

Date: October 21, 2024

To: Randy Brown, Utilities Director, City of Pompano Beach
 From: Elaine Conti, Executive Vice President, Raftelis Financial Consultants, Inc.

Re: Broward County FY 2025 rate increases and impact to City of Pompano Beach wastewater rates

In 2023 Raftelis Financial Consultants, Inc. worked with the City of Pompano Beach (City) to develop water, wastewater, reuse, and stormwater rate adjustments for FY 2025 through FY 2029. Based on information known at that time, the rate adjustments for the wastewater utility were recommended as follows:

Original Recommendations

Year	FY 2025 October 1, 2024	FY 2026 October 1, 2025	FY 2027 October 1, 2026	FY 2028 October 1, 2027	FY 2029 October 1, 2028
Water	9.50%	9.50%	9.50%	9.50%	9.50%
Wastewater Rates (1)	4.00%	4.00%	4.00%	4.00%	4.00%
Increase to Average Single-Family Customer Monthly Water/Sewer Bill (using 8,000 gallons)	\$5.82	\$6.24	\$6.76	\$7.29	\$7.85
% Change in Water/Sewer Bill	6.5%	6.6%	6.7%	6.8%	6.8%

(1) Applied to fixed monthly charge and volumetric rates for all customer classes except multi-family fixed monthly charge.

However, in a letter from Broward County (County) dated July 17, 2024, the County presented its rate adjustments for wholesale wastewater treatment service for FY 2025. The rates for FY 2025 for wastewater treatment include a volumetric rate increase of 14.8% and a decrease of 0.2% in the fixed rate component. The rate increases combined result in an overall increase in the City’s wastewater treatment costs of **8.4%, or approximately \$1 million dollars**. Because of the higher than anticipated increases in wastewater treatment costs, the City’s original 4% increase will be insufficient to meet the operating and capital needs of the wastewater utility. Instead, the rate increase needs to be increased from 4% to 7.5% from FY 2025 to FY 2029. Since the 4% increase in wastewater rates will be implemented in a few days (October 1, 2024), it is recommended *an additional* increase of 3.5% be implemented on January 1, 2025. The remaining 7.5% increases should take place on October 1st of each fiscal year as shown below. The

impacts for the average single-family customer using 8,000 gallons of water per month are also shown below.

Revised Recommendations

Year	FY 2025 October 1, 2024	FY 2025 January 1, 2025	FY 2026 October 1, 2025	FY 2027 October 1, 2026	FY 2028 October 1, 2027	FY 2029 October 1, 2028
Water	9.50%		9.50%	9.50%	9.50%	9.50%
Wastewater Rates (1)	4.00%	3.5%	7.50%	7.50%	7.50%	7.50%
Increase to Average Single-Family Customer Monthly Water/Sewer Bill (using 8,000 gallons)	\$5.82	\$1.73	\$8.08	\$8.85	\$9.62	\$10.43
% Change in Water/Sewer Bill	6.5%	1.8%	8.4%	8.5%	8.5%	8.5%

(1) Applied to fixed monthly charge and volumetric rates for all customer classes except multi-family fixed monthly charge.