P.A.

