



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
SPECIAL MEETING

#19-0785

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: September 17, 2019

TITLE: Ordinance Amending Chapter 28 of the City's Code of Ordinances for
Increases to Water Rates, Wastewater Rates, Tapping Charges, Master
Meter Charges, Service Availability Charges, Sprinkling Charges, Fire
Charges, and the Repeal of the Annual Rebate Test – **(Commission
Districts 1, 2, 3 and 4)**

Recommendation

It is recommended that the City Commission approve on second reading an Ordinance amending Sections 28-76, 28-141, 28-143, 28-144 and 28-145 of the City's Code of Ordinances, to provide for alignment of charges for fiscal year 2020 to water and sewer cost of services, respectively, and future increases to water and wastewater rates, tapping charges, master meter charges, sprinkling charges, fire service charges, and service availability charges, to allow payback terms for tapping charges for installation of sprinkling meters, and to repeal the annual rebate test identified in Note 1 at Section 28-76 (b)(1).

Background

In April 2018, Stantec Consulting Services Inc. (Stantec) was awarded a contract to perform a Water & Wastewater Comprehensive Rate Study (Study) to conduct an analysis that evaluates the current and projected financial performance of the City's Water and Sewer Enterprise Fund, evaluate the rate structure and identify rate revenue adjustments that will provide for a financially sustainable future. The financial sustainability analysis ensures that the fund can meet all its ongoing obligations such as budgeted operating expenses, budgeted capital improvements, existing debt service and minimum reserve targets with its current income level, or if necessary, identifies additional revenue levels required for the fund to be sustainable.

Amendment to the ordinance will simplify the current and future water and sewer rate methodology by realigning the water and sewer rates to the City's respective water and sewer cost of services, reducing the number of tiers (formerly identified as blocks), and allow for rate increases to wastewater user rates, tapping charges, water rates,

sprinkling meter charges, private fire service protection charges, and service availability charges in order to generate necessary funds for present and future needs, water main replacement, sewer rehabilitation, administration, operation and long-range projects under the Water and Sewer Master Plan. The new rate structure is designed to be revenue neutral for FY 2020.

**Water and Sewer Charges
Effect of Monthly Increase on Neighbors**

(Example is based on a common residential meter and an average usage of 5,000 gallons/month)

5/8 Inch Meter	Current Rate	Proposed Rate	\$ Change	% Change
Total	\$66.27	\$67.13	\$0.86	1%

Additionally, the amendment will smooth the costs of tapping charges for residential accounts installing a secondary meter for irrigation purposes. For tapping fee payments, each customer may experience different payment periods dependent on their usage levels, sprinkling meter size, and the full cost of installation. Based on billing data used in the Study, most residential customers that choose to install a sprinkling meter have significant outdoor usage, which will allow tapping fees to be paid in installments for a period of up to 18 months. These payment periods are in alignment with other South Florida Municipalities.

Lastly, the repeal of the provisions in the Ordinance that provide for rebates based on the annual test will assist the City in raising cash reserves to fund future projects and reduce the cost of issuing bonds to fund replacement and rehabilitation of the water and sewer system.

Resource Impact

The new rate structure is designed to be revenue neutral for FY 2020.

Strategic Connections

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

- Goal 12: Be a leading government organization, managing our resources wisely and sustainably.
 - o Objective 1: Ensure sound fiscal management.

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

Related CAMs

#19-0740; #19-0748

Attachment

Exhibit 1 – Ordinance

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