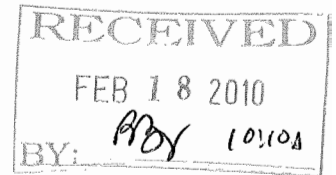


MEMORANDUM

TO: Honorable Mayor Strickland and City Council Members
FROM: Eugene Miller, Interim City Manager
DATE: February 23, 2010
SUBJECT: Alternative Water Fees Review and Discussion



Introduction: At the request of Vice Mayor Laputka at the last City Council meeting, this item is being brought forward for discussion.

Background: Current Information:

- 1) Fee was imposed as of May 2009
- 2) Fee is \$4.00 per account and 25% of the water usage charge
- 3) Council's original desire was for the fee to generate about \$500,000 a year
- 4) To-date we have collected about \$280,000 (\$40,000/month average)
- 5) At current rate we will collect about \$500,000 a year
- 6) Water consumption has decreased almost 300,000 GPD since implementation of fee
- 7) The fee has encouraged conservation
- 8) Projected costs for AWS projects range from \$135,000,000 to \$500,000,000 +
- 9) Orange City's share of AWS projects may range from \$30,000,000 to \$150,000,000

Discussion: The implementation of the Alternative Water Fee is achieving Council's goal of creating a fund for alternative water projects with a target amount of \$500,000 per year. Since the implementation of the fee, water consumption has decreased significantly. It appears that the increased cost of water usage has spurred water conservation.

With ongoing doubts about future groundwater supplies in West Volusia County, it's necessary for us to be prepared to cover the costs associated with the development of new supply, reclaimed water system expansions, stormwater-to-reuse programs, conservation efforts and the like. Having a fund available to draw from will help make these changes more fluently.

Although the fee may seem burdensome to some, it's overall impact pales in comparison to the projected 500 to 700 percent increase in water rates if we simply go to an alternative source of potable water such as surface water (St. Johns River) or desalination (Coquina Coast). We must continue to consider all/any options available however; they all come at a price.

Budget Impact: None

Recommendation: This is a discussion item only. Staff is not seeking direction at this time but will follow any direction given by City Council.

Prepared by: Paul Johnson, Public Works Director

Reviewed by: Paul Johnson, Public Works Director

Handwritten signature in black ink, appearing to be 'P. Johnson'.