NORTH MIAMI
FLORIDA
776 N.E. 125 Street, North Miami, Florida 33161

Council Report

To: The Honorable Mayor and City Council

From: Vernon Paul, Jr., Finance Director

Date: ~~March 27, 2012~~ April 10, 2012

RE: Resolution providing for the replenishment method of the funds used to retire the Sewer Debt through the collections of future Capital Improvement Fees-Sewer (CIF) with a portion of net revenue collection in Fiscal Years 2012, 2013, 2014 and 2015

RECOMMENDATION

It is recommended that the City Council repeal Resolution # R-2011-110 after the adoption of the Revenue Requirement, Cost of Service, and Design for Water Services Plan. The Capital Improvement Fees-Water and Capital Improvement Fees-Sewer (CIF) will no longer be assessed once the proposed plan is approved.

BACKGROUND

On September 13, 2011, Resolution R-2011-110 was approved, authorizing the City Manager to utilize $2.34 million of Capital Improvement Fee-Water to retire $3.4 million of sewer debt and to provide for the replenishment of such funds through the collections of Capital Improvement Fee-Sewer in Fiscal Years 2012, 2013, 2014 and 2015. The City is changing its rates structures and eliminating the current capital improvement fees assessed every quarter.

The proposed rate structure eliminates the capital improvement assessment fees while promoting a responsible base rate allowance, so customers are charged on consumptive water usage. This method will allow the City's utility to meet its revenue requirements, debt obligations, maintain appropriate cash balance for emergency while conserving water and reducing the stress on the city infrastructure. Since the fees are all inclusive in the plan, Staff is proposing that a portion of net revenue is set aside to replenish the $2.34 million capital improvement funds used to retire the $3.4 million sewer debt in 2011.

ATTACHMENTS

(1) Proposed Resolution Amendment
(2) Resolution R-2011-110

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, REPEALING RESOLUTION NO. R-2011-110 TO ELIMINATE THE CAPITAL IMPROVEMENT ASSESSMENT FEES WITH A RESPONSIBLE BASE RATE ALLOWANCE FEE BASED ON CONSUMPTIVE WATER USAGE, AS PROPOSED BY THE "REVENUE REQUIREMENT, COST OF SERVICE, AND DESIGN FOR WATER SERVICES PLAN", ADOPTED BY THE MAYOR AND CITY COUNCIL FOR FISCAL YEARS 2012, 2013, 2014, AND 2015; AND TO SET ASIDE A PORTION OF NET REVENUE TO REPLENISH THE CAPITAL IMPROVEMENT FUNDS USED TO RETIRE SEWER DEBT; THEREBY, ELIMINATING ALL CAPITAL IMPROVEMENT FEES; PROVIDING FOR AN EFFECTIVE DATE AND ALL OTHER PURPOSES.

WHEREAS, on September 13, 2011, the Mayor and City Council of the City of North Miami ("City"), passed and adopted Resolution No. 2011-110, approving the use of Capital Improvement Fee-Water to retire the Public Improvement Revenue Note, Series 2008 ("Note"), and to provide for the replenishment of such funds through the collections of Capital Improvement Fee-Sewer in Fiscal Years 2012, 2013, 2014, and 2015; and

WHEREAS, the Mayor and City Council have adopted a responsible base rate allowance fee based on consumptive water usage proposed by the *Revenue Requirement, Cost of Service, and Design for Water Services Plan* ("Rate Plan") to replace the Capital Improvement Fee-Water and the Capital Improvement Fee-Sewer; and

WHEREAS, once the Rate Plan is implemented as adopted, the Capital Improvement Fee-Water and the Capital Improvement Fee-Sewer will no longer be assessed to the public; and

WHEREAS, the use of the Rate Plan will allow the City's water and sewer utility to meet its revenue requirements, debt obligations, maintain appropriate cash balance for emergencies, while promoting the conservation of water and lessening the stress on the City's water and sewer infrastructure; and

WHEREAS, City administration respectfully requests that a portion of the net revenue received from the use of the Rate Plan will be set aside to replenish the $2.34 Million of Capital Improvement Fee-Water used to retire the Note; and

WHEREAS, the Mayor and City Council have determined that it is in the best interest of the City to eliminate and replace the Capital Improvement Fee-Water and the Capital Improvement Fee-Sewer with the adopted responsible base rate allowance fee based on consumptive water usage and to replenish the $2.34 Million of Capital Improvement Fee-Water used to retire the Note.

NOW THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA:

Section 1. **Authority of City Manager.** The Mayor and City Council of the City of North Miami, Florida, hereby repeal Resolution No. R-2011-110 to eliminate the Capital Improvement Assessment Fees with a responsible base rate allowance fee based on consumptive water usage, as proposed by the "Revenue Requirement, Cost of Service, and Design for Water Services Plan", adopted by the Mayor and City Council for Fiscal Years 2012, 2013, 2014, and 2015; and to set aside a portion of net revenue to replenish the Capital Improvement Funds used to retire sewer debt; thereby, eliminating all capital improvement fees.

Section 2. **Effective Date.** This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED by a _____ vote of the Mayor and City Council of the City of North Miami, Florida, this _____ day of April, 2012.

_____
ANDRE D. PIERRE, ESQ.
MAYOR

ATTEST:

_____
MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

_____
REGINE M. MONESTIME
CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: _____

Seconded by: _____

Vote:

Mayor Andre D. Pierre, Esq.	_____ (Yes)	_____ (No)
Vice Mayor Jean R. Marcellus	_____ (Yes)	_____ (No)
Councilperson Michael R. Blynn, Esq.	_____ (Yes)	_____ (No)
Councilperson Scott Galvin	_____ (Yes)	_____ (No)
Councilperson Marie Erlande Steril	_____ (Yes)	_____ (No)

RESOLUTION NO. R-2011-110

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, RATIFYING THE UTILIZATION OF TWO MILLION THREE HUNDRED FORTY THOUSAND DOLLARS AND NO CENTS ($2,340,000.00) OF CAPITAL IMPROVEMENT FEE-WATER TO RETIRE THREE MILLION FOUR HUNDRED THOUSAND DOLLARS AND NO CENTS ($3,400,000.00) OF SEWER DEBT, AND PROVIDING FOR THE REPLENISHMENT OF SUCH FUNDS THROUGH THE COLLECTIONS OF CAPITAL IMPROVEMENT FEE-SEWER IN FISCAL YEARS 2012, 2013, 2014, AND 2015; PROVIDING FOR AN EFFECTIVE DATE AND ALL OTHER PURPOSES.

WHEREAS, on September 11, 2007, the Mayor and City Council of the City of North Miami ("City"), passed and adopted Ordinance No. 1239, establishing the Capital Improvement Fee-Water and the Capital Improvement Fee-Sewer, to fund water and sewer capital projects; and

WHEREAS, on February 26, 2008, the Mayor and City Council passed and adopted Resolution R-2008-28, authorizing the issuance of Public Improvement Revenue Note, Series 2008 ("Note") in the amount of Four Million One Hundred Thousand Dollars and No Cents ($4,100,000.00) to also fund sewer capital projects; and

WHEREAS, the Note was scheduled to be repaid with Capital Improvement Fee-Sewer by August 28, 2011, or by an extended maturity date for an additional cost to the City in interest expenses; and

WHEREAS, the retirement of the Note would save the City an amount between Two Hundred Forty-Four Thousand Dollars and No Cents ($244,000.00) and Three Hundred Seven Thousand Dollars and No Cents ($307,000.00) of additional interest payments; and

WHEREAS, on August 23, 2011, at a duly noticed public meeting, the Mayor and City Council approved the use of Capital Improvement Fee-Water and the Capital Improvement Fee-Sewer to retire the Note, in accordance with the recommendation of the City administration; and

WHEREAS, the Mayor and City Council have determined that it is in the best interest of the City to utilize the Capital Improvement Fee-Water and the Capital Improvement Fee-Sewer to retire the outstanding Note and thereby, realize a substantial savings to the City in interest payments.

NOW THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA:

Section 1. **Authority of City Manager.** The Mayor and City Council of the City of North Miami, Florida, hereby authorize the City Manager to utilize Two Million Three Hundred Forty Thousand Dollars and No Cents ($2,340,000.00) of Capital Improvement Fee-Water to retire Three Million Four Hundred Thousand Dollars and No Cents ($3,400,000.00) of sewer debt, and to provide for the replenishment of such funds through the collections of Capital Improvement Fee-Sewer in Fiscal Years 2012, 2013, 2014, and 2015.

Section 2. **Effective Date.** This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED by a 5-0 vote of the Mayor and City Council of the City of North Miami, Florida, this 13 day of September, 2011.

ANDRE D. PIERRE, ESQ.
MAYOR

ATTEST:

MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

V. LYNN WHITFIELD
CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: Councilman Marcellus

Seconded by: Councilman Blynn

Vote:

Mayor Andre D. Pierre, Esq.	X (Yes)	____ (No)
Vice Mayor Marie Erlande Steril	X (Yes)	____ (No)
Councilperson Michael R. Blynn, Esq.	X (Yes)	____ (No)
Councilperson Scott Galvin	X (Yes)	____ (No)
Councilperson Jean R. Marcellus	X (Yes)	____ (No)