



# REVISED WATER – SEWER RATE PLAN AND PROPOSED REVISIONS TO CHAPTER 20 OF THE CODE OF ORDINANCES

BOARD OF COMMISSIONERS MEETING  
JULY 10, 2018 AND JULY 24, 2018 PUBLIC HEARINGS

# BACKGROUND

- 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.

# INPUT RECEIVED

1. Past increases were high
2. Cumulative effect of proposed 10 year rate increase is high (5% followed by 2.9%)
3. Communities that irrigate with potable (drinking) water have high bills
  - being charged for sewer for a large portion of our water usage that goes strictly to maintaining lawns.
4. Need more information regarding the dollar amounts of rate plan versus simple percentages

# REVISED 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
  - 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.
- 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

# RATE PLAN OVERVIEW

Current plan	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Overall Average
Water	8.75%	10.50%	10.25%	10.00%	9.75%	9.50%	9.50%	9.50%	6.75%	6.75%	
Sewer	1.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	6.75%	6.75%	
average	4.88%	6.75%	6.63%	6.50%	6.38%	6.25%	6.25%	6.25%	6.75%	6.75%	6.338%

Proposed plan	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	Overall Average
Water, Sewer, and Reclaimed Water	4.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.875%

Average Annual Increases in Various Sectors					
	Energy Services - Electricity [1]	Garbage and Trash Collection [1]	Cable and satellite television service [1]	Water and Wastewater, Southeast Region [2]	Proposed City 10 year plan average
Annualized	1.9%	2.7%	2.8%	3.6%	2.875%

- The proposed increases are comparable with national averages of other sectors and ***less than the regional average for water and wastewater***

# COMMUNICATION OF REVISED PLAN

## UTILITY BILL INSERT



### Notice of Public Hearings on Water, Sewer and Reclaimed Water Rates

This item will be discussed at public hearings by the City Board of Commissioners. The meetings will take place at:

City Hall Auditorium  
324 East Pine Street  
Tarpon Springs, Florida 34689

#### Meeting dates:

First Hearing: Tuesday July 10, 2018 at 6:30 pm  
Second Hearing: Tuesday July 24, 2018 at 6:30 pm

#### Background Information:

- The City's current 10-year water and sewer utility rate plan is set to expire at the end of Fiscal Year 2019 (September 30, 2019) with an already approved rate increase for both water and sewer of 6.75%. The current 10-year plan was required for infrastructure investment and is summarized below:

Current plan	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Overall Average
Water	8.75%	10.50%	10.25%	10.00%	9.75%	9.50%	9.50%	9.50%	6.75%	6.75%	
Sewer	1.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	6.75%	6.75%	
Average	4.88%	6.75%	6.63%	6.50%	6.38%	6.25%	6.25%	6.25%	6.75%	6.75%	6.338%

- The City completed a Water & Sewer Rate Study 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's Budget Advisory Committee was formed by the Board of Commissioners to review City financial matters and is composed of appointed citizens of the community.
- 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.

(additional information on reverse side,

#### Revised Plan Summary:

- 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 at the first Public Hearing on July 10, 2018 will now be 4% for FY 2019 (down from the approved 6.75%) for each service. Then 2.75% for FY 2020 through FY 2028. The revised proposed plan is summarized below:

Proposed plan	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	Overall Average
Water, Sewer, and Reclaimed Water	4.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.875%

- The above rates will cover the increased cost of services and the capital and infrastructure required to provide water and sewer services. The proposed increases are comparable with national averages of other sectors and *less than the regional average for water and wastewater* as shown in the following table:

Average Annual Increases in Various Sectors					
	Energy Services - Electricity [1]	Garbage and Trash Collection [1]	Cable and satellite television service [1]	Water and Wastewater, Southeast Region [2]	Proposed City 10 year plan average
Annualized	1.9%	2.7%	2.8%	3.6%	2.875%

Sources:

[1] U.S. Department of Labor, CPI-U, Increases from 2008 - 2016,

[2] U.S. Department of Energy, September 2017, Water and Wastewater Annual Price Escalation Rates

- 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

Information on the proposed rate increases can also be found on the City web-site at: <http://www.ctsfl.us/rates.htm>

If you would like to review your utility bill in more detail or for more information on possible ways to reduce your utility bill, please contact:

Cheryl Stedje, City of Tarpon Springs Public Services Department at 727-942-5610.

- Flyer in all utility bills
- Reduced annual rate plan
- Reduced Irrigation Meter Costs
- Advertised Hearings set for July 10<sup>th</sup> and July 24<sup>th</sup>

# COMMUNICATION OF REVISED PLAN COMMUNITY MEETING

- A community meeting was held with Tarpon Key on June 13<sup>th</sup>, 2018 to address their specific concerns raised at the May 8<sup>th</sup> public hearing
- The outline of the meeting was:
  1. Overview of Concerns Received
  2. Tarpon Key Water and Sewer System
  3. Review of Utility Billing and Water Use
  4. Suggested Solutions
  5. Summary of Proposed Rate Plan and Revisions
  6. Review of Concerns Received (with responses)
  7. Breakout Group Discussions: Billing, Conservation, Rates
- As a follow up, staff will coordinate with the community, and the City as a whole, on conservation best practices and irrigation meter installations as requested – *working towards conservation and lowering utility bills*

# REVISED RECOMMENDATIONS

Note: Red underline are changes since initial May 8<sup>th</sup> hearing

Approve Ordinance 2018-16 to make specific changes to **Chapter 20: Water and Sewers**, including:

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

# RESPONSE TO INPUT RECEIVED

1. Past increases were high. *Past increases were a necessary part of infrastructure investment for both water and sewer. Positioned us for sustainable (low inflationary) 10 year plan.*
2. Cumulative effect of proposed 10 year rate increase is high (5% followed by 2.9%). *Have lowered plan further 4%/2.75% to lowest recommended level to sustain the utility and associated infrastructure*
3. Communities that irrigate with potable (drinking) water have high bills. *Residential irrigation meter proposed changes will make this a good option for those without other water sources. We will also continue support of conservation initiatives.*
4. Need more information regarding the dollar amounts of rate plan versus simple percentages. *The complete rate study tables are posted on the City's website: <http://www.ctsfl.us/rates.htm>*