



CITY OF HALLANDALE BEACH

UTILITY RATE & REVENUE BONDS UPDATE

Update as of June 7, 2023



On Today's Agenda

Our Discussion Points

Background
Utility CIP Funding Plan
Utility Revenue Bonds Team
Accomplishments
Challenges
CIP Plan Changes
Impact on Utility Rates
Updated Timelines
Questions

Background

WHY ARE WE HERE?

- On September 12, 2022, Staff presented a Utility Condition Assessment of the Utility System to City Commision.
 - Examples of various water, sewer, and stormwater system failures were presented.
 - Alarming statistics were presented regarding:
 - Leaks, Water Main Breaks, Precautionary Boil Water Notices
 - Unbilled or Unaccounted for Water
 - Force Main, Lift Station Failures
 - Sewage Spills
 - Stormwater System Failures
 - Water Meter Read Failures

Background (Cont.)

UTILITY RATE STUDY

- The results of a Utility Rate Study using the City's Water, Wastewater, and Stormwater CIP Plan were also presented.
- The CIP Plan had a value of \$230.6M
- Included \$181M in utility revenue bond financing.
- Included recommended rates for fiscal years 2022 to 2028
- Phases of Study:
 - Phase I: Considered equal rate increases across all rate tiers and customers.
 - Phase II: Recommended to include rate design options and stormwater system remeasurement.

Background (Cont.)

CITY COMMISSION ADOPTED ITEMS

- Adopted in February 2022
 - Reimbursement Resolution
- Adopted in September 2022
 - FY23-28 Utility Rate Study
 - 5-Year CIP Plan
- Adopted in May 2023
 - Utility System Bond Ordinance
- Adopted items above are in line with Staff's recommended Utility Capital Improvement Long-term Funding Plan (Utility CIP Funding Plan) presented to City Commission in February 2022

Utility CIP Funding Plan

ISSUANCE OF PUBLIC OFFERING REVENUE BONDS

- Adopt Master Utility Ordinance
- Issue Bond Feasibility Report (Rate Consultant)
- Issue Engineers' Reports for Both Systems (Consulting Engineer)
- Adopt Supplemental Bond Resolutions (for each tranche)
- Competitive Sale of Bonds

RATE STUDY

- Adopt a Rate Study Covering Debt Issuances and CIP Plan
- Phase I: Focused on Revenue Sufficiency
- Phase II: Focused on Stormwater Remeasurement & Rate Design

GRANTS & SRF LOANS

- Apply for Grants and SRF Loans to Reduce Bond Proceed Needs

Utility Revenue Bonds Team

Outside Consultants

SERGIO MASVIDAL

FINANCIAL ADVISOR
PFM Financial Advisors LLC

PETE VARONA

FINANCIAL ADVISOR
PFM Financial Advisors LLC

JOLINDA HERRING

BOND COUNSEL
Bryant Miller Olive P.A.

HENRY THOMAS

UTILITY RATE CONSULTANT
Raftelis Financial Consultants Inc

MICHAEL WIENER

DISCLOSURE COUNSEL
Holland & Knight LLP

Utility Revenue Bonds Team

City Team

JEREMY EARLE

CITY MANAGER

NOEMY SANDOVAL

ASSISTANT CITY MANAGER

SHARON RAGOONAN

ASSISTANT CITY MANAGER

JENNIFER MERINO

CITY ATTORNEY

JEFFREY ODOMS

PUBLIC WORKS DIRECTOR

JEFFREY TOWNE

ASSISTANT PUBLIC WORKS DIRECTOR

BARBARA TRINKA

ASSISTANT FINANCE DIRECTOR

GEOVANNE NESTE

FINANCE DIRECTOR

Accomplishments

BOND ISSUANCE

- Adopted Reimbursement Resolution in February 2022
- Adopted Master Utility System Bond Ordinance in May 2023
- Draft Bond Resolution Completed
- Draft Bond Feasibility Report Completed
- Draft Engineer's Reports are In Review
- Draft Preliminary Official Statement is In Process

Accomplishments (Cont.)

RATE STUDY

- Adopted Phase One of Utility Rate Study in September 2022
- Update to Phase One of Utility Rate Study Completed
- Phase Two of Utility Rate Study:
 - Stormwater System Remeasurement in Process
 - Stormwater Rate Design in Process

GRANTS & SRF LOANS

- Applied (or submitted requests) for approximately \$27M in Utility CIP Project grant funding from FY20 thru today.
- Awarded approximately \$18M in Utility CIP Project Funding as of today from grant applications submitted.

Challenges

BOND ISSUANCE

- A considerable number of bond-funded projects had bid values significantly higher than preliminary estimates.
- Discrepancies attributed to current market conditions and inflationary pressures.
- Bond consultants advised reassessing the initial cost projections of the Utility CIP Plan.
- Material changes to the Utility CIP Plan impacts futures rates and the timing of when other bond-related deliverables could be completed.
- Any challenges with the AMI Meter Remediation Project has a direct and material impact to bond-related disclosures.
- Cash flow projections need to be monitored to ensure we finance projects with bond proceeds effectively.

Challenges (Cont.)

RATE STUDY (PHASE I)

- The updated Utility CIP Plan had a material impact on the original model used for the rate study adopted in September 2022.
- An updated Utility Rate Study using an updated model will need to be adopted prior to bond issuance.
- Changes in the Utility Rate Study need to be incorporated in other bond-related documents needed for issuance.

Challenges (Cont.)

RATE STUDY (PHASE II)

- Revenue losses from the AMI Meter Failures need to be addressed.
- An updated rate design will require resources from our utility billing software vendor, Tyler Technologies.
- It is recommended to implement an updated rate design in the latest version of the software.
- Tyler Munis ERP upgrade is scheduled for August 2023
- May need consultant assistance with implementing new rate tables.
- Feasibility of when an updated rate design could be implemented and go-live is TBD.
- Changes in how Stormwater is billed may be included in recommendations (e.g. billed annually) but may have a time delay on when it can be implemented.

CIP PLAN CHANGES

	2022-2024	2025-2027	2028-2029	Project Costs
Original Model				
Water	59,160,353	64,645,700	11,314,000	135,120,053
Wastewater	37,845,932	-	-	37,845,932
Stormwater	5,811,023	27,686,880	24,129,160	57,627,063
Total	\$ 102,817,308	\$ 92,332,580	\$ 35,443,160	\$ 230,593,048
Updated Model				
Water	52,975,419	91,638,017	1,500,000	146,113,436
Wastewater	44,531,140	3,200,000	-	47,731,140
Stormwater	7,265,174	27,686,880	24,129,160	59,081,214
Total	\$ 104,771,733	\$ 122,524,897	\$ 25,629,160	\$ 252,925,790

Impact on Utility Rates

COMPARISON OF ADOPTED AND UPDATED RATE STUDY

	2024	2025	2026	2027	2028	Cumulative Increase
Original Model						
Water	17.00%	10.00%	7.00%	5.25%	3.75%	50.4%
Wastewater	5.25%	5.25%	5.25%	5.25%	3.75%	27.3%
Updated Model						
Water	17.00%	10.00%	8.00%	7.00%	3.75%	54.3%
Wastewater	7.00%	7.00%	5.50%	5.25%	3.75%	31.9%

Updated Bond Issuance Timeline

Major Deliverables



Updated Utility Rate Study Timeline

**Major Deliverables
(Phase I Update &
Phase II)**



JUNE 2023

City Commission - Rate Study Update Approval



SEPTEMBER 2023

City Commission - FY24 Rate Adoption



TBD

City Commission - Phase II Rate Study Workshop



TBD

Testing and Implementation of Rate Tables
in Tyler Munis



TBD

City Commission - Phase II Rate Study Adoption



Questions?

THANK YOU