RESOLUTION NO. 11-20

A RESOLUTION OF THE CITY OF MARCO ISLAND, FLORIDA RELATING TO CITY COUNCIL'S CONSIDERATION OF WATER AND WASTEWATER UTILITY RATE INCREASES THROUGH AND INCLUDING FISCAL YEAR 2013-14; AMENDING CITY RESOLUTION NO. 10-07 TO PROVIDE THAT CITY COUNCIL SHALL NOT BE REQUIRED TO CONSIDER THE RATE INCREASE CONTEMPLATED BY CITY RESOLUTION NO. 10-07 FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2011; RATIFYING AND CONFIRMING RESOLUTION NO. 10-07 EXCEPT AS AMENDED OR MODIFIED HEREIN; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on March 1st, 2010, the City Council (the "City Council") of the City of Marco Island, Florida (the "City") adopted Resolution No. 10-07 (the "Future Rate Adjustment Intent Resolution"); and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings set forth in the Future Rate Adjustment Intent Resolution; and

WHEREAS, the Future Rate Adjustment Intent Resolution, among other things, (1) ratified and confirmed City Council's acceptance and approval of the Ad-Hoc Utility Advisory Committee' recommendations concerning water and wastewater utility rate increases through and including fiscal year 2013-14; (2) determined that such future rate increases were necessary for the operation, maintenance and improvement of the City's water and wastewater utility system (the "System") and to support the incurrence of debt for the financing of capital improvements to the System; and (3) expressed City Council's intent to consider such future rate increase during the City's budget adoption process for each subsequent fiscal year; and

WHEREAS, based on circumstances as then existed, the Future Rate Adjustment Intent Resolution contemplated the likely potential need for annual increases in the City's water and sewer utility rates of 10.5% effective October 1, 2010, 6% effective October 1, 2011, 6% effective October 1, 2012, and 1.5% effective October 1, 2013, respectively, based upon recommendations of the Committee, City staff and the City's utility rate consultant, in order to ensure adequate revenues to operate, maintain and improve the System and to satisfy debt service requirements for indebtedness issued to acquire and improve the System; and

WHEREAS, since adoption of the Future Rate Adjustment Intent Resolution, the City has undertaken various cost saving measures which, when considered in the aggregate, have led the Utility Advisory Board and Budget Sub-Committee to recommend that the 6% rate increase otherwise scheduled for consideration by City Council during the budget adoption

process for the current fiscal year commencing October 1, 2011 is no longer necessary in order to ensure adequate revenues to operate, maintain and improve the System and to satisfy debt service requirements; and

WHEREAS, the City Council now wishes to amend the Future Rate Adjustment Intent Resolution accordingly.

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. **Amendment of Resolution No. 10-07**. Section 2 of the Future Rate Adjustment Intent Resolution is hereby amended and restated in its entirety as follows, with deletions indicated by strikethrough and additions indicated by underline:

"**Section 2.** **Rate Increases.**

(A) Except as otherwise provided herein, 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: At least 10.5%.
~~(2) Increase effective October 1, 2011: At least 6.0%~~
~~(3)~~(2) Increase effective October 1, 2012: At least 6.0%
~~(4)~~(3) Increase effective October 1, 2013: At least 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.

(E) Notwithstanding Committee recommendations or anything herein to the contrary, City Council shall not be obligated to consider a rate increase for the fiscal year commencing October 1, 2011.

(F) Notwithstanding Committee recommendations or anything herein to the contrary, City Council shall not be obligated to consider any of the rate increases contemplated hereunder if such rate increases are unnecessary, in light of City consultant recommendations or System revenue estimates, for the operation, maintenance and improvement of the System and to satisfy debt service requirements for outstanding indebtedness secured by net revenues of the System."

Section 3. **Ratification and Confirmation of Future Rate Adjustment Intent Resolution; Conflict**. Except as amended or modified herein, the Future Rate Adjustment Intent Resolution is hereby ratified and confirmed; provided, however, that any provisions of the Future Rate Adjustment Intent Resolution in conflict herewith are hereby repealed to the extent of such conflict.

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

DULY ADOPTED this 7th day of September, 2011.

ATTEST

Laura M. Litzan, City Clerk

CITY OF MARCO ISLAND, FLORIDA

Gerard M. Gibson, Chairman

Approved as to Form:

Burt L. Saunders, City Attorney