



## City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	Item Type:		1 <sup>st</sup> Reading	2 <sup>nd</sup> Reading
<b>9/27/2021</b>	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Other	Ordinance Reading	<b>9/13/2021</b>	<b>9/27/2021</b>
		Public Hearing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
		Advertising Required	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		Quasi-Judicial:	<input type="checkbox"/>	<input type="checkbox"/>
File No.:				
<b>21-408</b>				
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: 10/1/2021    Estimated End Date: 9/30/2022				

**SHORT TITLE:**

**AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, SETTING AND AMENDING THE WATER AND WASTEWATER RATES AND ADOPTING A WATER AND WASTEWATER RATE INCREASE FOR FISCAL YEAR 2021/2022; 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 3% increase to the water rates and a 2% increase for wastewater rates effective October 1, 2021. No increases to stormwater rates are being proposed at this time.

**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.

In fiscal year 2016, the City did not meet certain financial debt covenants related to two outstanding bank loans. To remain in compliance with the debt agreements, the City engaged an outside firm in fiscal year 2017, Public Resources Management Group, Inc. (now Raftelis Financial Consultant, Inc.), to conduct a rate study of the City’s water, wastewater, and stormwater rates. The main objective of the study was to establish rates that are sufficient to cover the cost of operating, maintaining, repairing, and financing system operations. Additionally, revenues must meet debt service coverage requirements of the City’s existing and future debt. The City performs an internal review on an annual basis to ensure compliance with all current debt service coverage requirements.

During the August 15, 2018 City Commission meeting, the Water, Wastewater and Stormwater Utility Rate Study was presented by the outside consultant and the proposed rate increases for water and wastewater were discussed. Proposed changes were made to the rate study and a final report was issued on August 20, 2019, resulting in increases of 3% and 2% for water and wastewater, respectively, for fiscal years 2020, 2021, and 2022. The recommended increases for fiscal years 2020 and 2021 were subsequently adopted.

Based on the Water, Wastewater and Stormwater Utility Rate Study (Exhibit 2), the following increases are recommended effective October 1, 2021:

	Current Rate		Proposed Rate Increase	
	Water	Sewer	Water	Sewer
	FY2021		FY2022	
Monthly Base Charge, per unit	\$20.96	\$20.61	\$21.59	\$21.02
Monthly rate per 1,000 gallons:				
0 – 2,000	\$1.13	\$4.21	\$1.16	\$4.29
2,001 – 5,000	\$1.21	\$4.36	\$1.25	\$4.45
5,001 – 10,000	\$1.58	\$4.55	\$1.63	\$4.64
10,001 – 25,000	\$2.48	\$5.05	\$2.55	\$5.15
25,001 and over	\$2.71	\$5.31	\$2.79	\$5.42

The City has major infrastructure needs for its water, wastewater, and stormwater utilities as outlined in the City’s Capital Improvement Plan. The City is currently exploring funding sources for the infrastructure projects that may include but are not limited to grants, state revolving loans, and revenue bonds. An updated utility rate study will be needed soon to ensure sufficient revenues cover the cost of the infrastructure projects as well as any related debt service.

**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 2022 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:**

The City Commission consider the attached Ordinance.

**ATTACHMENT(S):**

Exhibit 1 – Proposed Ordinance

Exhibit 2 – Water, Wastewater, and Stormwater Utility Rate Study

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