RESOLUTION NO. 10-07

A RESOLUTION OF THE CITY OF MARCO ISLAND, FLORIDA RELATING TO RECOMMENDATIONS OF THE AD-HOC UTILITY ADVISORY COMMITTEE; RATIFYING AND CONFIRMING CITY COUNCIL'S ACCEPTANCE AND APPROVAL OF THE COMMITTEE'S RECOMMENDATIONS CONCERNING WATER AND WASTEWATER UTILITY RATE INCREASES THROUGH AND INCLUDING FISCAL YEAR 2013-14; 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 FOR THE FINANCING OF CAPITAL IMPROVEMENTS TO THE UTILITY SYSTEM; 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 10 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 implementing the CIP provisions relative to the System and has developed a financing plan to provide for completion of the necessary capital improvements described therein; and

WHEREAS, such financing plan includes, but is not limited to, the issuance by the City of its not to exceed $55,000,000 City of Marco Island, Florida Improvement and Refunding Revenue Bonds, Series 2010A and its not to exceed $10,000,000 City of Marco Island, Florida

Taxable Utility System Refunding Revenue Bonds, Series 2010B (collectively, the "Series 2010 Bonds"), the authorizing resolution for which is being considered on even date herewith; and

WHEREAS, on August 17, 2009, the City Council created the Ad-Hoc Utility Advisory Committee (the "Committee") to review current and future revenue needs pertaining to operation, maintenance and improvement of the System; and

WHEREAS, the Committee worked with City staff and the City's utility rate consultant, Public Resources Management Group, Inc., to review the operating and capital assumptions used to determine the revenue required to operate, maintain and improve the System through and including the fiscal year ending September 30, 2014; and

WHEREAS, during a special-called meeting of the City Council held on November 9, 2009, the Committee presented its findings and recommendations concerning future water and wastewater utility rate increases necessary to address the revenue needs of the System; and

WHEREAS, by roll call vote, City Council unanimously accepted and approved various recommendations of the Committee including (1) increases in water and wastewater utility rates and the percentages of such increases in subsequent fiscal years, (2) incorporation of the rate increases into the rate structure for future City Council approval, and (3) the City's issuance of its Series 2010 Bonds to provide System-related financing including the financing of a portion of the capital improvement projects described in the CIP through the fiscal year ending September 30, 2014; and

WHEREAS, the City Council now wishes to ratify and confirm its acceptance and approval of the Committee's recommendations and its intent to formally adopt said rate increases 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 Committee'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:

(1) Increase effective October 1, 2010: 10.5%.
(2) Increase effective October 1, 2011: 6.0%
(3) Increase effective October 1, 2012: 6.0%
(4) Increase effective October 1, 2013: 1.5%

(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 2010 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 Committee 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 Committee 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 1st day of March 2010.

ATTEST:

Laura M. Litzan, City Clerk

CITY COUNCIL OF MARCO ISLAND, FLORIDA

By: _____
Robert J. Popoff., Chairman

Approved as to Form:

Alan L. Gabriel, City Attorney
Weiss Serota Helfman Pastoriza Cole & Boniske, P.L.