



TO: Honorable Mayor & Members
Fort Lauderdale City Commission

FROM: Lee Feldman, City Manager

DATE: September 5, 2012

TITLE: CODE AMENDMENT – Introduce on first reading Code amendment to Chapter 28, of the City’s Code of Ordinances for Water, Wastewater, and Stormwater Rates.

Recommendation

It is recommended that the City Commission approve on first reading an ordinance amending Chapter 28 of the City's Code of Ordinances, Sections 28-76, 28-141, 28-143, 28-144, 12-145 and 28-197 to provide for current and future increases to water and wastewater user rate, tapping charges, sprinkling meter charges, private fire service protection charges, stormwater management program rates, and service availability charges.

Background

Amendments to the ordinance will simplify the methodology of future rate adjustments by removing all references to the US Consumer Price Index - Water and Sewerage Index but will include a 6.75% rate increase effective October 1, 2012 and will maintain a 5% increase for future years.

Provisions in the Ordinance that provide for customer rebates will remain and are qualified as follows: By April 30th of each year, the City Manager shall determine as of September 30th of the year prior, whether projected revenues based on adjusted rates exceed 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 least equal to 120 days of operating costs
4. There is an unrestricted capital reserve of at least \$10 million
5. There is a replacement and repair fund of at least \$10 million

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

City staff will conduct regular utility rate reviews every two years and will present findings to the City Commission.

Resource Impact

There is a positive fiscal impact to the City as a result of additional revenue to meet operating expenses, capital, debt service, reserve requirements, and return on investment, consistent with proposed FY 2012/2013 budget.

Attachment

Exhibit 1 - Ordinance

Prepared By: Julie Leonard, Deputy Public Works Director - Utilities
Department Director: Albert J. Carbon, P.E.