

ORDINANCE NO. 2017- 64

CITY OF POMPANO BEACH
Broward County, Florida

AN ORDINANCE AMENDING CHAPTER 50, "WATER," OF THE CITY OF POMPANO BEACH CODE OF ORDINANCES BY AMENDING SECTION 50.03, "WATER TARIFF," TO PROVIDE FOR INCREASES TO RATES AND CHARGES FOR WATER SERVICE; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City's rate consultant, Raftelis Financial Consultants, Inc., has conducted a rate study and reviewed the City's water and wastewater rates and charges for Fiscal Years 2018 through 2022; and

WHEREAS, based upon the water and wastewater rate study, the City's consultant has advised the need for periodic increases to the City's water and sewer rates to ensure adequate funding to meet the utility system's requirements; and

WHEREAS, notice of the proposed increase in utility service pursuant to this ordinance and of the date, time and place the proposed increase will be considered, have been provided to utility customers as required in Section 180.136, Florida Statutes; and

WHEREAS, pursuant to law, ten (10) days' notice has been given by publication in a paper of general circulation in the City, notifying the public of its proposed ordinance and of a public hearing in the City Commission Chambers of the City of Pompano Beach; and

WHEREAS, a public hearing before the City Commission has been held pursuant to the published notice described above, at which hearing the parties in interest and all other citizens so desiring had the opportunity to be and were, in fact, heard; now, therefore,

BE IT ENACTED BY THE CITY OF POMPANO BEACH, FLORIDA:

SECTION 1. That Section 50.03, "Water Tariff," of the City of Pompano Beach Code of

Ordinances is hereby amended to read as follows:

§ 50.03 WATER TARIFF.

...

(D) There is hereby levied and established a system of rates and charges for water furnished by the city against each and every person, firm, partnership, corporation, or other legal entity requiring water service in accordance with the following schedule:

(1) Single-Family Residential Classification.

Territory: Applicable within the incorporated limits of the city.

(a) Monthly service charge per meter size:

<i><u>Meter Size</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>
<i><u>Inches</u></i>	<i><u>9/3/10</u></i>	<i><u>1/1/11</u></i>
$\frac{3}{4}$	\$11.49	\$12.88
1	14.94	16.74
1½	21.06	23.60
2	29.86	33.46

<i><u>Meter Size</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>
<i><u>Inches</u></i>	<i><u>10/1/17</u></i>	<i><u>10/1/18</u></i>	<i><u>10/1/19</u></i>	<i><u>10/1/20</u></i>	<i><u>10/1/21</u></i>
$\frac{3}{4}$	\$13.43	\$14.00	\$14.60	\$15.22	\$15.87
1	17.45	18.19	18.96	19.77	20.61
1½	24.60	25.65	26.74	27.88	29.06
2	34.88	36.36	37.91	39.52	41.20

(b) Commodity charges per 1,000 gallons:

1. $\frac{3}{4}$ " meter size.

<i><u>Usage</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>
<i><u>(Gallons)</u></i>	<i><u>9/3/10</u></i>	<i><u>1/1/11</u></i>
0-10,000	\$1.92	\$2.24
11,000-15,000	2.56	3.07
16,000-25,000	3.46	4.27
>25,000	4.70	6.00

<i><u>Usage</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>	<i><u>Charge Effective</u></i>
<i><u>(Gallons)</u></i>	<i><u>10/1/17</u></i>	<i><u>10/1/18</u></i>	<i><u>10/1/19</u></i>	<i><u>10/1/20</u></i>	<i><u>10/1/21</u></i>
0-10,000	\$2.34	\$2.44	\$2.54	\$2.65	\$2.76
11,000-15,000	3.20	3.34	3.48	3.63	3.78
16,000-25,000	4.45	4.64	4.84	5.05	5.26
>25,000	6.26	6.53	6.81	7.10	7.40

2. 1" meter size.

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>9/3/10</u>	<u>Charge Effective</u> <u>1/1/11</u>
0-13,000	\$1.92	\$2.24
14,000-20,000	2.56	3.07
21,000-32,000	3.46	4.27
>32,000	4.70	6.00

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-13,000	\$2.34	\$2.44	\$2.54	\$2.65	\$2.76
14,000-20,000	3.20	3.34	3.48	3.63	3.78
21,000-32,000	4.45	4.64	4.84	5.05	5.26
>32,000	6.26	6.53	6.81	7.10	7.40

3. 1½" meter size.

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>9/3/10</u>	<u>Charge Effective</u> <u>1/1/11</u>
0-16,000	\$1.92	\$2.24
17,000-24,000	2.56	3.07
25,000-40,000	3.46	4.27
>40,000	4.70	6.00

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-16,000	\$2.34	\$2.44	\$2.54	\$2.65	\$2.76
17,000-24,000	3.20	3.34	3.48	3.63	3.78
25,000-40,000	4.45	4.64	4.84	5.05	5.26
>40,000	6.26	6.53	6.81	7.10	7.40

4. 2" meter size.

<u>Usage</u> <u>Gallons)</u>	<u>Charge Effective</u> <u>9/3/10</u>	<u>Charge Effective</u> <u>1/1/11</u>
0-26,000	\$1.92	\$2.24
27,000-39,000	2.56	3.07
40,000-65,000	3.46	4.27
>65,000	4.70	6.00

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-26,000	\$2.34	\$2.44	\$2.54	\$2.65	\$2.76
27,000-39,000	3.20	3.34	3.48	3.63	3.78
40,000-65,000	4.45	4.64	4.84	5.05	5.26
>65,000	6.26	6.53	6.81	7.10	7.40

(2) Multiple-family residential classification.

Territory: Applicable within the incorporated limits of the city.

(a) Monthly service charge per meter size:

Meter Size Inches	Charge Effective 9/3/10	Charge Effective 1/1/11
3/4	\$ 7.91	\$ 8.86
1	10.63	11.91
1½	12.71	14.25

<u>Meter Size Inches</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge effective</u> <u>10/1/21</u>
3/4	\$9.24	\$9.63	\$10.04	\$10.47	\$10.91
1	12.42	12.95	13.50	14.07	14.67
1½	14.86	15.49	16.15	16.84	17.56

Meter Size Inches	Charge Effective 9/3/10	Charge Effective 1/1/11
2	20.81	23.32
3	79.71	89.32
4	101.16	113.36
6	152.14	170.47
8	210.21	235.54
10	318.65	357.05

<u>Meter Size Inches</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
2	\$24.31	\$25.34	\$26.42	\$27.54	\$28.71
3	93.12	97.08	101.21	105.51	109.99
4	118.18	123.20	128.44	133.90	139.59
6	177.71	185.26	193.13	201.34	209.90
8	245.55	255.99	266.87	278.21	290.03
10	372.22	388.04	404.53	421.72	439.64

(b) Monthly service charge for each additional unit on the same meter:

Effective 9/3/10	Effective 1/1/11
\$3.64	\$4.08

<u>Effective</u> <u>10/1/17</u>	<u>Effective</u> <u>10/1/18</u>	<u>Effective</u> <u>10/1/19</u>	<u>Effective</u> <u>10/1/20</u>	<u>Effective</u> <u>10/1/21</u>
\$4.25	\$4.43	\$4.62	\$4.82	\$5.02

(c) Commodity charges per 1,000 gallons:

1. Per unit monthly:

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-7,000	\$1.92	\$2.24
8,000-11,000	2.56	3.07
12,000-15,000	3.46	4.27
>15,000	4.70	6.00

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-7,000	\$2.34	\$2.44	\$2.54	\$2.65	\$2.76
8,000-11,000	3.20	3.34	3.48	3.63	3.78
12,000-15,000	4.45	4.64	4.84	5.05	5.26
>15,000	6.26	6.53	6.81	7.10	7.40

(3) Commercial classification.

Territory: Applicable within the incorporated limits of the city.

(a) Monthly service charge per meter size:

<u>Meter Size Inches</u>	<u>Charge Effective 9/3/10</u>	<u>Charge Effective 1/1/11</u>
3/4	\$13.12	\$14.71
1	17.04	19.10
1½	24.03	26.93
2	34.07	38.18
3	131.09	146.89
4	166.48	186.54
6	250.35	280.52
8	346.05	387.75
10	490.27	549.34

<u>Meter Size Inches</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge effective</u> <u>10/1/21</u>
3/4	\$15.34	\$15.99	\$16.67	\$17.38	\$18.12
1	19.91	20.76	21.64	22.56	23.52
1½	28.07	29.26	30.50	31.80	33.15
2	39.80	41.49	43.25	45.09	47.01
3	153.13	159.64	166.42	173.49	180.86
4	194.47	202.73	211.35	220.33	229.69
6	292.44	304.87	317.83	331.34	345.42
8	404.23	421.41	439.32	457.99	477.45
10	572.69	597.03	622.40	648.85	676.43

(b) Monthly service charge for each additional unit on the same meter:

<u>Effective</u> <u>9/3/10</u> \$6.78		<u>Effective</u> <u>1/1/11</u> \$7.60		
<u>Effective</u> <u>10/1/17</u> \$7.92	<u>Effective</u> <u>10/1/18</u> \$8.26	<u>Effective</u> <u>10/1/19</u> \$8.61	<u>Effective</u> <u>10/1/20</u> \$8.98	<u>Effective</u> <u>10/1/21</u> \$9.36

(c) Commodity charges per 1,000 gallons:

1. Base charge:

Effective 9/3/10 \$1.92		Effective 1/1/11 \$2.24		
<u>Effective</u> <u>10/1/17</u> <u>\$2.34</u>	<u>Effective</u> <u>10/1/18</u> <u>\$2.44</u>	<u>Effective</u> <u>10/1/19</u> <u>\$2.54</u>	<u>Effective</u> <u>10/1/20</u> <u>\$2.65</u>	<u>Effective</u> <u>10/1/21</u> <u>\$2.76</u>

2. Base consumption allowance per meter size monthly:

<i>Inches</i>	<i>Gallons</i>
3/4	10,000
1	13,000
1½	16,000
2	26,000
3	100,000
4	127,000
6	191,000
8	264,000
10	400,000

3. Incremental use charge:

Effective 9/3/10 \$2.70		Effective 1/1/11 \$3.24		
<u>Effective</u> <u>10/1/17</u> <u>\$3.38</u>	<u>Effective</u> <u>10/1/18</u> <u>\$3.52</u>	<u>Effective</u> <u>10/1/19</u> <u>\$3.67</u>	<u>Effective</u> <u>10/1/20</u> <u>\$3.83</u>	<u>Effective</u> <u>10/1/21</u> <u>\$3.99</u>

All accounts opened during construction shall be treated for billing purposes as commercial accounts and shall be billed pursuant to the schedule set forth herein. The permanent classification of the account will be established upon issuance of the certificate of occupancy.

(4) Irrigation classification.

Availability: Applicable to water service for individually metered irrigation and lawn sprinkling.

Territory: Applicable within the incorporated limits of the city.

(a) Monthly service charge per meter size:

Meter Size Inches	Charge Effective 9/3/10	Charge Effective 1/1/11
3/4	\$ 7.91	\$ 8.86
1	10.63	11.91
1½	12.71	14.25
2	20.81	23.32
3	79.71	89.32
4	101.16	113.36
6	152.14	170.47
8	210.21	235.54
10	318.65	357.05

<u>Meter Size Inches</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge effective</u> <u>10/1/21</u>
3/4	\$9.24	\$9.63	\$10.04	\$10.47	\$10.91
1	12.42	12.95	13.50	14.07	14.67
1½	14.86	15.49	16.15	16.84	17.56
2	24.31	25.34	26.42	27.54	28.71
3	93.12	97.08	101.21	105.51	109.99
4	118.18	123.20	128.44	133.90	139.59
6	177.71	185.26	193.13	201.34	209.90
8	245.55	255.99	266.87	278.21	290.03
10	372.22	388.04	404.53	421.72	439.64

(b) Consumption charge per 1,000 gallons.

1. 3/4" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-10,000	\$3.01	\$3.44
11,000-15,000	3.86	4.61
16,000-25,000	5.06	6.23
>25,000	6.58	8.32

<u>Usage (Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-10,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
11,000-15,000	4.81	5.01	5.22	5.44	5.67
16,000-25,000	6.49	6.77	7.06	7.36	7.67
>25,000	8.67	9.04	9.42	9.82	10.24

2. 1" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-13,000	\$3.01	\$3.44
14,000-20,000	3.86	4.61
21,000-32,000	5.06	6.23
>32,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-13,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
14,000-20,000	4.81	5.01	5.22	5.44	5.67
21,000-32,000	6.49	6.77	7.06	7.36	7.67
>32,000	8.67	9.04	9.42	9.82	10.24

3. 1½" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-16,000	\$3.01	\$3.44
17,000-24,000	3.86	4.61
25,000-40,000	5.06	6.23
>40,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-16,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
17,000-24,000	4.81	5.01	5.22	5.44	5.67
25,000-40,000	6.49	6.77	7.06	7.36	7.67
>40,000	8.67	9.04	9.42	9.82	10.24

4. 2" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-26,000	\$3.01	\$3.44
27,000-39,000	3.86	4.61
40,000-65,000	5.06	6.23
>65,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-26,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
27,000-39,000	4.81	5.01	5.22	5.44	5.67
40,000-65,000	6.49	6.77	7.06	7.36	7.67
>65,000	8.67	9.04	9.42	9.82	10.24

5. 3" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-100,000	\$3.01	\$3.44
101,000-150,000	3.86	4.61
151,000-250,000	5.06	6.23
>250,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-100,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
101,000-150,000	4.81	5.01	5.22	5.44	5.67
151,000-250,000	6.49	6.77	7.06	7.36	7.67
>250,000	8.67	9.04	9.42	9.82	10.24

6. 4" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-127,000	\$3.01	\$3.44
128,000-190,000	3.86	4.61
191,000-318,000	5.06	6.23
>318,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-127,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
128,000-190,000	4.81	5.01	5.22	5.44	5.67
191,000-318,000	6.49	6.77	7.06	7.36	7.67
>318,000	8.67	9.04	9.42	9.82	10.24

7. 6" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-191,000	\$3.01	\$3.44
192,000-287,000	3.86	4.61
288,000-478,000	5.06	6.23
>478,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-191,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
192,000-287,000	4.81	5.01	5.22	5.44	5.67
288,000-478,000	6.49	6.77	7.06	7.36	7.67
>478,000	8.67	9.04	9.42	9.82	10.24

8. 8" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-264,000	\$3.01	\$3.44
265,000-396,000	3.86	4.61
397,000-660,000	5.06	6.23
>660,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>Charge Effective</u> <u>10/1/17</u>	<u>Charge Effective</u> <u>10/1/18</u>	<u>Charge Effective</u> <u>10/1/19</u>	<u>Charge Effective</u> <u>10/1/20</u>	<u>Charge Effective</u> <u>10/1/21</u>
0-264,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
265,000-396,000	4.81	5.01	5.22	5.44	5.67
397,000-660,000	6.49	6.77	7.06	7.36	7.67
>660,000	8.67	9.04	9.42	9.82	10.24

9. 10" meter size.

Usage (Gallons)	Charge Effective 9/3/10	Charge Effective 1/1/11
0-400,000	\$3.01	\$3.44
401,000-600,000	3.86	4.61
601,000-1,000,000	5.06	6.23
>1,000,000	6.58	8.32

<u>Usage</u> <u>(Gallons)</u>	<u>arge Effective</u> <u>10/1/17</u>	<u>arge Effective</u> <u>10/1/18</u>	<u>arge Effective</u> <u>10/1/19</u>	<u>arge Effective</u> <u>10/1/20</u>	<u>arge Effective</u> <u>10/1/21</u>
0-400,000	\$3.59	\$3.74	\$3.90	\$4.07	\$4.24
401,000-600,000	4.81	5.01	5.22	5.44	5.67
501,000-1,000,000	6.49	6.77	7.06	7.36	7.67
>1,000,000	8.67	9.04	9.42	9.82	10.24

...

SECTION 2. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed.

SECTION 3. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

SECTION 4. This Ordinance shall become effective October 1, 2017.

PASSED FIRST READING this 11th day of July, 2017.

PASSED SECOND READING this 25th day of July, 2017.



LAMAR FISHER, MAYOR

ATTEST:



ASCELETA HAMMOND, CITY CLERK

MEB/jrm
6/28/17
I:ord/ch50/2017-266



227 West Trade Street
Suite 1400
Charlotte, NC 28202

Phone 704 • 373 • 1199
Fax 704 • 373 • 1113

www.raftelis.com

June 23, 2017

The Honorable Mayor and City Commission
City of Pompano Beach
Post Office Drawer 1300
Pompano Beach, Florida 33061

Dear Ladies and Gentlemen:

Raftelis Financial Consultants, Inc. ("RFC") is pleased to provide this letter report to the City of Pompano Beach (City) to document the results of the rate study update prepared for the City's Utilities Department (Utility Department) for fiscal years (FY) 2018 through 2022. Last year, the utility rate and financial planning model (Model) developed for the City indicated that rates did not need to be adjusted for FY 2017 due to adequate reserve funds. It should be noted that the last time water and sewer rates were increased was January of 2011. This letter addresses the projected revenue sufficiency of the water, wastewater, and reuse utilities at existing rates for FY 2018 - 2022 and the revenue sufficiency of the stormwater utility under the rate adjustments previously approved by the Commission (a 10-year plan for stormwater rate adjustments).

A. Water, Reuse, and Wastewater Utilities

Water and Wastewater Fund Revenue Sufficiency for FY 2018

RFC has updated the Model to reflect year-to-date results for FY 2017 and the Utility Department's recommended 2018 operating and capital budget to provide a forecast of the projected financial sufficiency of the water and wastewater utilities for FY 2018. To be conservative, the analysis was also based on the assumption that billable water and wastewater flow would return to the lower levels, as opposed to the higher flows demonstrated in FY 2015 and FY 2016. Based on the projected revenues and expenditures in FY 2018, it is anticipated that the water and wastewater utilities will generate a deficit of about \$5.0 million due to the following factors:

- The FY 2018 budget for operations and maintenance expenses is approximately 6.6% higher than last year's budget which reflects increase in pension costs, engineering costs, FAA land rent for wells, and an additional position that is transferring from the Stormwater Fund to the Utility Fund.
- Water and wastewater flow assumptions assume more normal weather conditions, but reflect increased flow resulting from growth in the customer base.

As of the beginning of September, 2016, Utility Fund 412 (the water and wastewater fund) had approximately \$26 million in uncommitted reserves. The Utility Department's target uncommitted reserve fund balance is 50% of total revenue requirements, or approximately \$23.3 million for FY 2018. The anticipated deficit of \$5.0 million will reduce the fund balance below the target.

Water and Wastewater Fund Revenue Sufficiency for FY 2018 – FY 2021

The Utility Department's capital improvement plan for the next 5 years is approximately \$56.1 million, as shown in the Table 1. In addition to on-going or programmatic expenditures for the annual repair and replacement of water lines, re-lining of wastewater collection lines, and meter replacement, the following key capital improvement projects are scheduled to be completed within the next 5 years:

Water

- Water filter rehabilitation (\$8.3 million)
- Renovation of the old electrical system at the water treatment plant (\$7.8 million)
- Maintenance, rehabilitation, and operational enhancements to existing treatment plant and membrane plant (\$2.4 million)
- Transfer station rehabilitation (\$2.1 million)

Reuse

- Construction of reuse tank and booster station (\$14 million)

Wastewater

- Upgrade of the wastewater systems at Lyons Park in conjunction with the stormwater project (\$3.9 million)
- Upgrade and rehabilitation of wastewater lift stations (\$2.4 million)

Table 1: Five-Year Expenditure Plan for Water, Reuse, and Wastewater (in millions)

5-Year CIP	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Water projects	\$15.1	\$6.4	\$1.4	\$4.0	\$1.5	\$28.4
Reuse projects	\$0.7	\$0.6	\$14.7	\$0.7	\$0.8	\$17.5
Wastewater projects	\$4.9	\$1.2	\$1.7	\$1.7	\$1.5	\$11.0
Total						\$56.8

The Utility Department is anticipating issuing SRF loans for approximately 60% of the five-year CIP which will cause total debt service payments to increase over the next few years. (If SRF loans are not available, then the Utility Department may need to issue revenues bonds which carry higher

interest rates.) Debt service payments for the Utility Department's Series 2006 revenue bonds will cease in FY 2021. However, debt service payments for SRF loans will begin prior to FY 2021, which means debt service costs will increase before they eventually decrease. The Utility Department has set a target debt service coverage ratio of 1.50 on total debt service and a target debt service coverage ratio of 2.0 on revenue bond debt, which means revenues from rates must be sufficient to meet these targets.

For the Utility Department to be able to achieve a debt service coverage ratio of at least 1.50 on total debt service (and 2.0 debt service coverage in the event revenue bonds are issued), as well as replenish fund balances to maintain target levels for uncommitted reserve funds, it is recommended that the Utility Department increase water, reuse, and wastewater rates over the next five-year period (FY 2018 to FY 2022). Table 2 shows the projected rate increases over the five-year forecast period (refer to Attachment A for the proposed water, sewer and reuse rates). It should be noted that fund balances are used in the first few years until revenues from rate increase are sufficient to meet revenue requirements, which allows for programmatic annual rate increases.

Table 2: Preliminary Five-Year Forecast of Water, Reuse, and Wastewater Rate Increases

YEAR	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Water	4.25%	4.25%	4.25%	4.25%	4.25%
Reuse	4.25%	4.25%	4.25%	4.25%	4.25%
Wastewater	3.00%	3.00%	3.00%	3.00%	3.00%

Customer Impacts and Comparison with Other Utilities

Since the Utility Department's last rate increase was in January 2011, the current and Proposed FY 2018 monthly water and sewer bill for the average residential single-family customer using 8,000 gallons of water is among the lowest when compared to both local and regional utilities, as shown in Exhibits 1 and 2. These exhibits also show the water and sewer bill under the proposed FY 2022 rates, which continue to compare favorably as the charts do not account for the future rate adjustments (over the next 5 years) that the other utilities may implement.

Under the proposed rates increases, the average residential single-family customer using 8,000 gallons will have an increase in their water and sewer bill of 3.6% or \$2.35 in FY 2018. The projected monthly water and sewer bill *in FY 2022* for the average single-family customer is \$12.57 higher than the current water and sewer bill (an average increase of \$2.50 per year over the next five years).