



TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: May 6, 2014

TITLE: First Reading of an amendment to Chapter 28 of the City's Code of Ordinances for Water Rates, Wastewater Rates, Stormwater Management Rates, Tapping Charges, Master Meter Charges, Service Availability Charges, Sprinkling Charges, and Fire Service Charges

Recommendation

It is recommended that the City Commission approve on first reading an Ordinance amending Sections 28-76, 28-141, 28-143, 28-144, 28-145 and 28-197 of the City's Code of Ordinances, to provide for future increases to water and wastewater rates, tapping charges, master meter charges, sprinkling charges, fire service charges, stormwater management rates, and service availability charges.

Background

At two public hearings in September 2012, an ordinance was adopted to simplify the methodology of future rate adjustments. This was done by removing all references to the US Consumer Price Index (Water and Sewerage Index) and to put in place annual adjustments at a rate of five-percent (5%) beginning in October 2013. At that time the language requiring rates to be adopted annually by resolution was not removed as originally intended. This amendment restores the original intention of the September 2012 amendments.

The Code will still provide for customer rebates based upon the following fiscal test:

By April 30th of each year, the City Manager shall determine as of September 30th of each year prior, whether projected revenues based on adjusted rates meet the following five criteria:

1. Annual revenues exceed annual expenses
2. Net revenue is at or above 2.0 times annual debt service expenses
3. There is an operating reserve of at least equal to 120 days of operating costs

4. There is an unrestricted capital reserve of at least \$10 million
5. There is replacement and repair funding of at least \$10 million

If there is projected revenue that exceeds these five criteria, the current customers will receive a proportionate rebate of the excess funds on their water/wastewater bill in the same fiscal year. For purposes of this test, revenue, expenses, and net revenue are as defined in City Commission Resolution No. 03-29.

Additionally, the proposed ordinance corrects scrivener's errors in subsections (f) (1) and (f)(2)d. of Section 28-143 (Sections 13 and 14 of the proposed ordinance).

Resource Impact

The impact of the proposed rate increase to revenues, based on estimated usage, is \$3,186,488 in water, \$2,135,000 in sewer, and \$304,950 in stormwater funds upon which the FY15 Proposed Budget will be based.

Strategic Connections:

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Infrastructure Cylinder of Excellence, specifically advancing:

- **Goal 2:** Be a sustainable and resilient community.
- **Objective 1:** Proactively maintain our water, wastewater, road, and bridge infrastructure.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Ready*.

Attachment: Exhibit 1 - Ordinance

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