Water and Sewer Rate Study

Stantec

City of Fort Lauderdale, FL

Agenda

1. Financial Plan
2. Cost of Service
3. Rate Design
4. Customer Impacts
5. Capital Expansion Fees
6. Miscellaneous Fees
7. Leak Credits

1 Financial Plan

FAMS | FT. LAUDERDALE - WATER & SEWER

Financial Analysis & Management System | By Stantec

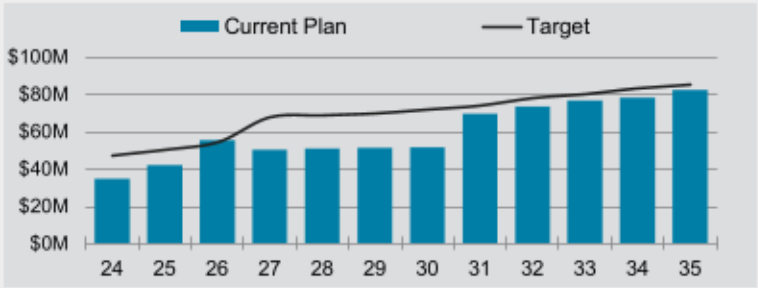
Approved increases

Stantec

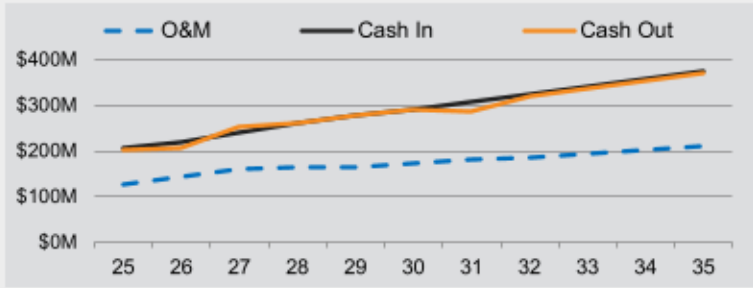
CALC | SAVE | CTRL | LAST | OVR

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2030	FY 2035
Water Rate Plan		9.00%	9.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	37.64%	75.64%
Sewer Rate Plan		9.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	32.41%	68.97%
Senior-Lien DSC	1.78	1.91	1.80	1.94	2.09	2.22	2.35	2.29	2.37	2.51	2.65	Scenario Manager	
Net Cash Flow	$7.20	$13.57	-$5.00	$0.59	$0.16	$0.30	$18.10	$3.89	$2.98	$1.73	$4.03		

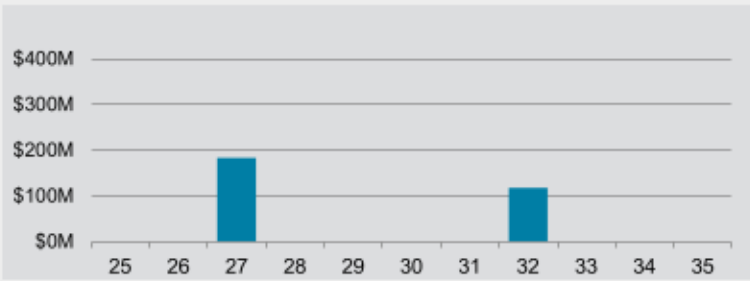
End of Year Fund Balance



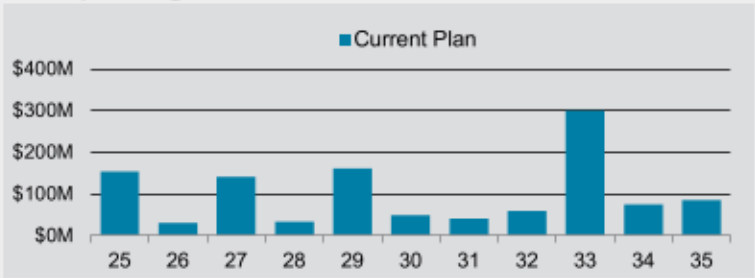
Revenues vs. Expenses



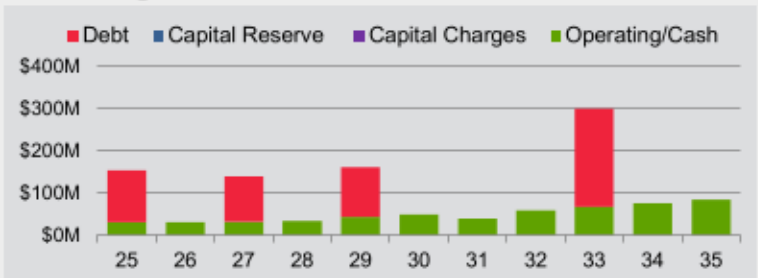
New Borrowing



CIP Spending

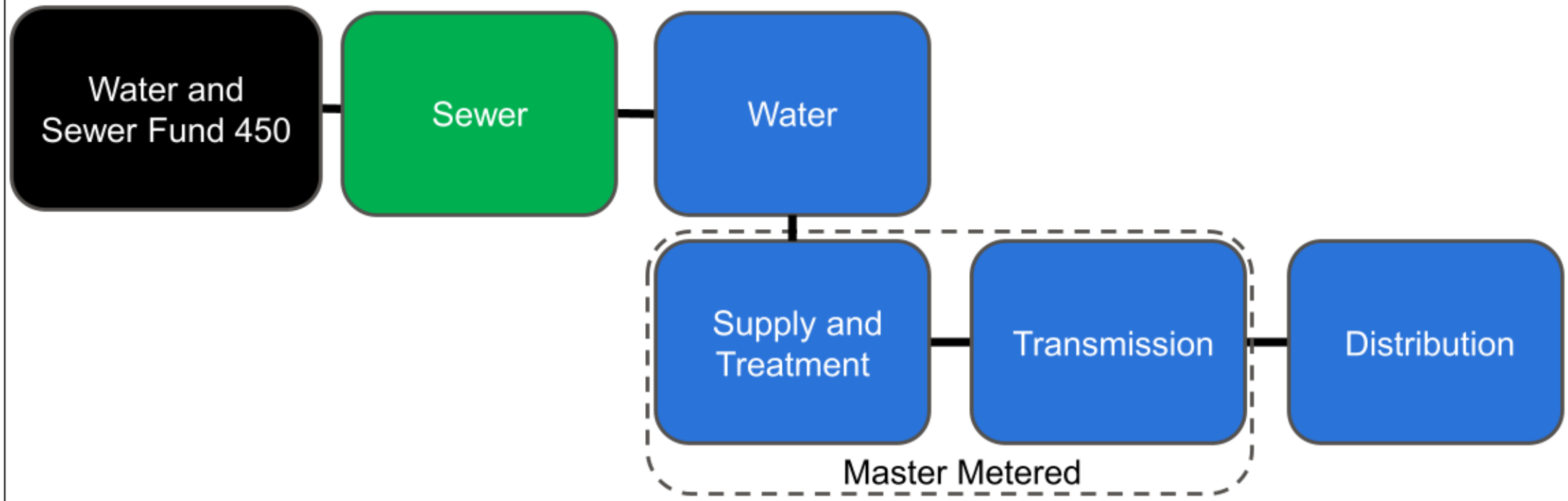


CIP Funding



2 Cost of Service

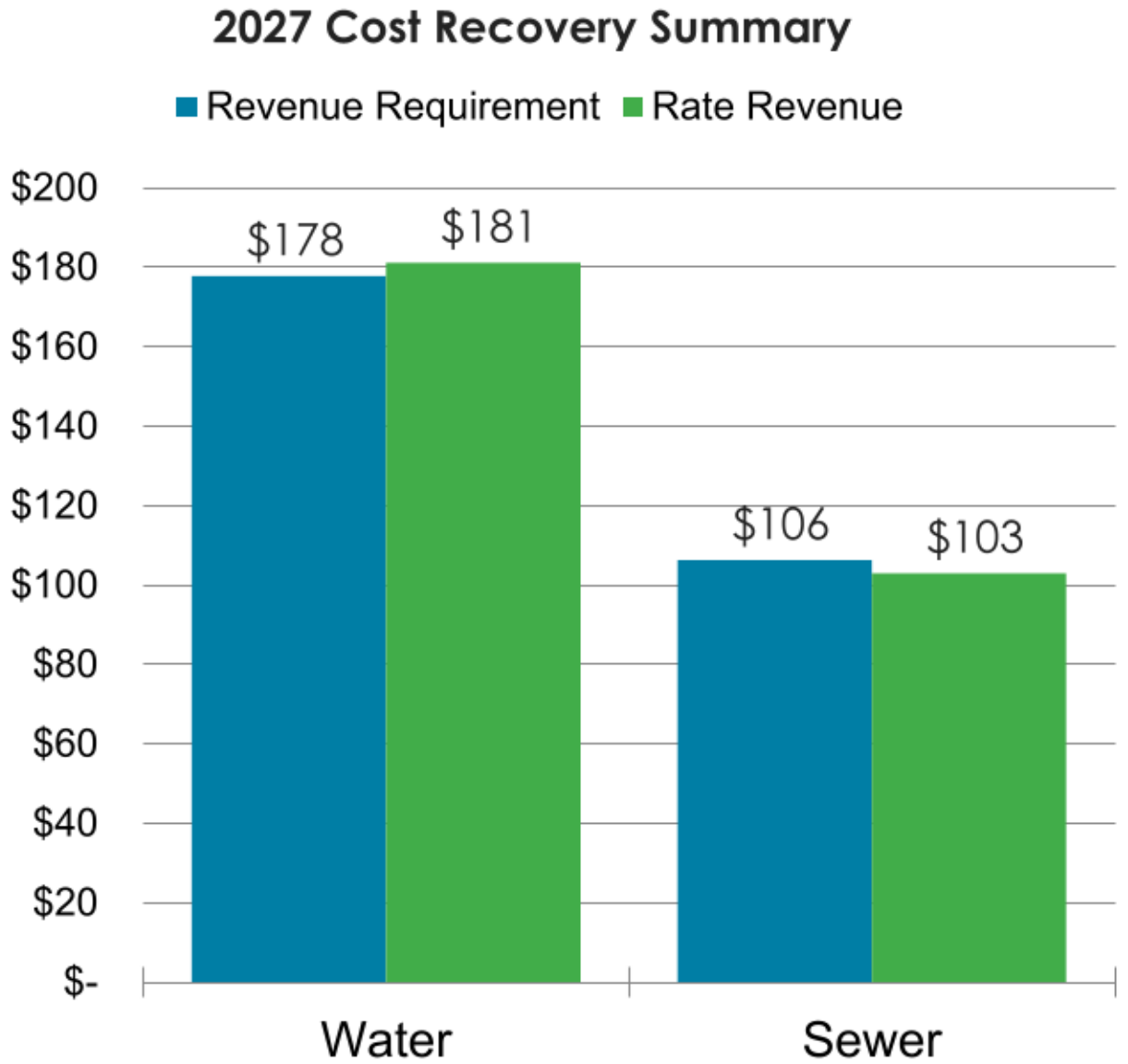
Cost of Service Map



Goal: Ensure that water revenues pay for water cost and sewer revenues for sewer cost

Service Line Results

- Costs are substantially aligned by service line
- No corrective action required at this time
- Revisit service line results in next study



3 Rate Design

Current Fixed Rates

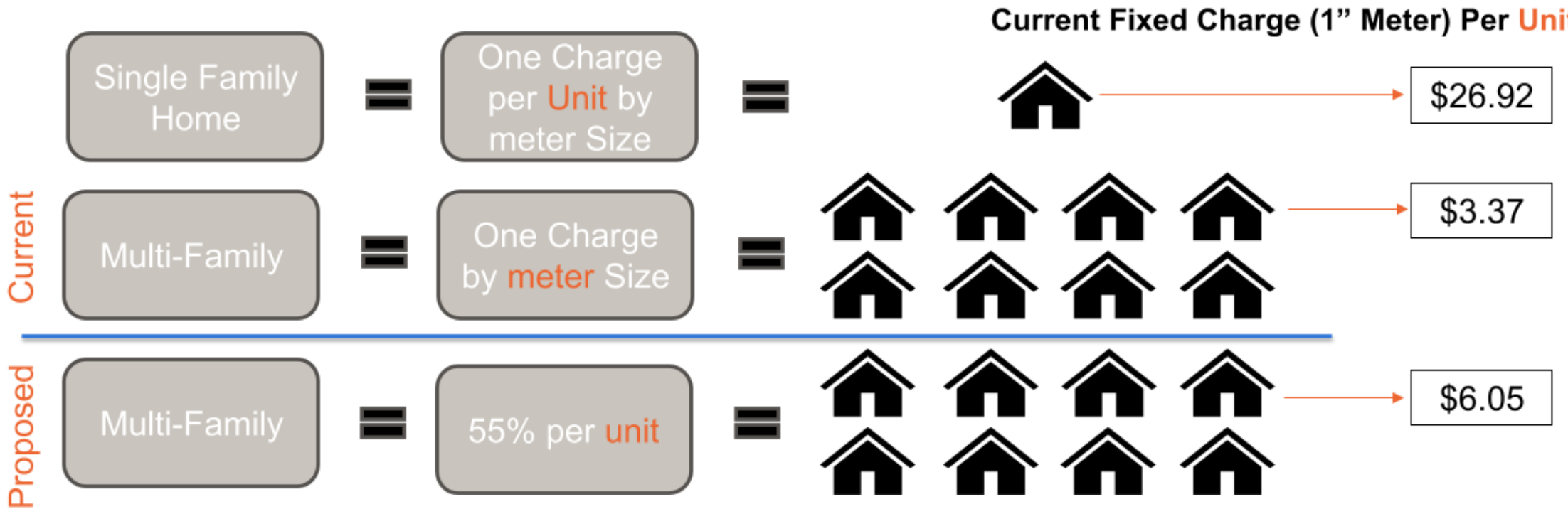
Focus Areas:

- Currently recovering 15% of revenue from water fixed charges
- Scale multi-family by units behind the meter
- Update per bill charge based on cost of service

Monthly Base Charges*			
Meter Size	Retail Water	Master Metered Water	Sewer
5/8”	$13.52	$77.53	$18.00
3/4”	$17.99	$114.05	$25.10
1”	$26.92	$187.02	$39.34
1.5”	$49.30	$369.50	$74.87
2”	$76.11	$588.49	$117.52
3”	$161.10	$1,281.88	$252.61
4”	$272.90	$2,194.26	$430.34
6”	$608.51	$4,931.37	$963.54
8”	$720.14	$5,843.72	$1,141.27
10”	$1,882.99	$15,332.32	$2,989.73
12”	$2,374.94	$19,346.73	$3,771.80
16”	$2,732.72	$22,266.32	$4,344.34

*Includes $4.57 and $3.77 per bill charge for water and sewer, respectively.

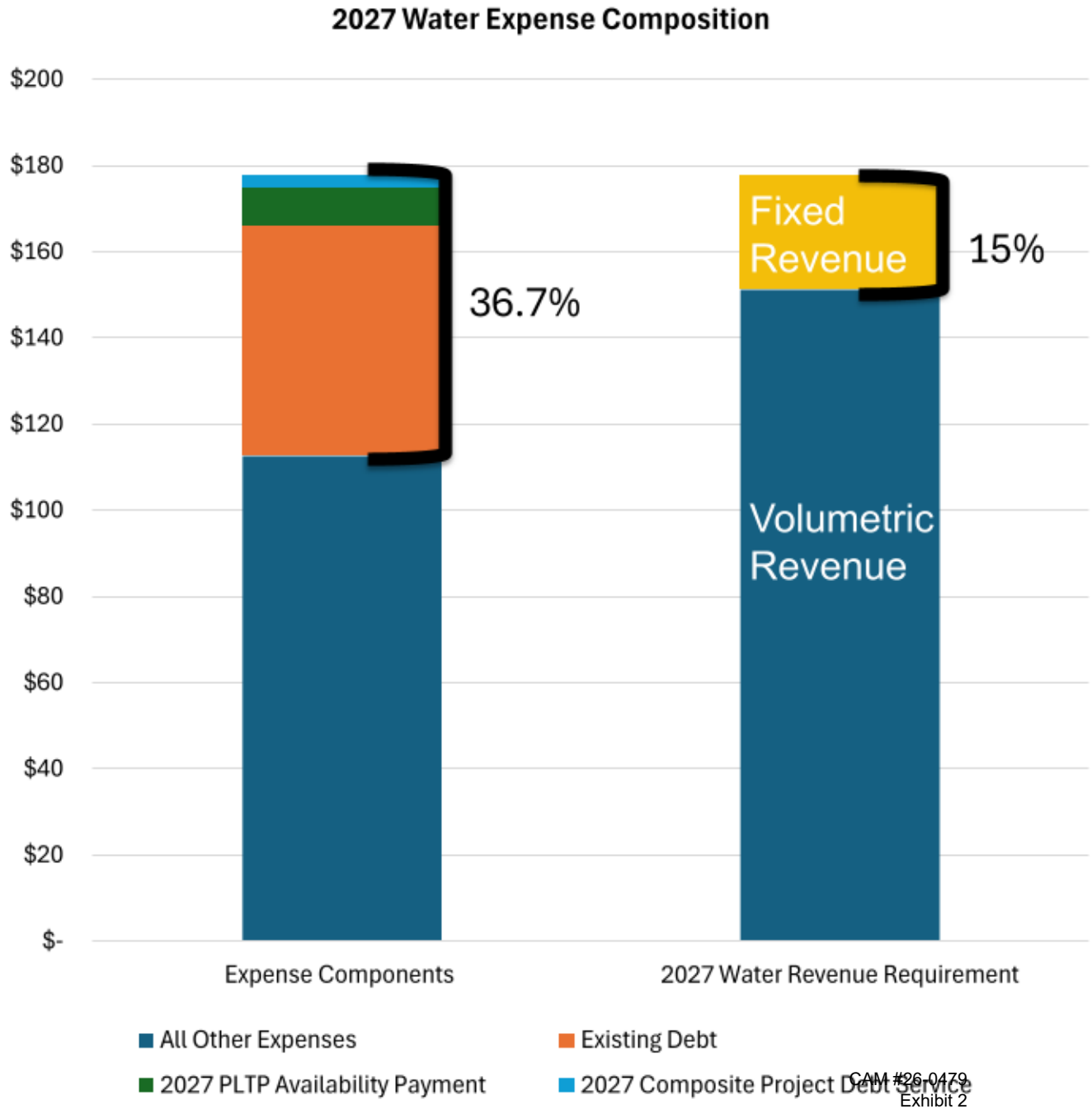
Fixed Charges for Multi-Family



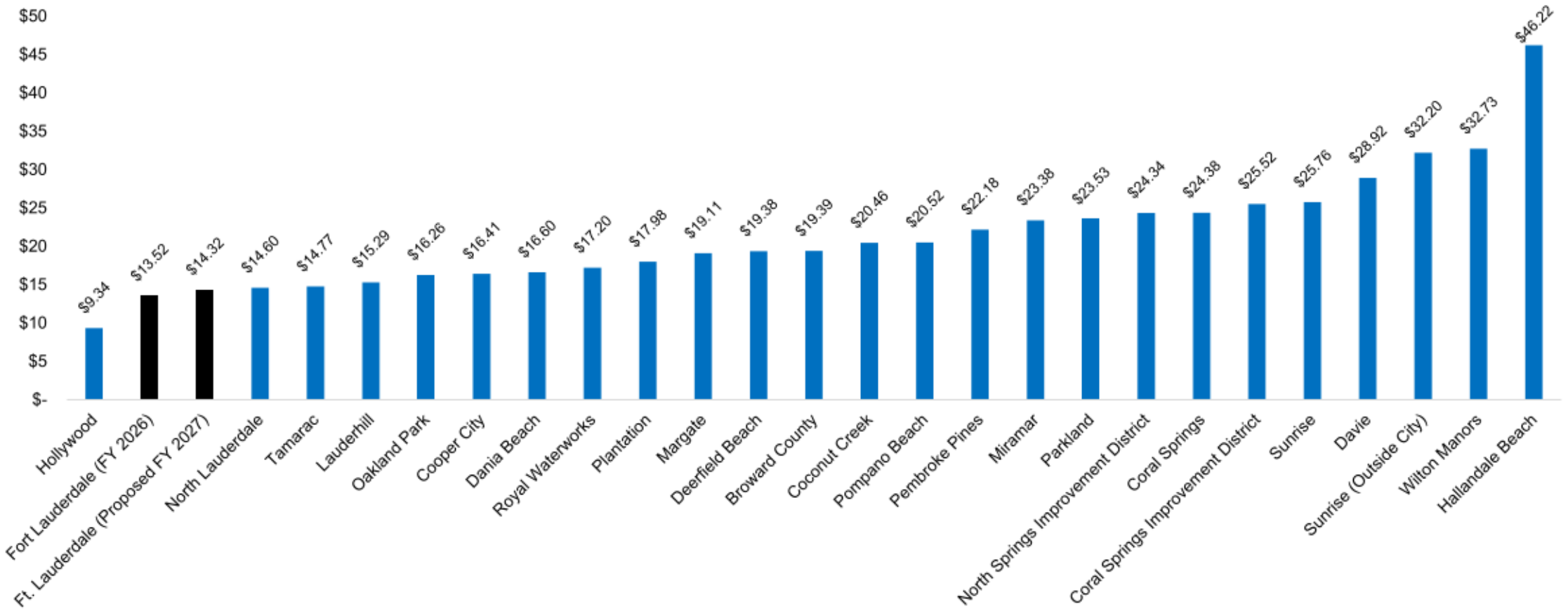
Result - Proposal better aligns fixed cost recovery with the dedicated water capacity available behind the meter

Water Fixed Cost Recovery

- In FY 2027 Debt is estimated to be 36.7% of expense, while fixed cost recovery is only 15%
- Industry standard fixed cost recovery is 20%-30% of revenues
- Higher levels of fixed cost recovery protect against volume declines
- Higher fixed cost recovery shifts more cost responsibility to lower-usage customers
- **Recommendation: Slowly migrate fixed cost recovery up by 1% per year.**



FY 2026 Water Fixed Rate Survey (5/8” Meter)



Current Volume Rates

Focus Areas

- Update master meter "wholesale" to cost of service
- Current single-family tiers are valid using latest data
- Irrigation tier setting and pricing relative to single family recommended for change

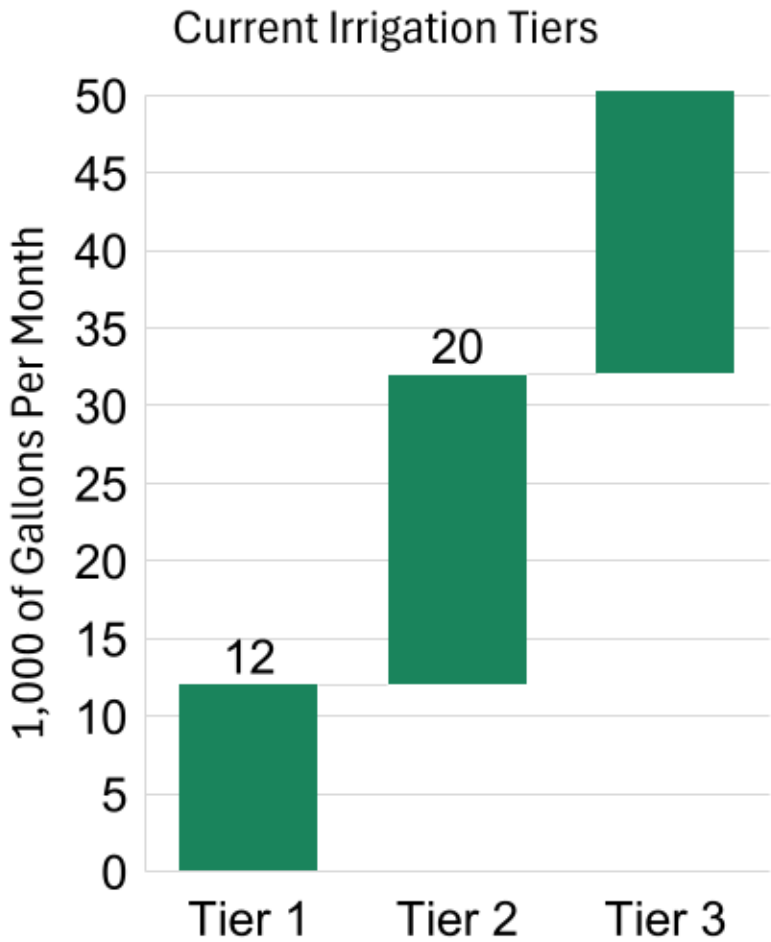
	Class	Tiers	Consumption	Volumetric Rate per Kgal
WATER	Single-Family (Multifamily 1,000 gallons X 55% X Units)	TIER 1	0 - 3,000	$4.92
		TIER 2	4,000 - 8,000	$10.80
		TIER 3	9,000 - 12,000	$13.52
		TIER 4	13,000 - 20,000	$18.24
		TIER 5	> 20,000	$26.48
	Master Metered Water		> 1,000	$5.54
	Commercial		> 1,000	$11.17
SEWER	Single-Family (Multifamily 1,000 gallons X 55% X Units)		0 - 3,000	$6.59
			> 3,000	$14.57
	Commercial		> 1,000	$11.72

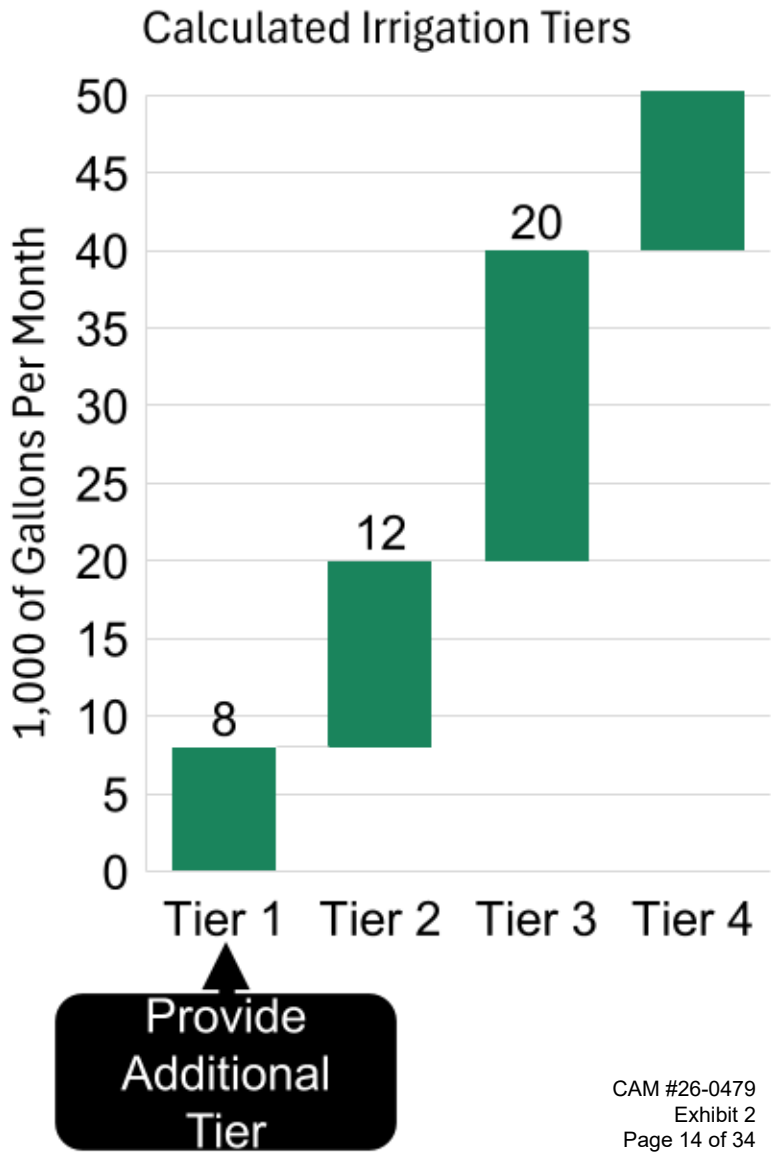
	Class	Tiers	Consumption	Volumetric Rate per Kgal
Irrigation	Irrigation – All Classes(1,000 gallons per month X the Meter Equivalency Factor)	TIER 1	0 - 12,000	$13.52
		TIER 2	13,000 - 20,000	$18.24
		TIER 3	> 20,000	$26.48

Irrigation Volume Rates

Recommendations:

- Extend the current **3** irrigation tiers to **4** in order to align with average household use profiles





Rate Recommendations

- Rates configured for implementation on October 1, 2026
- Includes approved rate revenue increases for FY 2027 (9% for water, 5% for sewer)
- Increase water fixed cost recovery from 15% to 16% in FY 2027 and 1% thereafter up to 20%
- Apply fixed charges for multi-family based on units behind the meter
- Update Irrigation volumetric tiers to include 4 tiers aligned with average single family outdoor use

Calculated Fixed Rates

Recommendations:

- Increases fixed cost recovery to 16%
- Multifamily recommended to receive 55% of single-family base charge by units behind the meter

Monthly Base Charges*			
Meter Size	Retail Water	Master Metered Water	Sewer
5/8”	$14.32	$86.02	$18.32
3/4”	$19.33	$126.92	$25.38
1”	$29.34	$208.65	$39.53
1.5”	$54.40	$413.02	$74.81
2”	$84.44	$658.28	$117.17
3”	$179.61	$1,434.88	$251.32
4”	$304.84	$2,456.72	$427.83
6”	$680.72	$5,522.25	$957.35
8”	$805.73	$6,544.07	$1,133.86
10”	$2,108.11	$17,171.17	$2,969.57
12”	$2,659.08	$21,667.25	$3,746.25
16”	$3,059.79	$24,937.16	$4,314.84

*Includes $4.30 and $4.20 per bill charge for water and sewer, respectively.

Calculated Volume Rates

Recommendations:

- Extend irrigation to include 4 tiers
- Master Meter rate set to cost of service

	Class	Tiers	Consumption	Volumetric Rate per Kgal
WATER	Single-Family (units with separate meters are billed under this)	TIER 1	0 - 3,000	$5.30
		TIER 2	3,001 - 8,000	$11.64
		TIER 3	8,001 - 12,000	$14.57
		TIER 4	12,001 - 20,000	$19.65
		TIER 5	> 20,000	$28.53
	Master Metered Water		> 1,000	$7.88
	Commercial		> 1,000	$12.04
SEWER	Single-Family (units with separate meters are billed under this)		0 - 3,000	$6.93
			> 3,000	$15.32
	Commercial		> 1,000	$12.32

	Class	Tiers	Consumption	Volumetric Rate per Kgal
Irrigation	Irrigation – All Classes(1,000 gallons per month X the Meter Equivalency Factor)	TIER 1	0 - 8,000	$11.64
		TIER 2	8,001 - 12,000	$14.57
		TIER 3	12,001 – 20,000	$19.65
		TIER 4	> 20,000	$28.53

4 Customer Impacts

Single Family Bill Impacts (5/8” Meter)

Usage Level (kgal)	Current Rates (FY 2026)	Proposed Rates (FY 2027)	$ Change	% Change
0	$31.20	$32.64	$1.44	4.6%
1	$42.71	$44.87	$2.16	5.1%
2	$54.22	$57.10	$2.88	5.3%
3	$65.73	$69.33	$3.60	5.5%
4	$91.10	$96.29	$5.19	5.7%
5	$116.47	$123.25	$6.78	5.8%
6	$141.84	$150.21	$8.37	5.9%
7	$167.21	$177.17	$9.96	6.0%
8	$192.58	$204.13	$11.55	6.0%
9	$220.67	$234.02	$13.35	6.1%
10	$248.76	$263.91	$15.15	6.1%

Commercial Bill Impacts (2” Meter)

Usage Level (kgal)	Current Rates (FY 2026)	Proposed Rates (FY 2027)	$ Change	% Change
0	$193.33	$201.60	$8.27	4.3%
1	$211.09	$220.57	$9.48	4.5%
2	$228.85	$239.54	$10.69	4.7%
3	$246.61	$258.51	$11.90	4.8%
4	$272.35	$285.87	$13.52	5.0%
5	$298.09	$313.23	$15.14	5.1%
6	$323.83	$340.59	$16.76	5.2%
7	$349.57	$367.95	$18.38	5.3%
8	$375.31	$395.31	$20.00	5.3%
9	$401.05	$422.67	$21.62	5.4%
10	$426.79	$450.03	$23.24	5.4%

Irrigation Bill Impacts (1” Meter)

Usage Level (kgal)	Current Rates (FY 2026)	Proposed Rates (FY 2027)	$ Change	% Change
0	$26.93	$29.34	$2.41	8.9%
1	$40.45	$40.98	$0.53	1.3%
2	$53.97	$52.62	$(1.35)	-2.5%
3	$67.49	$64.26	$(3.23)	-4.8%
4	$81.01	$75.90	$(5.11)	-6.3%
5	$94.53	$87.54	$(6.99)	-7.4%
6	$108.05	$99.18	$(8.87)	-8.2%
7	$121.57	$110.82	$(10.75)	-8.8%
8	$135.09	$122.46	$(12.63)	-9.3%
9	$148.61	$137.03	$(11.58)	-7.8%
10	$162.13	$151.60	$(10.53)	-6.5%

Multi-Family Bill Impacts

Meter Size	Units	Monthly Water Usage (Gal)	Monthly Sewer Usage (Gal)	Current (FY 2026)	Proposed (FY 2027)	$ Change	% Change	Change / Unit
1”	20	50,000	50,000	$877.39	$1,302.01	$424.62	48.4%	$21.23
2”	100	300,000	300,000	$5,517.74	$7,864.90	$2,347.16	42.5%	$23.47
2”	10	20,000	20,000	$472.35	$515.52	$43.17	9.1%	$4.32
4”	400	1,100,000	1,100,000	$19,462.65	$28,749.87	$9,287.22	47.7%	$23.22
4”	280	3,000,000	3,000,000	$80,656.33	$91,725.47	$11,069.14	13.7%	$39.53
6”	370	1,300,000	1,300,000	$26,091.53	$34,248.67	$8,157.14	31.3%	$22.05
6”	30	200,000	200,000	$6,154.39	$5,552.18	($602.21)	(9.8%)	($20.07)
8”	400	2,700,000	2,700,000	$64,052.81	$75,202.73	$11,149.92	17.4%	$27.87
8”	33	275,000	275,000	$8,706.52	$8,043.97	($662.55)	(7.6%)	($20.08)

5 Capital Expansion Fees

Capital Expansion Fees

Methodology	Description	Appropriate For
Buy-In Method	Fees are based on cost of constructing existing utility system	System with ample existing capacity to sell
Incremental Cost Method	Fees are based on planned growth-related capital improvements	System with limited or no existing capacity to sell
Combined Method	Fees are based on cost of existing system and planned capital improvements	System with existing capacity to sell and with planning growth-related capital projects

Capital Expansion Fee Calculation: Buy-In Method

$$\text{Capital Expansion Fee} = \frac{\text{Value of System - Credit}}{\text{System Capacity}}$$

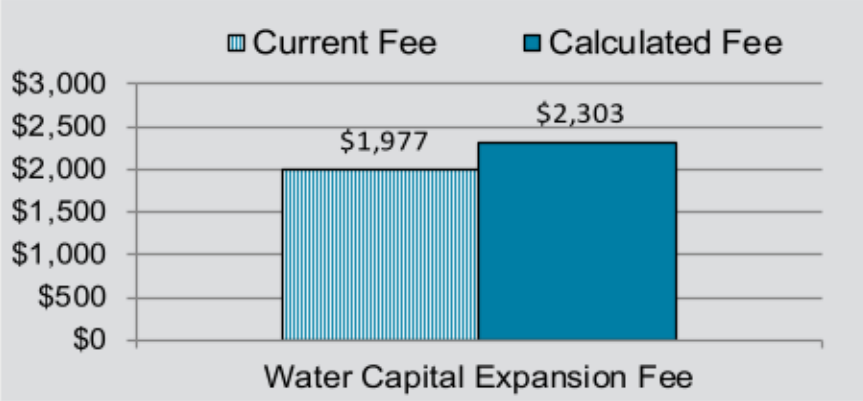
1) **Value of Utility System**
   - Depreciated value of current assets in place, escalated to current replacement cost
2) **Credits**
   - Outstanding principal on existing utility debt
   - Donated/contributed and non-core system assets
3) **System Capacity**
   - Total capacity in utility system measured in units of service (Equivalent Residential Units or ERUs) with existing and expansion of the system

Capital Expansion Fees

Water Capital Expansion Fee

Net Plant In Service	$	753,508,720
(Less: Principal Credit)		(249,950,528)
Total Costs Buy-In Method	**$**	**503,558,192**
Cost Recovery Percentage		100%
Total Calculated Fee per ERU:	**$**	**2,303**
Current Fee:	$	1,977
Dollar Change:	$	326
Percentage Change:		16%

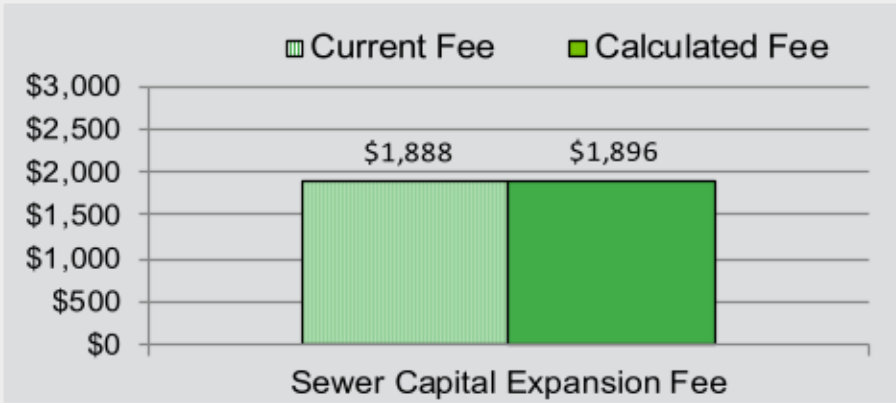
Water



Sewer Capital Expansion Fee

Net Plant In Service	$	833,378,766
(Less: Principal Credit)		(179,757,080)
Total Costs Buy-In Method	**$**	**653,621,687**
Cost Recovery Percentage		100%
Total Calculated Fee:	**$**	**1,896**
Current Fee:	$	1,888
Dollar Change:	$	8
Percentage Change:		0%

Sewer



6 Miscellaneous Fees

Fee Calculation

Identify costs and activities for each service and populate in Stantec's cost template

Labor

- How much time does each role spend to perform this service?

Equipment/Vehicles

- What pieces of equipment and/or vehicles are utilized to perform the service?

Materials

- What materials are used as part of this service?

Hours Spent (Customer Service, Utility Tech) **X** Costs per Hour (Labor, Vehicles & Equipment) **+** Unit Costs (Materials) **=** **Cost of Service**

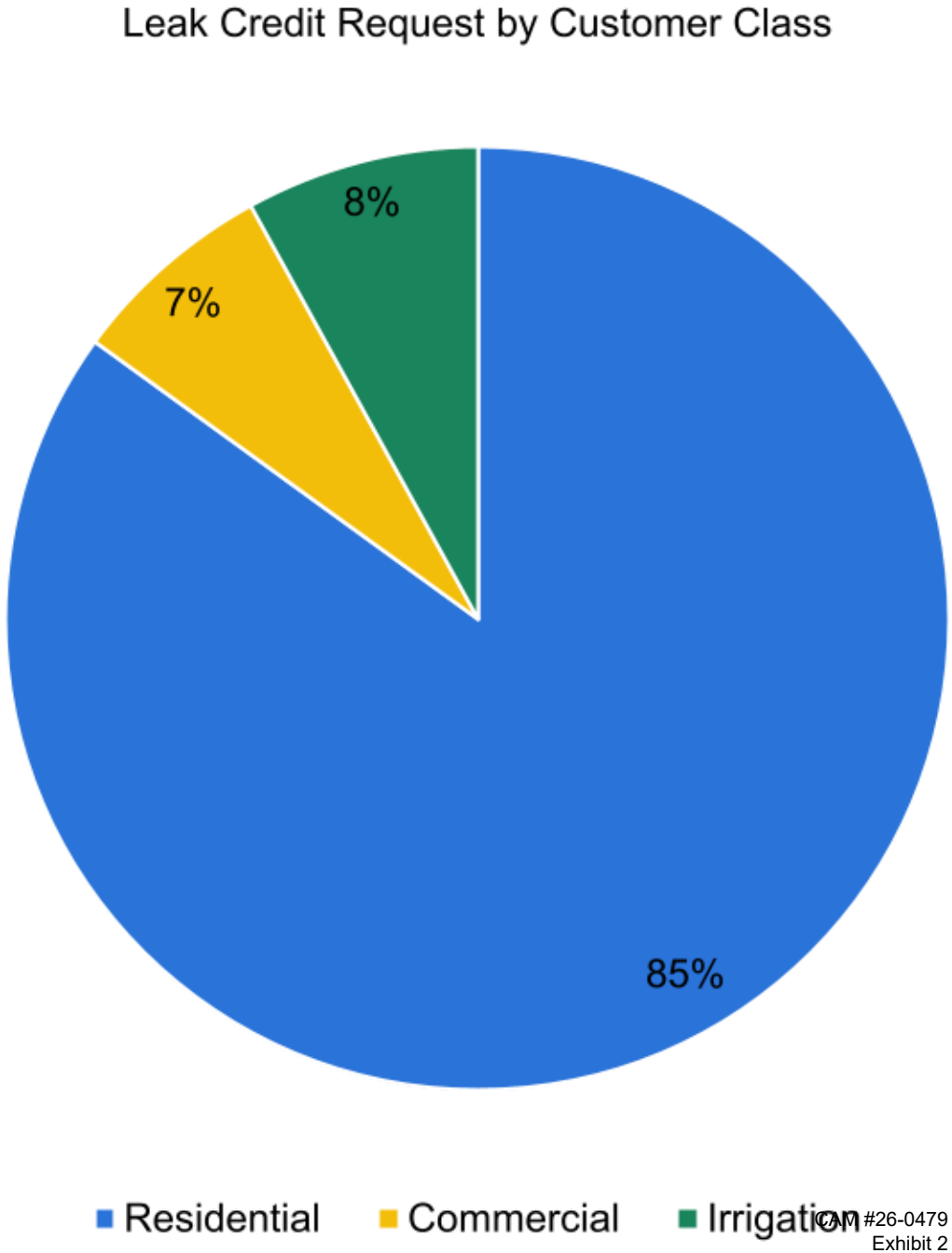
Miscellaneous Fee Calculations

Fee Description	Current Fee	Full Cost Recovery	Current Cost Recovery	Proposed Fees
Connect and/or Disconnect Service	$10	$34	30%	$30
Set Meter	$35	$42	83%	$40
Meter Test 1	$16	$85	19%	$80
Meter Test 2 (if done within 12 months of the first test)	$70	$85	82%	$80
Unauthorized Water Connection or Meter (anti-theft device installed)	$150	$73	205%	$70
Unauthorized Water Connection or Meter (cut at main)	$360	$1,031	35%	$1,030
AMI Domestic Meter (5/8")	$-	$1,893	0.0%	$1,890
AMI Domestic Meter (3/4")	$-	$1,899	0.0%	$1,900
AMI Domestic Meter (1")	$-	$2,174	0.0%	$2,170
AMI Domestic Meter (1 1/2")	$-	$3,137	0.0%	$3,140
AMI Domestic Meter (2")	$-	$3,381	0.0%	$3,380
Fire Service Tapping Charge (2")	$6,369	$3,511	181%	$3,510
Fire Service Tapping Charge (4")	$15,053	$4,734	318%	$4,730
Fire Service Tapping Charge (6")	$16,790	$8,235	204%	$8,240
Fire Service Tapping Charge (8")	$24,317	$10,529	231%	$10,530
Sewer Lateral Relocation	$-	At Cost	0%	At Cost

7 Leak Credits

Current Leak & Unusual Use Credit Policy

- For a **leak** customers must exceed 2 times average 12-month usage levels and are credited for a maximum of 2 months
- For **unusual** use customer's account get a one-time lifetime credit for unusual use over a maximum of two months
- Currently credit is calculated by treating all use over the 12 month average volume as tier 1 residential
- Stantec was provided 19 months of leak specific billing data for analysis
- Objective was to look at two policy alternatives
  - Expanded eligibility of current program
  - Expanded credit by capping at average bill

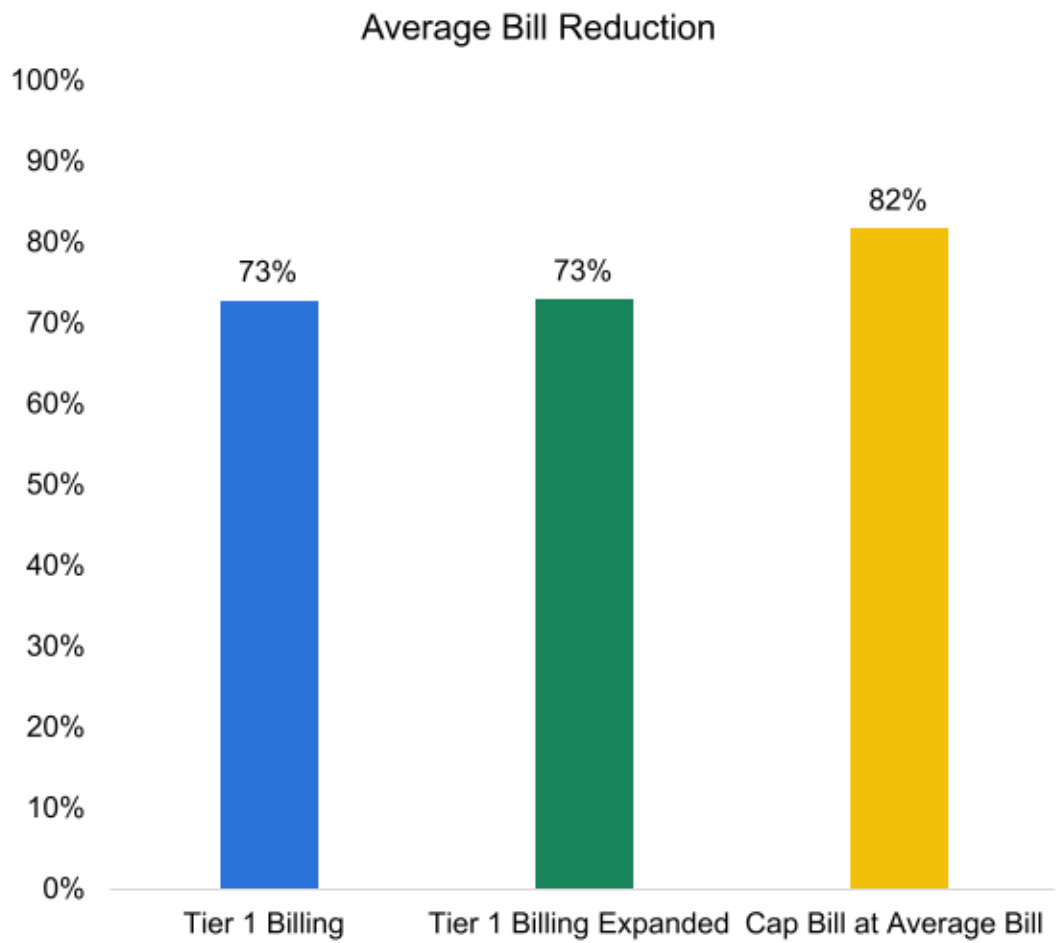


Leak Policy Comparisons

Tier 1 Billing (status quo)
- Must have a bill at 200% of average bill
- Bills are not capped
- Estimated cost FY26: $3.5M

Tier 1 Billing Expanded
- Expanding eligibility to 150% of average bill
- Bills are not capped
- Estimated cost: $6.7M

Cap Bill at Average Bill
- Must have a bill at 200% of average bill
- Provides uniform relief to all customers
- Bills are capped
- Estimated cost: $3.9M



Study Recommendations

- Consider adoption of updated rates for implementation on October 1, 2026
- Consider adoption of updated water capital expansion fee
- Consider adoption of updated miscellaneous fees
- Consider policy alternatives for leak credits

Stantec

Thank you