



## Memorandum

**Date:** July 10, 2018

**To:** Honorable Mayor and Board of Commissioners

**Through:** Mark LeCouris, City Manager

**From:** Ron Harring, Finance Director  
Paul Smith, Public Services Director

**Subject:** Public Hearing: Proposed Water and Sewer Rate Plan and Revisions to Chapter 20 of the Code of Ordinances

### **Recommendation**

Approve Ordinance 2018-16 to make specific changes to *City Code of Ordinances, Chapter 20, Water and Sewers*.

### **Background - Initial Rate Plan Presented May 2018**

The City's current 10-year water and sewer utility rate plan is set to expire with an already approved FY19 rate increase for both water and sewer of 6.75%. A Water & Sewer Rate Study was completed with a new 10 Year Rate Plan to fund operating and capital expenses from FY 2019 through FY 2028. The study recommended reducing the already approved FY 2019 rate increase from 6.75% to 5% and proposed new rate increases of 2.9% from FY 2020 through FY 2028. It was also recommended that reclaimed water rates be included in the same plan.

In February 2018 the Rate Study was presented to the Budget Advisory Committee who unanimously recommended approval. The City mailed out to all utility customers a Public Notice of Water and Sewer Rate increases with the April 2018 Utility Bills advertising Public Hearing dates beginning May 8, 2018 with the rate increases as proposed in the Study. At the first Public Hearing on May 8, 2018 the rate plan was not approved.

### **Revised Rate Plan**

Staff reviewed comments and concerns from the public hearing and researched alternatives with the objectives of addressing customer concerns, keeping up with continued infrastructure needs, and meeting the financial requirements of the utility.

The City revisited the Water and Sewer Rate Study and has reduced and/or deferred Capital Improvement Projects by a total of approximately \$3.5 million over 10 years. The new proposed rates are 4% for FY 2019 (down from the approved 6.75%), then 2.75% for FY 2020 through FY 2028. The proposed increases are comparable with national averages of other sectors and *less than the regional average for water and wastewater*.

To provide an improved option for residential customers for lawn irrigation, the irrigation meter rates are being **proposed for reduction** as follows:

- The monthly ***Readiness to Serve*** charge, currently \$17.42, will be **eliminated** for the standard residential meter (5/8" X 3/4" size) for customers that also have a water meter.
- The initial backflow prevention device charge of \$245 will be **eliminated** for new residential irrigation accounts for the standard residential meter (5/8" X 3/4" size) for customers that also have a water meter

It is recommended that this revised 10-year rate plan starting in Fiscal Year 2019 be established and implemented in accordance with rate study recommendations and the proposed Ordinance 2018-16 to sustain operational and capital needs into the future.

Notice has been sent to customers advertising the July 10, 2018 and July 24, 2018 Public Hearings of this ordinance pursuant to Chapter 180 F.S.

### **Proposed Revisions to City Code of Ordinances**

Ordinance 2018-16 presents the proposed rate plan and also revises ***City Code of Ordinances, Chapter 20, Water and Sewers*** as follows. The **underlined** portions show the revision since the initial rate plan proposal this past May:

1. Decreasing previously approved water & sewer rates for FY19 from 6.75% to **4%** per the plan
2. Increasing future years at **2.75%** for water and sewer for FY 2020 through FY2028 per the plan
3. The monthly **Irrigation Meter Readiness-to-Serve** charge, currently \$17.42, will be **eliminated** for the standard residential meter (5/8" X 3/4" size) for customers that also have a water meter.
4. The initial **Irrigation Meter backflow prevention** device charge of \$245 will be **eliminated** for new residential irrigation accounts for the standard residential meter (5/8" X 3/4" size) for customers that also have a water meter
5. Applying increases to reclaimed water rates for same period, currently \$0.95 per 1000 gallons
6. Increasing the meter/ tap-in fees for reclaimed water service from \$300 to \$350
7. Establishing a flat monthly sewer rate for those without water service
8. Misc. administrative revisions (i.e. outdated references, general document maintenance, etc.)
9. Providing for an effective date immediately upon adoption