



City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	File No.:	Item Type:	1 st Reading	2 nd Reading	
9/25/2024	24-346	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Other	Ordinance Reading	9/12/2024	9/25/2024
			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"/>
Fiscal Impact (\$):	Account Balance (\$):	Funding Source:	Project Number:		
See Below	N/A	N/A	N/A		
Contract/P.O. Required	RFP/RFQ/Bid Number:	Sponsor Name:	Department:		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	N/A	Geovanne Neste, Finance Director	Finance Department		
Strategic Plan Focus Areas:					
<input checked="" type="checkbox"/> Fiscal Stability	<input checked="" type="checkbox"/> Resident Services	<input type="checkbox"/> Public Safety	<input checked="" type="checkbox"/> Infrastructure & Mobility	<input type="checkbox"/> Economic Development & Affordable Housing	
Implementation Timeline:					
Estimated Start Date: 10/1/2024			Estimated End Date: 9/30/2025		

SHORT TITLE:

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, SETTING AND AMENDING THE WATER, WASTEWATER AND STORMWATER RATES FOR FISCAL YEAR 2024-2025; AND PROVIDING FOR CONFLICT; PROVIDING FOR SEVERABILITY; 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 10% increase to the water rates, a 7% increase for wastewater rates, and a 10% increase in stormwater rates effective October 1, 2024.

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 continues to face significant infrastructure needs, driven by the age of its systems, deferred maintenance, and increasing demands due to climate change and ongoing development. In response, the City has been actively engaged in developing and implementing a long-term plan to address these challenges. This plan includes:

- Updating Water, wastewater, and stormwater master plans to establish a long-term capital improvement plan of the entire system.
- Issuing utility revenue bonds to finance capital projects over the next decade.
- 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.

Since the last rate increase, significant changes have been made to account for urgent stormwater project needs. These projects, now requiring substantial debt funding, have been incorporated into the updated Capital Improvement Plan (CIP), which totals approximately \$275.5 million, with \$227.6 million expected to be funded through bonds if alternative sources are not identified. The CIP extends through 2028, but additional projects beyond this period are anticipated.

The Finance Department engaged Raftelis Financial Consultants, Inc. to assist in updating the 5-year utility rate study covering fiscal years 2024 through 2028. This updated study, which was approved on June 21, 2023, reflects significant revisions to capital expenditures, debt service, and projected revenues. These revisions were necessary to accommodate the City's evolving infrastructure needs, particularly in response to rising construction costs.

As part of the study, the City's financial strategies were reassessed to ensure sufficient funding for planned capital projects. The study recommended adjustments to water, wastewater, and stormwater rates, with an emphasis on maintaining financial stability while addressing critical infrastructure needs. The rate increases are designed to align with the issuance of utility revenue bonds, ensuring that the City meets its debt obligations while continuing to invest in its infrastructure.

In addition to the updates already incorporated, a Phase II rate study is currently underway. This follow-up study will focus on further refining the rate structure, incorporating stormwater remeasurements, and ensuring equity across customer classes. The Phase II study is expected to be completed by the end of the calendar year, with any resulting changes taking effect in fiscal year 2026. This study also aims to address the evolving regulatory environment and ensures that the City's rates are sustainable and equitable.

On June 21, 2023, the City Commission adopted an update to Phase I of the FY 2023-2028 Utility Rate Study to incorporate revisions to the City's CIP Plan. The proposed changes resulted in increases of 10%, 7%, and 10% for water, wastewater, and stormwater, respectively, for the fiscal

year 2025. The recommended increases for fiscal years 2026-2028 were also included in the adopted rate study update.

Based on the results of the updated Water, Wastewater, and Stormwater Utility Rate Study, the following increases are recommended effective October 1, 2024:

	Current Rate		Proposed Rate	
	Water	Sewer	Water	Sewer
	FY2024		FY2025	
Proposed Rate Increases	N/A	N/A	10.00%	7.00%
Monthly Base Charge, per unit	\$35.37	\$23.67	\$38.91	\$25.33
Monthly rate per 1,000 gallons:				
0 – 2,000	\$1.90	\$4.84	\$2.09	\$5.18
2,001 – 5,000	\$2.05	\$5.01	\$2.26	\$5.36
5,001 – 10,000	\$2.67	\$5.22	\$2.94	\$5.59
10,001 – 25,000	\$4.18	\$5.80	\$4.60	\$6.21
25,001 and over	\$4.57	\$6.10	\$5.03	\$6.53

	Stormwater	
	Current Rate FY 2024	Proposed Rate FY 2025
Proposed Rate Increase		10.00%
Monthly Charge per Unit/ERU	\$8.92	\$9.81

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 2025 budget approval, staff are 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 recommend adoption of the attached Ordinance which sets and amends the City's Water, Wastewater, and Stormwater rates as of October 1, 2024.

ATTACHMENT(S):

- Exhibit 1 – Proposed Ordinance
- Exhibit 2 – Utility Rate Increases FY25 Presentation

Prepared By: *Geovanne Neste*
Geovanne Neste
Finance Director

Reviewed By: *Noemy Sandoval*
Noemy Sandoval
Assistant City Manager