



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
SPECIAL MEETING

#19-0922

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: September 12, 2019

TITLE: Ordinance Amending Chapter 28, Sections 28-255 and 28-256 of the
Code of Ordinances to Amend the Wastewater Plant and Collection
System Capital Expansion Fee and Potable Water Plant and Distribution
Capital Expansion Fee – **(Commission Districts 1, 2, 3 and 4)**

Recommendation

It is recommended that the City Commission approve on first reading an ordinance amending Sections 28-255 and 28-256, Code of Ordinances of the City of Fort Lauderdale, to increase the wastewater plant and collection system capital expansion fee and the potable water plant and distribution capital expansion fee.

Background

The City's water and wastewater systems consist of multiple functional components such as water treatment and distribution, and wastewater treatment and collection. Each of the functional components has a physical or regulatory permitted capacity. Customers first connecting to the City's water or wastewater system are charged fees to defray a portion of the capital cost of the City's utility facilities constructed to provide them service. As the City continues to expand its facilities, future changes in technology, demands, development patterns, and other factors necessitate adjustments to its capital expansion fees. These fees were last updated more than ten years ago.

In the evaluation of the capital facility needs for providing water and wastewater utility service, it is critical that a level of service (LOS) standard be developed. The LOS indicates the capacity per unit of demand for each public facility or service. LOS standards are established to ensure that adequate facility capacity will be provided for future development and for purposes of issuing development orders or permits.

For water and wastewater, the level of service that is commonly used throughout the industry is the amount of capacity available to serve an equivalent residential unit (ERU)

expressed as the amount of usage in gallons on an average day, peak day or maximum month basis. The level of service calculated for the water system used the maximum daily usage per ERU, converted to a gallon per day (GPD) figure. The max day factor was derived from the City's consumptive use permit and verified with observations in the billing data.

Level of Service Results

Service	Current		Proposed	
	Unit	ERU LOS	Unit	ERU LOS
Water	Average Day	300 GPD	Max Day	300 GPD
Wastewater	Average Day	300 GPD	Average Day	175 GPD

The capital expansion fees were analyzed to ensure that they properly reflect the Utility's current cost of capacity and ability to serve new connections. The buy-in cost approach was the methodology used for the calculation of the proposed capital expansion fees for the City. This approach determines the capital expansion fees solely based on the existing utility system assets. Specifically, the replacement costs of each system's major functional components serve as the cost basis for the capacity fee calculation. The buy-in cost approach is most appropriate to use for a system with considerable excess capacity, such that most new connections to the system will be served by that existing excess capacity and the new customers are effectively "buying-in" to the existing system. The resulting fee represents the current cost to buy into the system for an ERU.

Current and Calculated Capital Expansion Fees per ERU

Service	Current Fee	Proposed Fee
Water	\$ 1,386	\$ 1,977
Wastewater	\$ 651	\$ 1,888

This rate structure is effective 90 days from adoption.

Resource Impact

Capital Expansion Fee revenues will be appropriated for use on future water and sewer capital expansion projects.

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.

- Objective 1: Ensure sound fiscal management.

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

Attachments

Exhibit 1- Ordinance

Exhibit 2 - FY 2018 Water and Wastewater Comprehensive Rate Study

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