



SUBJECT: Utility Rate Increases

ACTION REQUESTED: Adoption of Ordinances No. 2016-27, 2016-28 and 2016-29, on second reading, increasing Stormwater, Water and Sewer Rates

REQUESTED BY: Ray Boler, Assistant City Manager
June Solanes, Finance Director

SUPPORTING DOCUMENTS: Yes

SUMMARY

The City Commission engaged the services of Burton & Associates to conduct a study of the City's rate structure for Sanitation, Stormwater, Water and Sewer services. The first phase (task) of the study, consisting of a Revenue Sufficiency Analysis, has been completed and presented at the October 17, 2016 City Commission Special Meeting.

At the Special Meeting, based on the findings of the study, the City Commission elected to implement rate plan adjustments as follows:

Stormwater

- Adopt \$1.25 increase in FY 2017 effective on January 1, 2017 and \$1.50 increase in FY 2018 (*Reference page 13 Financial Management Plan in attached document*)
- Adopt annual inflationary increase of 3% per year in FY 2019

Water and Sewer

- Adopt 11.50% increases from FY 2017 – FY 2021 (*Reference page 21 Financial Management Plan in attached document*)

Sanitation

- No rate adjustments in FY 2017 or FY 2018 (*Reference page 8 Financial Management Plan in attached document*)

A Rate Survey of some Tampa Bay area agencies was conducted by Burton & Associates and are included in the attached document on pages 14, 26 and 7 for Stormwater, Water and Sewer, and Sanitation, respectively.

The surveys reflect that even with the proposed rate increases Safety Harbor remains at the mid-point or below the surrounding communities.

The Rate Survey also reflects a minor update to the inclining block rate structure from 5 tiers to 4 tiers as follows:

- > Tier 1 = Indoor use for typical family (5 Tgal; 0 –5,000 gal.)
- > Tier 2 = Indoor use for larger families (5 Tgal; 5,001 –10,000 gal.)
- > Tier 3 = Irrigation for typical property (10 Tgal; 10,001 –20,000 gal.)
- > Tier 4 = Additional irrigation and all remaining water use (>20,000 gal.)

As previously discussed with City Commission, the rates for Water and Sewer and Sanitation have not been increased since October 1, 2009 and prior to that October 1, 1995. Stormwater rates last increased on October 1, 2012. During the period of time since the last increase for Water and Sewer, the City's water provider Pinellas County's price per 1,000 gallons has increased by 25% and sewer treatment provider City of Clearwater's price per million gallons has increased by 17%. The City has funded over \$5.9 million dollars in Capital Improvement Projects in the Water and Sewer fund from 2011-2015 and over \$3.5 million in the Stormwater fund for the same time period. Moving forward, the Capital Improvement Projects 5-year plan for Water and Sewer is \$24.6 million and for Stormwater is \$3.1 million, of which \$441,000 is unfunded. Even with rate increases in Water and Sewer, debt will need to be issued in FY 2017, FY 2019, and FY 2021 to continue the Capital Improvement Plan. Debt was considered as part of the study in determining the rate structure. To address both the increase in costs since the last rate increase and 5-year Capital Improvement Plan, it is necessary to modify the current rate structures for both Stormwater and Water and Sewer.

Subsequent to the approval on first reading the following changes were made as they are considered extraneous to water and sewer services:

2016-28

- Section 1 (b) (commercial accounts for each of the meter sizes) – In the table “Base Facility Charge”; deleted “per ERU”
- Section 2 (d) (irrigation rates) – in the table “Base Facility Charge”; deleted “per ERU”.
- Section 3 (g) (water intensive users) – in the table “Base Facility Charge”; deleted “per ERU”.

2016-29

- Section 1 (a) (commercial rates) – in the table “Base Facility Charge”; deleted “per ERU”.

Staff recommends that the City Commission adopt Ordinances No. 2016-27, 2016-28 and 2016-29 on second reading.

ORDINANCE NO. 2016-27

AN ORDINANCE OF THE CITY OF SAFETY HARBOR, FLORIDA,
AMENDING THE SAFETY HARBOR CITY CODE TO INCREASE
STORMWATER MANAGEMENT UTILITY RATES; PROVIDING
FOR PUBLICATION IN ACCORDANCE WITH THE LAW;
PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN
EFFECTIVE DATE

WHEREAS, the Safety Harbor City Code provides that the stormwater management utility rates shall be based upon the revenue requirements for the administration, management, engineering, operation and maintenance of the stormwater management system; and

WHEREAS, it is necessary to increase the stormwater management utility rates to reflect the increased costs of the administration, management, engineering, operation and maintenance of the stormwater management system; and

WHEREAS, pursuant to section 180.136, Florida Statutes, the City has provided notice of the increase in this Ordinance to each customer through the City's utility billing process.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAFETY HARBOR, FLORIDA IN SESSSION DULY AND REGULARLY ASSEMBLED THAT:

Section 1. Chapter 24, Article VII, Section 24.64(1) of the Safety Harbor City Code is hereby amended as follows:

- (1) The following schedule of monthly charges will apply to all residential accounts within the city limits of the City of Safety Harbor, Florida, served by the City's stormwater system:

STORMWATER RATES					
<u>Monthly Stormwater Rate Per ERU (1 ERU equals 1,865 SF of Impervious Area)</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>				
	<u>1/1/2017</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
	<u>\$8.50</u>	<u>\$10.00</u>	<u>\$10.30</u>	<u>\$10.61</u>	<u>\$10.93</u>

Basic rate: ~~The rate for one (1) equivalent residential unit or ERU shall be established as seven dollars and twenty five cents (\$7.25) five dollars (\$5.00) per ERU per month.~~

Section 2. This Ordinance shall be published in accordance with the requirements of law.

Section 3. Each provision of this Ordinance shall be deemed separate and severable and if any section or part thereof is held to be invalid by a court of competent jurisdiction, the remainder of the Ordinance shall not be affected.

Section 4. This Ordinance shall become effective on January 1, 2017.

PASSED ON FIRST READING ON DECEMBER 5, 2016.

PASSED AND ADOPTED ON SECOND READING ON DECEMBER 19, 2016.

APPROVED AS TO FORM:

Mayor – Commissioner

Alan S. Zimmet, City Attorney

Vice Mayor – Commissioner

Commissioner

ATTEST:

Commissioner

Karen Sammons, CMC, City Clerk

Commissioner

ORDINANCE NO. 2016 - 28

AN ORDINANCE OF THE CITY OF SAFETY HARBOR, FLORIDA, AMENDING THE SAFETY HARBOR CITY CODE TO INCREASE RATES AND CHARGES FOR WATER SERVICES; PROVIDING FOR PUBLICATION IN ACCORDANCE WITH THE LAW; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the Safety Harbor City Code prescribes the rates and charges for water services provided by the City; and

WHEREAS, it is necessary to increase such rates to reflect the increased costs of the administration, management, engineering, operation and maintenance of the water system; and

WHEREAS, pursuant to section 180.136, Florida Statutes, the City has provided notice of the increase in this Ordinance to each customer through the City’s utility billing process.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAFETY HARBOR, FLORIDA IN SESSION DULY AND REGULARLY ASSEMBLED THAT:

Section 1. Chapter 24, Article II, Section 24.18(a)-(b) of the Safety Harbor City Code is hereby amended to read as follows:

(a) Generally.

(1) The following schedule of monthly charges will apply to all residential accounts within the city limits of the City of Safety Harbor, Florida, served by the City water system.

RESIDENTIAL RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge per ERU	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$12.79	\$14.26	\$15.90	\$17.73	\$19.77

USAGE CHARGES					
Water Used (Thousand Gallons)	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 5.0	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
5.0 - 10.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
10.0 - 20.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 20.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

(b) Commercial accounts. The following schedule of monthly charges will apply to all commercial accounts within the City limits of the City of Safety Harbor, Florida, served by the City water system:

5/8" RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$12.79	\$14.26	\$15.90	\$17.73	\$19.77
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 5.0	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
5.0 - 10.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
10.0 - 20.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 20.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

1" RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$32.00	\$35.68	\$39.78	\$44.35	\$49.45
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 12.5	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
12.5 - 25.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
25.0 - 50.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 50.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$64.00	\$71.36	\$79.57	\$88.72	\$98.92
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 12.5	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
12.5 - 25.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
25.0 - 50.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 50.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

2" RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$102.40	\$114.18	\$127.31	\$141.95	\$158.27
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 40.0	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
40.0 - 80.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
80.0 - 160.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 160.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

3" RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$204.79	\$228.34	\$254.60	\$283.88	\$316.53
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 80.0	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
80.0 - 160.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
160.0 - 320.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 320.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

4" RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$300.17	\$334.69	\$373.18	\$416.10	\$463.95
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 125.0	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
125.0 - 250.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
250.0 - 500.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 500.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

6" RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$639.50	\$713.04	\$795.04	\$886.47	\$988.41
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 250.0	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
250.0 - 500.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
500.0 - 1,000.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 1,000.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65
8" RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1,023.96	\$1,141.72	\$1,273.02	\$1,419.42	\$1,582.65
USAGE CHARGES	Rate	Rate	Rate	Rate	Rate
Water Used (Thousand Gallons)	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 400.0	\$2.36	\$2.63	\$2.93	\$3.27	\$3.65
400.0 - 800.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
800.0 - 1,600.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 1,600.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

Section 2. Chapter 24, Article II, Section 24.18(d) of the Safety Harbor City Code is hereby amended to read as follows::

- (d) Irrigation water meters. The following schedule of monthly charges will Apply to all irrigation accounts within the city limits of the City of Safety Harbor, Florida served by the city water system:

IRRIGATION RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$12.79	\$14.26	\$15.90	\$17.73	\$19.77
USAGE CHARGES					
Water Used (Thousand Gallons)	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
0.0 - 10.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12
10.0 - 20.0	\$13.28	\$14.81	\$16.51	\$18.41	\$20.53
Over 20.0	\$19.18	\$21.39	\$23.85	\$26.59	\$29.65

Section 3. Chapter 24, Article II, Section 24.18(g) of the Safety Harbor City Code is hereby amended to read as follows:

- (g) Water Intensive Use. Water intensive customers, as hereinafter defined, shall be charged for water consumption based upon the following schedule:

WATER INTENSIVE USER RATES					
Customer Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1.97	\$2.20	\$2.45	\$2.73	\$3.04
Base Facility Charge	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
	\$1,023.96	\$1,141.72	\$1,273.02	\$1,419.42	\$1,582.65
USAGE CHARGES					
Water Used (Thousand Gallons)	Rate	Rate	Rate	Rate	Rate
	Effective Date				
	1/1/2017	10/1/2017	10/1/2018	10/1/2019	10/1/2020
Over 0.0	\$5.90	\$6.58	\$7.34	\$8.18	\$9.12

Customers shall be eligible for the water intensive rate upon meeting the following criteria:

- (1) Industries defined by SWFWMD as water intensive.
- (2) Threshold consumptions will be defined by SWFWMD or a survey of other local water utilities.
- (3) A water audit by a recognized firm must be done by the water customer -at their expense.
- (4) The recommendations of the water audit must be implemented within nine months by the watercustomer.

Section 4. This Ordinance shall be published in accordance with the requirements of law.

Section 5. Each provision of this Ordinance shall be deemed separate and severable and if any section or part thereof is held to be invalid by a court of competent jurisdiction, the remainder of the Ordinance shall not be affected.

Section 6. This Ordinance shall become effective on January 1, 2017.

PASSED ON FIRST READING ON DECEMBER 5, 2016.

PASSED AND ADOPTED ON SECOND READING ON DECEMBER 19, 2016.

APPROVED AS TO FORM:

Alan S. Zimmet, City Attorney

ATTEST:

Karen Sammons, CMC, City Clerk

Mayor – Commissioner

Vice Mayor – Commissioner

Commissioner

Commissioner

Commissioner

ORDINANCE NO. 2016-29

AN ORDINANCE OF THE CITY OF SAFETY HARBOR, FLORIDA, AMENDING THE SAFETY HARBOR CITY CODE TO INCREASE RATES AND CHARGES FOR SEWER SERVICES; PROVIDING FOR PUBLICATION IN ACCORDANCE WITH THE LAW; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the Safety Harbor City Code prescribes the rates and charges for sewer services provided by the City; and

WHEREAS, it is necessary to increase such rates to reflect the increased costs of the administration, management, engineering, operation and maintenance of the sewer system; and

WHEREAS, pursuant to section 180.136, Florida Statutes, the City has provided notice of the increase in this Ordinance to each customer through the City’s utility billing process.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAFETY HARBOR, FLORIDA IN SESSION DULY AND REGULARLY ASSEMBLED THAT:

Section 1. Chapter 24, Article II, Section 24.12 (a) of the Safety Harbor City Code hereby amended as follows:

- (a) There is hereby established a monthly schedule of rates, fees and charges for the use and availability of sewer service. These rates, fees and charges shall become due upon final inspection and approval of the facility by the building official, issuance of a certificate of occupancy, or occupancy, whichever shall first occur, and shall be as follows:

RESIDENTIAL RATES					
<u>Customer Charge</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>				
	<u>1/1/2017</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
	<u>\$1.97</u>	<u>\$2.20</u>	<u>\$2.45</u>	<u>\$2.73</u>	<u>\$3.04</u>
<u>Base Facility Charge per ERU</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>				
	<u>1/1/2017</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
	<u>\$13.74</u>	<u>\$15.32</u>	<u>\$17.08</u>	<u>\$19.04</u>	<u>\$21.23</u>

<u>Residential Usage Charges</u>					
<u>USAGE CHARGE</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>				
Per Thousand Gallons of Metered Water Use (Residential Customers Capped at 15,000 gallons per month per living unit)	<u>1/1/2017</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
		<u>\$4.85</u>	<u>\$5.41</u>	<u>\$6.03</u>	<u>\$6.72</u>

<u>COMMERCIAL RATES</u>					
<u>Customer Charge</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>				
	<u>1/1/2017</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
	<u>\$1.97</u>	<u>\$2.20</u>	<u>\$2.45</u>	<u>\$2.73</u>	<u>\$3.04</u>
<u>Base Facility Charge</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>				
<u>Meter Size</u>	<u>1/1/2017</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
<u>5/8"</u>	<u>\$13.74</u>	<u>\$15.32</u>	<u>\$17.08</u>	<u>\$19.04</u>	<u>\$21.23</u>
<u>1"</u>	<u>\$34.35</u>	<u>\$38.30</u>	<u>\$42.70</u>	<u>\$47.61</u>	<u>\$53.09</u>
<u>1.5"</u>	<u>\$68.71</u>	<u>\$76.61</u>	<u>\$85.42</u>	<u>\$95.24</u>	<u>\$106.19</u>
<u>2"</u>	<u>\$109.92</u>	<u>\$122.56</u>	<u>\$136.65</u>	<u>\$152.36</u>	<u>\$169.88</u>
<u>3"</u>	<u>\$219.86</u>	<u>\$245.14</u>	<u>\$273.33</u>	<u>\$304.76</u>	<u>\$339.81</u>
<u>4"</u>	<u>\$343.53</u>	<u>\$383.04</u>	<u>\$427.09</u>	<u>\$476.21</u>	<u>\$530.97</u>
<u>6"</u>	<u>\$686.94</u>	<u>\$765.94</u>	<u>\$854.02</u>	<u>\$952.23</u>	<u>\$1,061.74</u>
<u>8"</u>	<u>\$1,099.30</u>	<u>\$1,225.72</u>	<u>\$1,366.68</u>	<u>\$1,523.85</u>	<u>\$1,699.09</u>
	-	-	-	-	-
<u>USAGE CHARGE</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Per thousand gallons of metered water use (No Cap for Non-Residential Accounts)	<u>Effective Date</u>				
	<u>1/1/2017</u>	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
	<u>\$4.85</u>	<u>\$5.41</u>	<u>\$6.03</u>	<u>\$6.72</u>	<u>\$7.49</u>

<u>RESIDENTIAL RATES</u>			
<u>Customer Charge</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>		
	<u>06/01/2008</u>	<u>10/01/2008</u>	<u>10/01/2009</u>
	<u>\$0.50</u>	<u>\$0.56</u>	<u>\$0.62</u>
<u>Base Facility Charge</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
	<u>Effective Date</u>		
<u>perERU</u>	<u>06/01/2008</u>	<u>10/01/2008</u>	<u>10/01/2009</u>
	<u>\$9.42</u>	<u>\$10.50</u>	<u>\$11.71</u>

Residential Usage Charges

USAGE CHARGE	Rate	Rate	Rate
	Effective Date		
Per Thousand Gallons of Metered Water Use (Residential Customers Capped at 15,000 gallons per month per living unit)	06/01/2008	10/01/2008	10/01/2009
	\$4.16	\$4.64	\$5.17

COMMERCIAL RATES

Customer Charge	Rate	Rate	Rate
	Effective Date		
	06/01/2008	10/01/2008	10/01/2009
	\$0.50	\$0.56	\$0.62
Base Facility Charge per Meter Size	Rate	Rate	Rate
	Effective Date		
	06/01/2008	10/01/2008	10/01/2009
5/8"	\$9.42	\$10.50	\$11.71
1"	\$23.55	\$26.26	\$29.28
1.5"	\$47.10	\$52.52	\$58.56
2"	\$75.36	\$84.02	\$93.68
3"	\$150.72	\$168.05	\$187.38
4"	\$235.50	\$262.58	\$292.78
6"	\$471.00	\$525.17	\$585.45
8"	\$753.60	\$840.26	\$936.89
USAGE CHARGE	Rate	Rate	Rate
Per thousand gallons of metered water use (No Cap For Non-Residential Accounts)	Effective Date		
	06/01/2008	10/01/2008	10/01/2009
	\$4.15	\$4.64	\$5.17

Section 2. This Ordinance shall be published in accordance with the requirements of law.

Section 3. Each provision of this Ordinance shall be deemed separate and severable and if any section or part thereof is held to be invalid by a court of competent jurisdiction, the remainder of the Ordinance shall not be affected.

Section 4. This Ordinance shall become effective on January 1, 2017.

PASSED ON FIRST READING ON DECEMBER 5, 2016.

PASSED AND ADOPTED ON SECOND READING ON DECEMBER 19, 2016.

APPROVED AS TO FORM:

Alan S. Zimmet, City Attorney

ATTEST:

Karen Sammons, CMC, City Clerk

Mayor – Commissioner

Vice Mayor – Commissioner

Commissioner

Commissioner

Commissioner

City of Safety Harbor

Solid Waste, Stormwater, and Utilities Rate Studies City Commission Special Meeting October 17, 2016

Presented by:

Andrew Burnham, Senior Vice President

Jeff Dykstra, Managing Consultant

BURTON & ASSOCIATES
A Hawksley Consulting Company

Introduction & Objectives

- ▶ History:
 - ▶ Utilities (Water and Sewer) & Solid Waste
 - ▶ Prior rate study was completed in 2006; current rates in place since FY 2010
 - ▶ Stormwater
 - ▶ Current rates have been in place since FY 2012
- ▶ Develop Multi-Year Financial Management Plans for Utilities, Solid Waste, and Stormwater
 - ▶ Based upon current customer, demand, operating & capital data
 - ▶ Ensure compliance with the terms of existing and any new debt
 - ▶ Satisfy annual operating and capital requirements
 - ▶ Cost comparison for typical residence
- ▶ Perform Cost Allocation for Water & Sewer Services
- ▶ Review Current Rate Structures for All Systems

Executive Summary

- ▶ Current rates are insufficient to meet identified capital needs of water, sewer, and stormwater systems
- ▶ Solid waste rate adjustments are largely dependent on future Pinellas County tipping fees
- ▶ Cost of services for a typical residential customer

	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Sanitation w/ Recycling	\$ 25.09	\$ 25.09	\$ 25.09	\$ 26.09	\$ 27.14	\$ 28.22
Water	\$ 23.68	\$ 26.56	\$ 29.61	\$ 33.02	\$ 36.82	\$ 41.05
Wastewater	\$ 38.18	\$ 39.99	\$ 44.59	\$ 49.72	\$ 55.44	\$ 61.82
Stormwater	\$ 7.25	\$ 8.50	\$ 10.00	\$ 10.30	\$ 10.61	\$ 10.93
Total	\$ 94.20	\$ 100.14	\$ 109.29	\$ 119.13	\$ 130.01	\$ 142.02
Change		\$ 5.94	\$ 9.15	\$ 9.84	\$ 10.87	\$ 12.02
Percent Change		6.31%	9.14%	9.01%	9.13%	9.24%

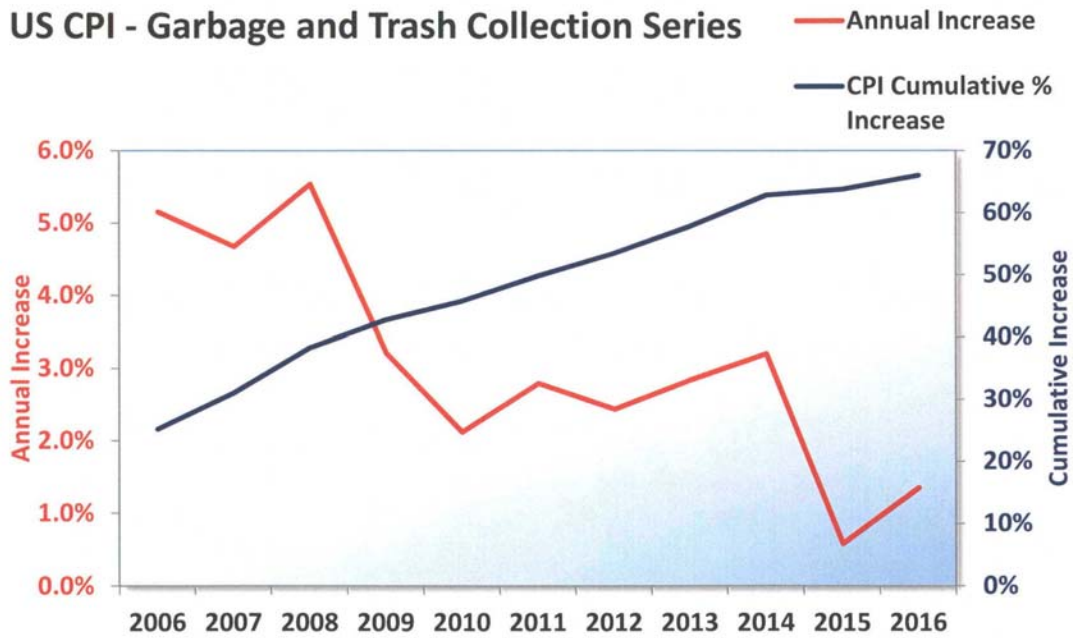
Solid Waste

Background & Key Issues

- ▶ Largest expense is Pinellas County's tipping fee
 - ▶ Expect plan from County regarding future tipping fee increases
 - ▶ Current assumption: \$37.50/ton through FY 2018; 4% annual increases
- ▶ Clearly defined and managed vehicle replacement schedule
- ▶ Changed to single-stream recycling in 2013
- ▶ Current fee structure conforms to industry practices
 - ▶ City may consolidate separate recycling fee into single solid waste charge (part of solid waste services)
- ▶ Financial Management Plan:
 - ▶ Goal to cash finance all capital and incur no debt
 - ▶ Target 4 months of operating reserves

National Industry Trends

US CPI - Garbage and Trash Collection Series



- ▶ Measures the national average change in the cost of garbage and trash collection to households
- ▶ Much more specific and relevant to sanitation services than overall CPI
- ▶ 10-year average annual increase = 2.9%

FY 2016 Residential Monthly Sanitation Fee Comparison



	Dunedin	Oldsmar	Largo	Tarpon Springs	Gulfport	Safety Harbor	St. Petersburg	Temple Terrace	Clearwater	Tampa
Monthly Bill	\$17.10	\$17.25	\$17.65	\$17.67	\$22.48	\$25.09	\$25.28	\$25.62	\$30.47	\$34.91

Represents Municipalities with only Sanitation Fee
 Represents Municipalities with Garbage and Recycling Fees

Financial Management Plan

FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

SAVE	CALC	ROLL	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Cumulative Change	
Sanitation Service Rate Increases	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	12.49%	36.86%
Recycling Service Rate Increases	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	OMV FY17 ▶	100.0%
Rate Covenant	11.48	11.32	9.89	10.13	10.33	10.40	10.38	10.41	10.34	10.17	9.93			2018 Ton.	\$37.50
CIP \$ Redistribution ▶	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	2016 Date	1/1/2017
CIP Execution % ▶	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Operating Reserve Mo ▶	4	4	4	4	4	4	4	4	4	4	4	4	4		
Sanitation	\$22.32	\$22.32	22.32	22.32	23.21	24.14	25.11	26.11	27.16	28.24	29.37	30.55			
Recycling	\$2.77	\$2.77	2.77	2.77	2.88	3.00	3.12	3.24	3.37	3.50	3.65	3.79			
Monthly Residential Bill	\$25.09	25.09	25.09	26.09	27.14	28.22	29.35	30.53	31.75	33.02	34.34				



► Maintains sufficient operating reserves to meet 4 month target



► Sustainable cash flow to meet operating and capital needs without issuing debt

Conclusions & Recommendations

- ▶ Continue as planned with cash-funding of future capital
- ▶ Monitor Pinellas' County's plan for tipping fee increases
- ▶ Staff Recommendation:
 - ▶ No rate adjustment needed in FY 2017 or FY 2018
 - ▶ Perform update to the analysis in 2 years to incorporate changes in operating & capital costs and the County's tipping fee
 - ▶ Make adjustments to financial management plan as needed

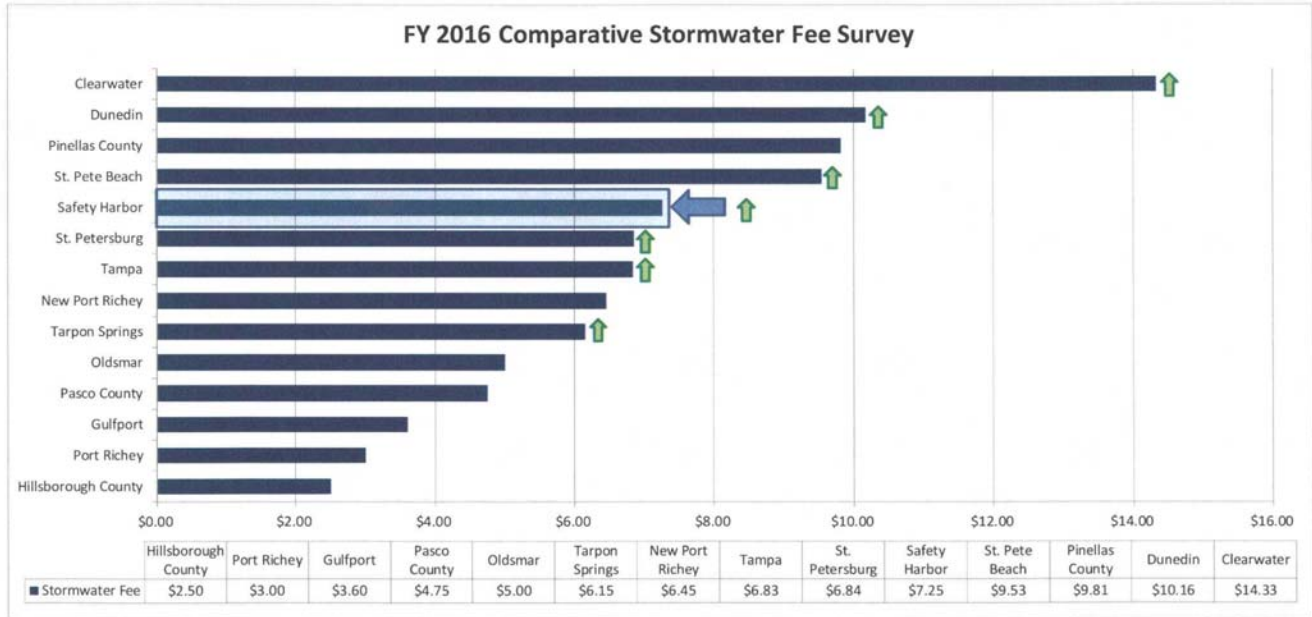


Stormwater

Background & Key Issues

- ▶ Significant R&R and capital needs in the next 5 and 10 years
 - ▶ Drainage improvements and replacements for corrugated metal pipe
 - ▶ Pond and ditch maintenance and pipe lining to address concerns
- ▶ Fees have not been adjusted since FY 2012
- ▶ Current fees are comparable to neighboring communities for typical residential customer
- ▶ Other local communities have adopted or plan to adopt increases to their stormwater fees in FY 2017 and beyond
- ▶ **Financial Management Plan Objectives:**
 - ▶ Maintaining Sufficient Operating Reserves: Target 4 months of O&M expenses
 - ▶ Establish and Maintain Sufficient R&R Reserve Target of \$250,000
 - ▶ Cash fund all R&R and capital projects over the forecast period

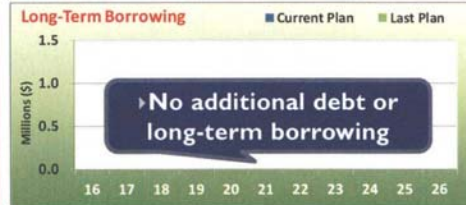
FY 2016 Residential Monthly Stormwater Bill Comparison



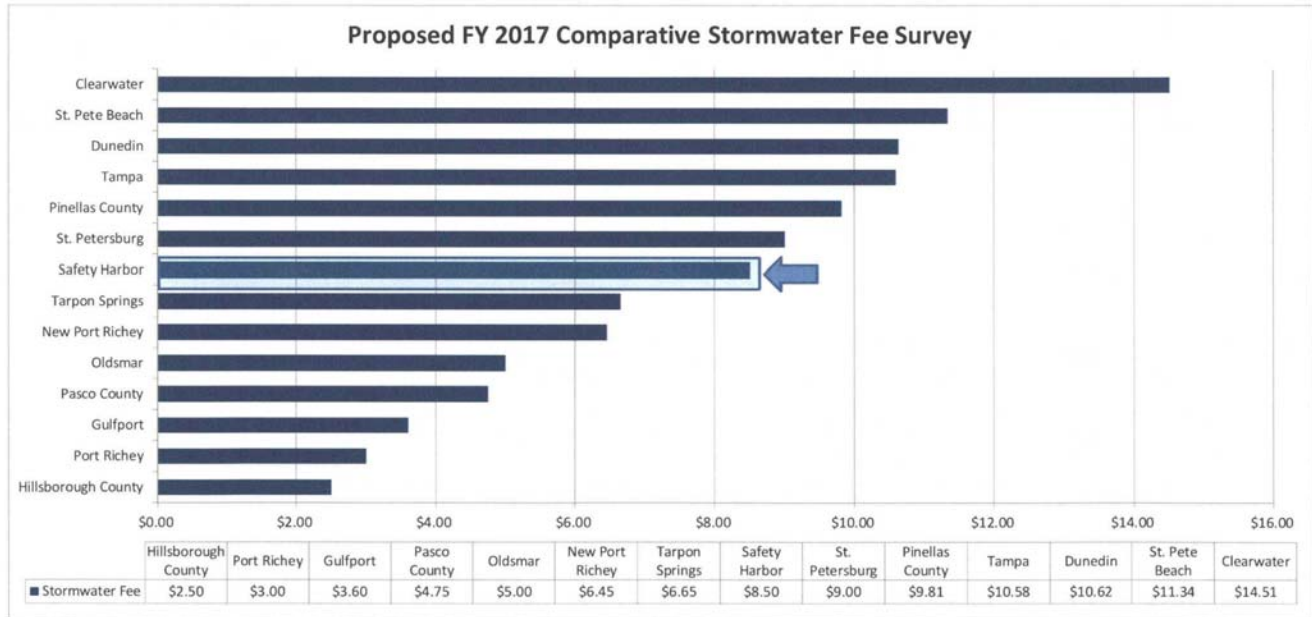
Financial Management Plan

FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

SAVE	CALC	ROLL	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Cumulative Change	
Stormwater Rate Increases	0.00%	17.24%	17.65%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	50.72%	74.73%
Rate Covenant	-2.50	3.34	0.89	1.81	6.52	5.62	4.81	4.97	5.12	5.26	5.39			PS FY17 ▶	95.0%
CIP \$ Redistribution ▶	\$0.00	\$0.00	\$0.00	\$0.00	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20		OMF FY17 ▶	85.0%
CIP Execution % ▶	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		R&R Reserve	250,000
Operating Reserve Mo ▶	4	4	4	4	4	4	4	4	4	4	4	4		2016 Date	1/1/2017
Monthly Residential Bill	\$7.25	8.50	10.00	10.30	10.61	10.93	11.26	11.59	11.94	12.30	12.67				
Dollar Change per Month		\$1.25	1.50	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37				



FY 2017 Residential Monthly Stormwater Bill Comparison



FY 2017 Non Residential Customer Monthly Bill Impacts

	ERUs	FY 16	FY 17	Change
Office/Retail Strip Center	308.30	\$2,235.18	\$2,620.55	\$385.38
Apartment (50 Units or more)	200.00	\$1,450.00	\$1,700.00	\$250.00
Hospital	189.70	\$1,375.33	\$1,612.45	\$237.13
Church	141.90	\$1,028.78	\$1,206.15	\$177.38
Industrial Warehouse	134.00	\$ 971.50	\$1,139.00	\$167.50
Hotel	128.80	\$ 933.80	\$1,094.80	\$161.00
Hospital	118.40	\$ 858.40	\$1,006.40	\$148.00
Professional Office Building	92.10	\$ 667.73	\$ 782.85	\$115.13
Industrial Warehouse	83.10	\$ 602.48	\$ 706.35	\$103.88
Club, Lodge, Union Hall	78.40	\$ 568.40	\$ 666.40	\$ 98.00

Conclusions & Recommendations

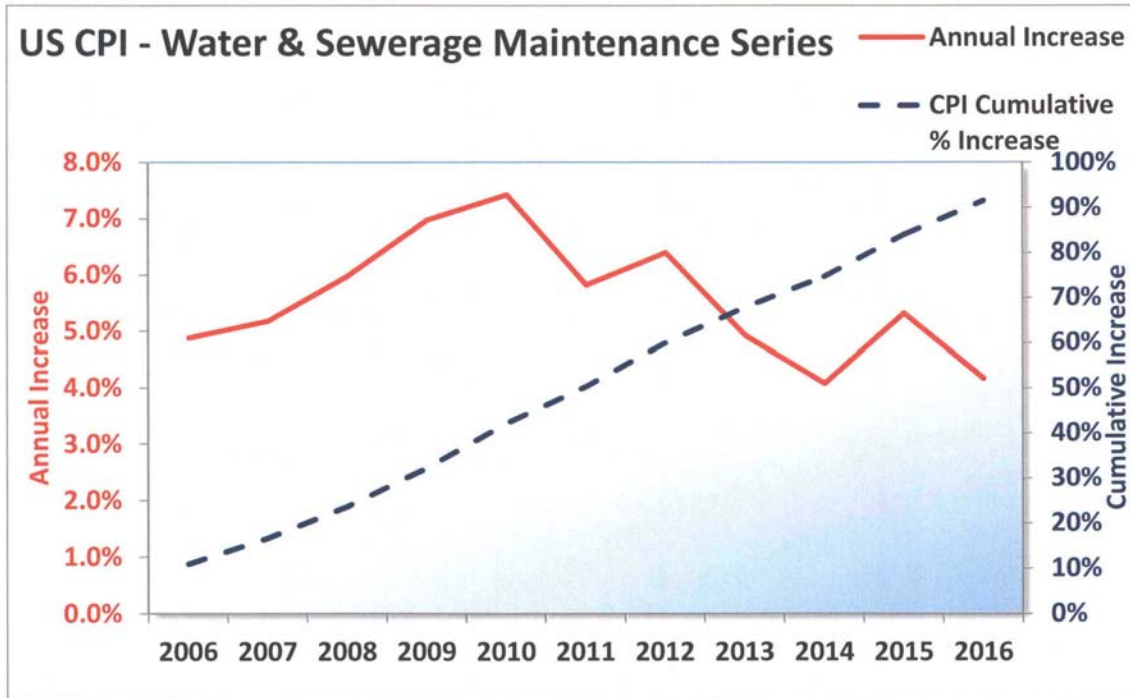
- ▶ Current rates will not support future capital spending
- ▶ Full cost recovery fee would be comparable to stormwater charges of other communities in FY 2017
- ▶ Staff recommendation:
 - ▶ Adopt \$1.25 increase in FY 2017 and \$1.50 increase in FY 2018
 - ▶ FY 2017 increase effective 1/1/2017, future years at start of each fiscal year
 - ▶ Adopt annual inflationary increase of 3% per year starting in FY 2019
 - ▶ Establish an R&R reserve with a target of \$250,000
 - ▶ Conduct an update to the analysis in 2 years to assess capital spending accomplishments and future needs

Utilities: Water and Sewer

Background & Key Issues

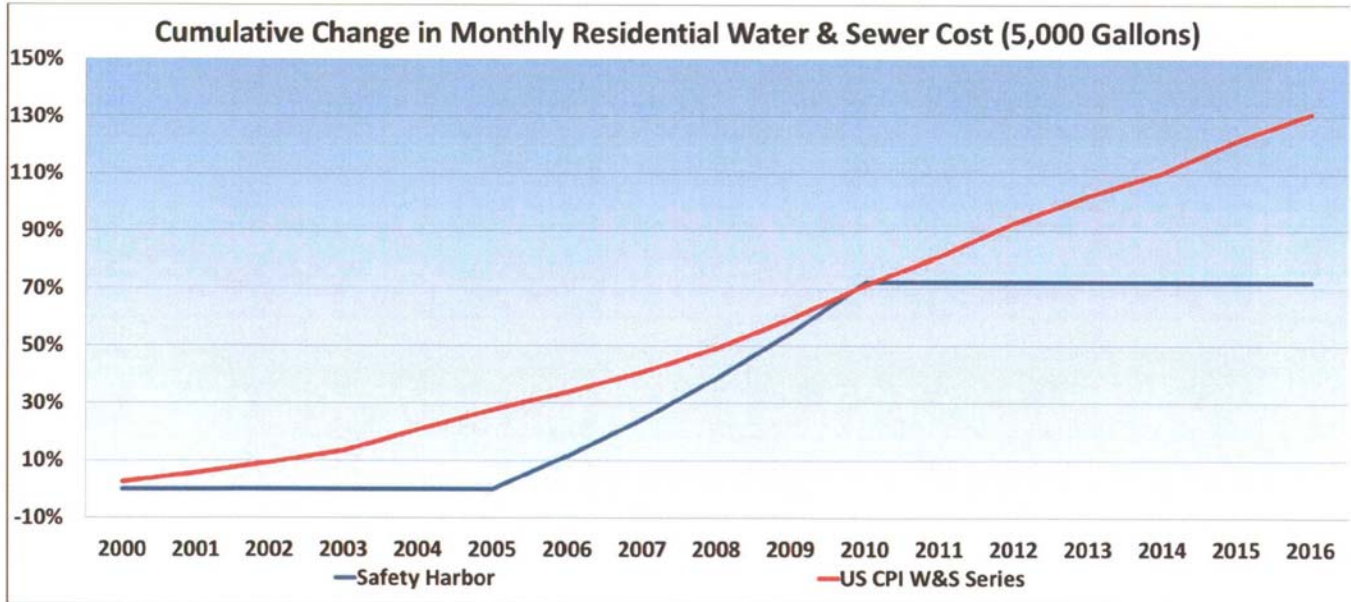
- ▶ Significant R&R and capital needs in the next 5 and 10 years
 - ▶ Northeast Treatment Plant, \$2.8 million next year
 - ▶ Relining of sewer lines to address I/I
 - ▶ Addition of Assistant Public Works Director, a fully staffed engineering department, and the outsourcing of design work should allow execution of identified capital needs
- ▶ Rates haven't changed since FY 2010: Need to "Catch up"
 - ▶ Current bills are on the lower end of the comparison to neighboring communities for typical residential customer
- ▶ Financial Management Plan Objectives:
 - ▶ Maintaining Sufficient Reserves
 - ▶ Operating Target: 4 months of O&M expenses (\$2.4M in FY 17)
 - ▶ R&R Target: Increase from \$500k to \$1.5 million
 - ▶ Maintaining Sufficient Debt Service Coverage
 - ▶ Target: Net Revenues at least 1.5 times greater than annual debt service
 - ▶ Indicative of a financially healthy system per rating agency criteria

National Industry Trends



- ▶ Measures the national average change in the cost of water and sewer service to households
- ▶ Much more specific and relevant to utilities than overall CPI
- ▶ 10-year average annual increase = 5.7%

Historical Rate Adjustments Vs. Industry Trends



Financial Management Plan

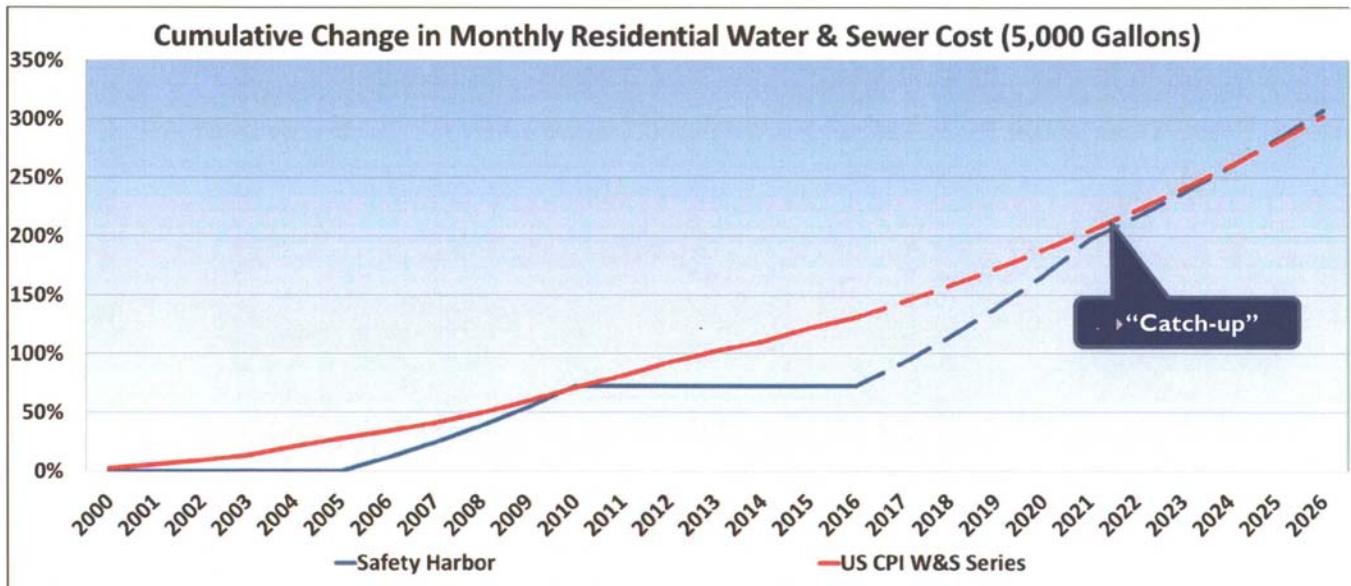
FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

SAVE	CALC	ROLL	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Cumulative Change	
			0.00%	11.50%	11.50%	11.50%	11.50%	11.50%	6.50%	6.50%	6.50%	6.50%	6.50%	72.26%	135.98%
			0.00%	11.50%	11.50%	11.50%	11.50%	11.50%	6.50%	6.50%	6.50%	6.50%	6.50%	OMV FY17 ▶	100.0%
			1.85	1.76	2.62	2.34	2.90	3.02	3.29	3.96	4.29	4.64	5.00	R&R Target	1.50M
			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			100%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%		
			4	4	4	4	4	4	4	4	4	4	4		
Average Bill (5,000 gals.)			\$61.86	68.94	76.86	85.71	95.54	106.54	113.49	120.88	128.77	137.12	146.00		

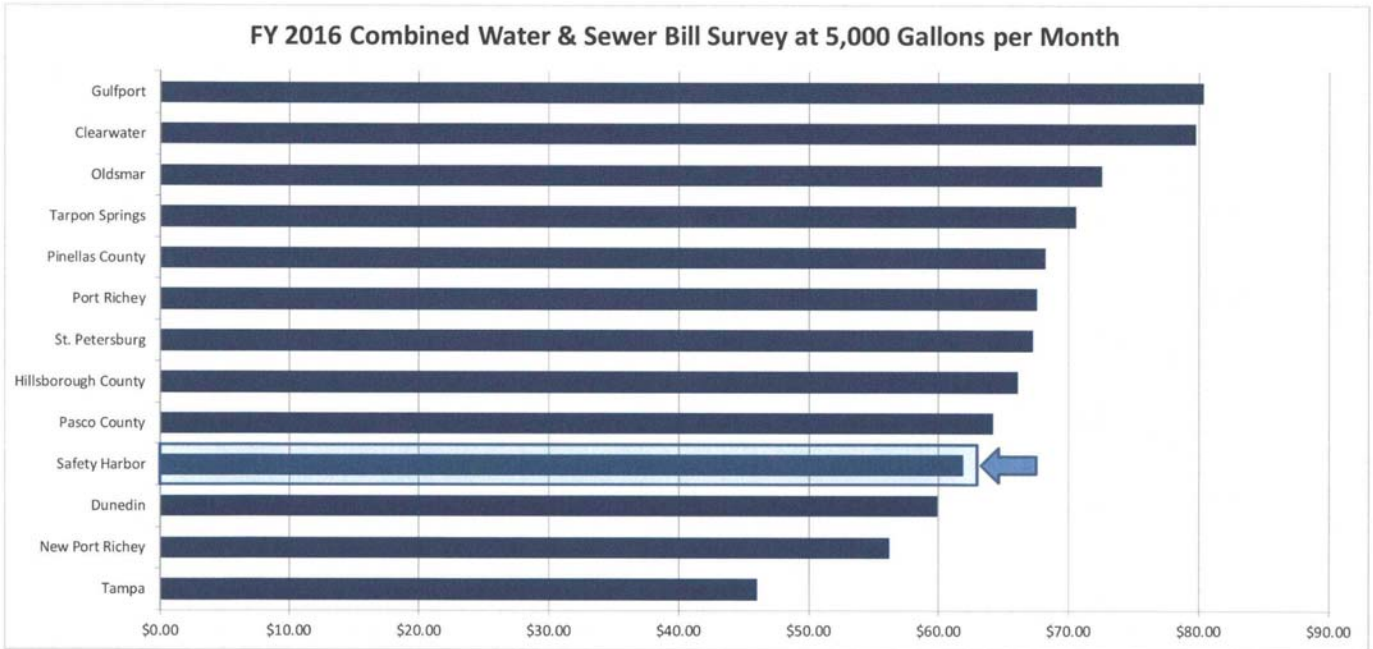
► Maintains solid debt coverage ratios throughout



Water & Sewer Historical and Required Rate Adjustments



FY 2016 Residential Water & Sewer Bill Comparison at 5,000 Gallons



FY 17 Rate Structure Modifications

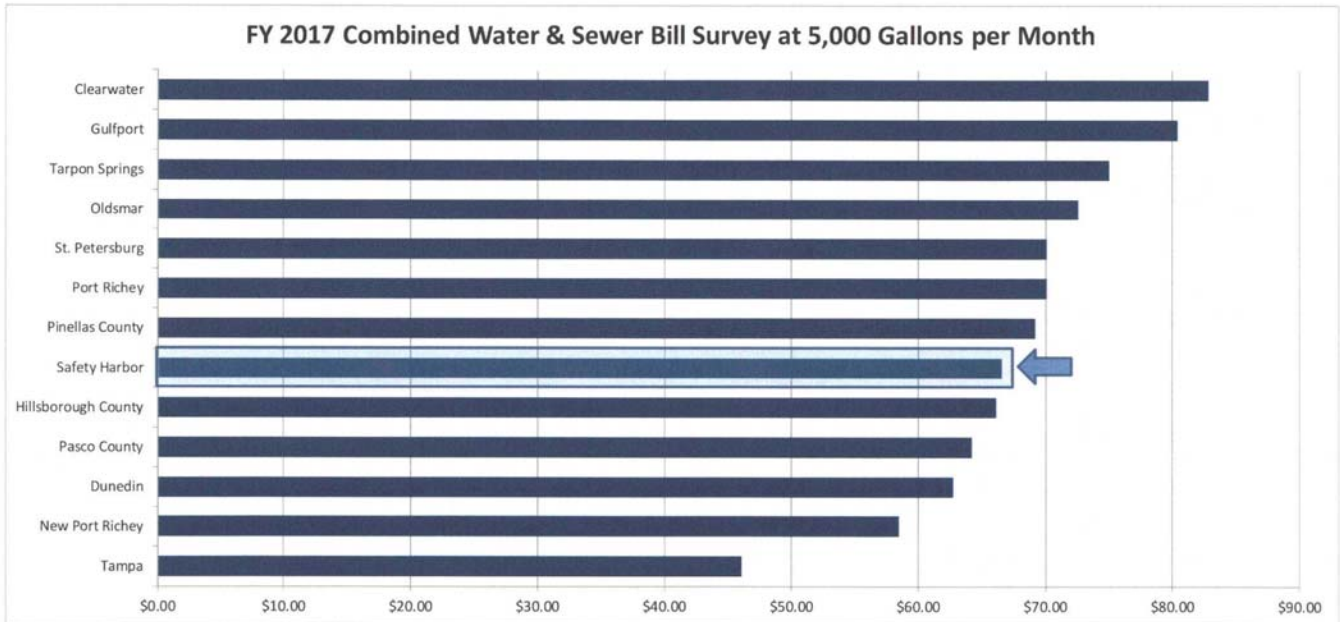
- ▶ Modest revenue shift from sewer to water per current cost of service (\$360k)
- ▶ Updated customer billing component
- ▶ Update inclining block rate structure (4 tiers vs. 5):
 - ▶ Tier 1 = Indoor use for typical family (5 Tgal; 0 – 5,000 gal.)
 - ▶ Tier 2 = Indoor use for larger families (5 Tgal; 5,001 – 10,000 gal.)
 - ▶ Tier 3 = Irrigation for typical property (10 Tgal; 10,001 – 20,000 gal.)
 - ▶ Tier 4 = Additional irrigation and all remaining water use (>20,000 gal.)
- ▶ Includes 11.50% revenue increase per financial plan

Single-Family Residential Water & Sewer Monthly Bill Impacts

Residential 5/8" Meters								Across-The-Board Increase		
Monthly Use	# of Bills	% of Bills	Agg. %	Current Total Bill	Proposed Total Bill	\$ Chg.	% Chg.	FY 2017	\$ Chg	% Chg.
0	2,706	4.3%	4.3%	\$25.86	\$30.47	\$4.61	17.8%	\$28.83	\$2.97	11.5%
1,000	3,018	4.8%	9.1%	\$33.06	\$37.69	\$4.63	14.0%	\$36.86	\$3.80	11.5%
2,000	5,753	9.1%	18.2%	\$40.26	\$44.90	\$4.64	11.5%	\$44.89	\$4.63	11.5%
3,000	7,899	12.5%	30.8%	\$47.46	\$52.12	\$4.66	9.8%	\$52.92	\$5.46	11.5%
4,000	9,098	14.4%	45.2%	\$54.66	\$59.33	\$4.67	8.5%	\$60.95	\$6.29	11.5%
5,000	7,965	12.6%	57.9%	\$61.86	\$66.55	\$4.69	7.6%	\$68.97	\$7.11	11.5%
6,000	6,343	10.1%	67.9%	\$69.06	\$77.30	\$8.24	11.9%	\$77.00	\$7.94	11.5%
7,000	4,768	7.6%	75.5%	\$76.26	\$88.06	\$11.80	15.5%	\$85.03	\$8.77	11.5%
8,000	3,520	5.6%	81.1%	\$86.96	\$98.81	\$11.85	13.6%	\$96.96	\$10.00	11.5%
9,000	2,582	4.1%	85.2%	\$97.66	\$109.57	\$11.91	12.2%	\$108.89	\$11.23	11.5%
10,000	1,967	3.1%	88.3%	\$108.36	\$120.32	\$11.96	11.0%	\$120.82	\$12.46	11.5%
11,000	1,451	2.3%	90.6%	\$121.84	\$138.45	\$16.61	13.6%	\$135.85	\$14.01	11.5%
12,000	1,107	1.8%	92.4%	\$135.32	\$156.59	\$21.27	15.7%	\$150.88	\$15.56	11.5%
13,000	876	1.4%	93.8%	\$148.80	\$174.72	\$25.92	17.4%	\$165.91	\$17.11	11.5%
14,000	726	1.2%	94.9%	\$162.28	\$192.85	\$30.57	18.8%	\$180.94	\$18.66	11.5%
15,000	532	0.8%	95.8%	\$175.76	\$210.98	\$35.22	20.0%	\$195.97	\$20.21	11.5%
16,000	449	0.7%	96.5%	\$188.21	\$224.26	\$36.05	19.2%	\$209.85	\$21.64	11.5%
17,000	364	0.6%	97.1%	\$200.66	\$237.53	\$36.87	18.4%	\$223.74	\$23.08	11.5%
18,000	283	0.4%	97.5%	\$213.11	\$250.81	\$37.70	17.7%	\$237.62	\$24.51	11.5%
19,000	279	0.4%	97.9%	\$225.56	\$264.08	\$38.52	17.1%	\$251.50	\$25.94	11.5%
20,000	222	0.4%	98.3%	\$238.01	\$277.36	\$39.35	16.5%	\$265.38	\$27.37	11.5%

Low
Avg.
High

FY 2017 Residential Water & Sewer Bill Comparison at 5,000 Gallons



*Includes identified modifications to the City's rate structure

Non-Residential Water & Sewer Monthly Bill Impacts

Commercial 1" Meters								
Monthly Use	# of Bills	% of Bills	Agg. %	Current		Proposed		
				Total Bill	Total Bill	\$ Chg.	% Chg.	
20,000	6	0.8%	72.7%	\$300.82	\$341.45	\$40.63	13.5%	
50,000	-	0.0%	90.4%	\$923.32	\$1,062.40	\$139.08	15.1%	
150,000	3	0.4%	98.0%	\$2,998.32	\$3,465.57	\$467.25	15.6%	

Across-The-Board Increase		
FY 2017	\$ Chg	% Chg.
\$335.41	\$34.59	11.5%
\$1,029.50	\$106.18	11.5%
\$3,343.13	\$344.81	11.5%

Commercial 2" Meters								
Monthly Use	# of Bills	% of Bills	Agg. %	Current		Proposed		
				Total Bill	Total Bill	\$ Chg.	% Chg.	
90,000	14	6.1%	75.5%	\$1,888.78	\$2,169.64	\$280.86	14.9%	
180,000	3	1.3%	90.8%	\$3,756.28	\$4,332.49	\$576.21	15.3%	
250,000	1	0.4%	99.1%	\$5,208.78	\$6,014.71	\$805.93	15.5%	

Across-The-Board Increase		
FY 2017	\$ Chg	% Chg.
\$2,105.99	\$217.21	11.5%
\$4,188.25	\$431.97	11.5%
\$5,807.79	\$599.01	11.5%

Commercial 4" Meters								
Monthly Use	# of Bills	% of Bills	Agg. %	Current		Proposed		
				Total Bill	Total Bill	\$ Chg.	% Chg.	
120,000	2	8.3%	50.0%	\$2,910.01	\$3,321.98	\$411.97	14.2%	
750,000	1	4.2%	54.2%	\$15,982.51	\$18,461.94	\$2,479.43	15.5%	
1,200,000	3	12.5%	100.0%	\$25,320.01	\$29,276.20	\$3,956.19	15.6%	

Across-The-Board Increase		
FY 2017	\$ Chg	% Chg.
\$3,244.66	\$334.65	11.5%
\$17,820.50	\$1,837.99	11.5%
\$28,231.81	\$2,911.80	11.5%

Conclusions & Recommendations

- ▶ Current projections identify need for increases over five and ten-year planning periods (FY 2017 – FY 2026)
 - ▶ 11.50% annual increases from FY 2017 – FY 2021 (catch-up)
 - ▶ 6.50% annual increase from FY 2022 – FY 2026 (keep pace)
- ▶ **Identified Minor Rate Structure Revisions**
 - ▶ Reflect current cost of service (water vs. sewer)
 - ▶ Customer billing charge update
 - ▶ Updates to water inclining block conservation rates
 - ▶ Incorporate identified revenue for FY 2017

Study Summary

- ▶ Current water, sewer, and stormwater rates will not support future capital spending needs identified by staff
- ▶ Recommendations:
 - ▶ Water & Sewer:
 - ▶ Adopt identified increases in rates/revenues for 5-yr. period
 - “Catching” up with and then keeping pace with industry trends for rate adjustments
 - ▶ Incorporate identified rate structure modifications for FY 2017
 - ▶ Stormwater:
 - ▶ Adopt \$1.25 increase in FY 2017 and \$1.50 increase in FY 2018
 - ▶ Solid Waste:
 - ▶ No rate adjustments needed in FY 2017 or FY 2018
 - ▶ Perform update in 2 years to incorporate changes to County’s tipping fee
 - ▶ Conduct financial performance reviews for each system every 2 years
 - ▶ Change rate setting and management process to be more proactive vs. reactive
 - ▶ Assess capital spending accomplishments and future needs

Next Steps

- ▶ Request Commission authorization to notice customers of public hearings for adjustments to water, sewer, and stormwater rates
- ▶ Proposed 1st public hearing on December 5th
- ▶ Proposed 2nd public hearing on December 19th
- ▶ Implementation of new rates on January 1, 2017



Questions and Discussion