



## City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	Item Type:		1 <sup>st</sup> Reading	2 <sup>nd</sup> Reading
<b>9/28/2022</b>	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Other	Ordinance Reading	<b>9/12/2022</b>	<b>9/28/2022</b>
File No.:		Public Hearing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>22-347</b>		Advertising Required	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		Quasi-Judicial:	<input type="checkbox"/>	<input type="checkbox"/>
Fiscal Impact (\$):	Account Balance (\$):	Funding Source:	Project Number :	
<b>See Below</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	
Contract/P.O. Required	RFP/RFQ/Bid Number:	Sponsor Name:	Department:	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>N/A</b>	<b>Geovanne Neste, Finance Director</b>	<b>Finance Department</b>	
Strategic Plan Focus Areas:				
<input checked="" type="checkbox"/> Finance & Budget		<input type="checkbox"/> Organizational Capacity	<input checked="" type="checkbox"/> Infrastructure/Projects	
Implementation Timeline:				
Estimated Start Date: 10/1/2022    Estimated End Date: 9/30/2023				

**SHORT TITLE:**

**AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, ADOPTING A FORTY (40%) PERCENT INCREASE TO WATER RATES, A SIX (6%) PERCENT INCREASE TO WASTEWATER RATES, AND A TEN (10%) PERCENT INCREASE TO STORMWATER RATES TO TAKE EFFECT OCTOBER 1, 2022; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE.**

**STAFF SUMMARY:**

**Summary:**

As per the recommendations in the Water, Wastewater, and Stormwater Utility Rate Study conducted by an outside consultant, Staff is proposing a 40% increase to the water rates, a 5.25% increase for wastewater rates, and a 10% increase in stormwater rates effective October 1, 2022.

**Background:**

The City of Hallandale Beach owns, operates, and maintains a water and wastewater (sewer) utility. The City's sewer utility does not treat its sewer. Instead, it has a long-established agreement with the City of Hollywood to transmit sewage at volume rates.

The City has major infrastructure needs for its water, wastewater, and stormwater utilities due to the age of the infrastructure, deferred maintenance, and the impacts of climate change and ongoing development requiring additional service capacity. As such, staff has been tasked with developing and implementing a long-term plan that includes but is not limited to:

- Water, wastewater, and stormwater master plans to establish a long-term capital improvement plan of the entire system.
- Issuance of utility revenue bonds to fund capital projects over the next 10 years.
- Pursuing federal and state grant/loan opportunities to help offset the cost of servicing debt.
- Establishing an asset management program for the ongoing tracking, maintenance, and renewal/replacement of utility infrastructure.
- Incorporating a rate stabilization fund.
- Ensuring adequate funding of renewal & replacement reserves.

When financing utility infrastructure through the issuance of utility revenue bonds, lenders require utility enterprise funds to maintain levels of net operating revenues sufficient to cover annual debt service. The City's current CIP Plan includes approximately \$230 million in water, sewer, and stormwater infrastructure projects over the next 10 years. Current projections indicate that approximately \$180 million will be financed through the issuance of utility revenue bonds if alternative funding sources are not obtained. The Finance Department engaged an outside consultant, Raftelis Financial Consultant, Inc., to assist in performing a 5-year utility rate study covering fiscal years 2023 through 2027. The FY 2023-2027 Utility Rate Study is being completed in two phases to avoid any delays in the issuance of utility revenue bonds and the completion of infrastructure projects. The first series of utility revenue bonds are expected to be issued in FY 2023.

The second phase of the FY 2023-2027 Utility Rate Study will focus on reviewing the current rate structure based on meter size, consumption levels, and customer classification (e.g. single family, multi-family, commercial). The second phase will be completed in FY 2023. Reviewing the rate structure using industry standard cost allocation methods such as those recommended by the American Water Works Association may provide an opportunity to ensure equitable rate increases in future years and promote water conservation.

During the September 12, 2022, City Commission Workshop, phase one of the FY 2023-2027 Utility Rate Study was presented by the outside consultant and the proposed rate increases for water and wastewater were discussed. The main objective of the first phase of the study was to establish rates that are sufficient to cover the cost of operating, maintaining, repairing, and financing system operations over the next five years in anticipation of the first series of utility revenue bonds. Changes discussed at the meeting were made to the rate study and a final report is being adopted concurrently at second reading with the adoption of the ordinance herein. The proposed changes resulted in increases of 40%, 5.25%, and 10% for water, wastewater, and stormwater, respectively, for fiscal years 2023. The recommended increases for fiscal years 2024-2027 were also included in the adopted rate study.

Based on the Water, Wastewater and Stormwater Utility Rate Study results being presented to City Commission, the following increases are recommended effective October 1, 2022:

	Current Rate		Proposed Rate	
	Water	Sewer	Water	Sewer
	FY2022		FY2023	
<b>Proposed Rate Increases</b>	N/A	N/A	40.00%	5.25%
<b>Monthly Base Charge, per unit</b>	\$21.59	\$21.02	\$30.23	\$22.12
<b>Monthly rate per 1,000 gallons:</b>				
<b>0 – 2,000</b>	\$1.16	\$4.29	\$1.62	\$4.52
<b>2,001 – 5,000</b>	\$1.25	\$4.45	\$1.75	\$4.68
<b>5,001 – 10,000</b>	\$1.63	\$4.64	\$2.28	\$4.88
<b>10,001 – 25,000</b>	\$2.55	\$5.15	\$3.57	\$5.42
<b>25,001 and over</b>	\$2.79	\$5.42	\$3.91	\$5.70

	Stormwater	
	Current Rate FY 2022	Proposed Rate FY 2023
<b>Proposed Rate Increase</b>		10.00%
<b>Monthly Charge per Unit/ERU</b>	\$7.37	\$8.11

**Current Situation:**

Pursuant to Chapter 30, Article I, Section 30-3(b), Code of Ordinances, any rate, fee, or charge provided for in this chapter shall be set as approved by the City Commission. As part of the fiscal year 2023 budget approval, staff is bringing this item to the City Commission for adoption.

**Why Action is Necessary:**

Pursuant to Chapter 30, Article I, Section 30-3(b), Code of Ordinances, any rate, fee, or charge provided for in this chapter shall be set as approved by the City Commission.

**Cost Benefit:**

Following the recommendations of a utility rate study that includes funding for renewal and replacement reserves may avoid future costs associated with deferred maintenance. The estimated cost related to deferred maintenance is currently unavailable.

**PROPOSED ACTION:**

Staff recommends adoption of the attached Ordinance which sets and amends the City’s Water and Wastewater rates as of October 1, 2022.

**ATTACHMENT(S):**

Prepared By: Geovanne Neste  
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Finance Director

Reviewed By: Noemy Sandoval  
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Assistant City Manager