

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Briefing of Rates and Fees for Water, Sewer and Reclaimed Water

DEPARTMENT: Environmental Services **DIVISION:** Administration

AUTHORIZED BY: *John Cirello* **CONTACT:** Bob Briggs **EXT.** 2148
John Cirello, Director

Agenda Date <u>1-10-06</u> Regular <input type="checkbox"/> Consent <input type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input checked="" type="checkbox"/>
Public Hearing – 1:30 <input type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

No motion is requested. Seeking additional Board direction based on findings and recommendations.

BACKGROUND:

Consistent with the BCC's request for historical and current utility rate fee information, staff is providing the attached summary. Points discussed include the Utility's operating history, Facility costs, historic and current user charges with comparisons, 2005 Rate Study update results and staff recommendations.

Reviewed by:
Co Atty: _____
DFS: _____
Other: _____
DCM: <u>SS</u>
CM: _____
File No: <u>80-DES01</u>

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Water, Sewer and Reclaimed Water
Summary of Rates, Fees and Related
Financial Issues

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Presentation Summary

- **Utility History**
- **Historical Facility Costs**
- **10-Year Rate History**
- **Conservation Rate Revenues**
- **Rates and Charges Comparison**
- **2005 Rate Study Update Results**
- **Recommendations**
- **Questions**

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Operating Results 1979-2004

	1979	2004	Annual Change
■ Customers	2,300	42,000	12.3%
■ Average Bill	\$17.27	\$50.90	4.4%
■ Revenues	\$588,773	\$30.0M	17.0%
■ Expenses	\$284,279	\$17.4M	17.9%
■ Plant Assets	\$6.2M	\$251.0M	16.0%
■ Debt Service	\$192,278	\$7.1M	15.5%
■ Total Debt	\$2.3M	\$75.69M	14.9%
■ Staffing	7	70	9.6%

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Historical Facility Capital Costs

- **Yankee Lake WWTF (1991)**
 - **\$18.6M \$5.65/GPD**

- **Markham WTP (2003)**
 - **\$12.0M \$2.40/GPD**

- **Southeast Regional WTP (2003)**
 - **\$18.1M \$1.98/GPD**

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Water, Sewer and Reclaimed Water Rate History 1996 to Present

	1996		2005
Water			
Base	\$6.60		\$6.60
Vol. Chg./1,000			
0-10k	\$0.65	0-10k	\$0.65
10-15k	0.95	10-15k	1.00
15-20k	1.25	15-20k	1.75
20k-30k	1.50	20-30k	2.50
>30k	1.75	30-50k	3.50
		>50k	4.75

Water, Sewer and Reclaimed Water Rate History 1996 to Present

- No increase to water rates since 1996.
- Steady customer growth supporting increased budget demands.
- As the utility approaches build-out less reliance can be made on these continued effects.

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Water, Sewer and Reclaimed Water Rate History 1996 to Present

Potable Irrigation	1996		2005
Base	\$6.60		\$6.60
Vol. Chg./1,000			
0-10k	\$0.95	0-10k	\$1.00
10-15k	1.25	10-20k	1.75
15-20k	1.50	20-30k	2.50
>20k	1.75	30-50k	3.50
		>50k	4.75

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Water, Sewer and Reclaimed Water Rate History 1996 to Present

	1996	2005
Sewer		
Base	\$11.35	\$11.50
Vol. Chg./1,000	2.59	2.63
Reclaimed Water		
Base	\$0.00	\$0.00
Vol. Chg./1,000	0.45	0.45

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Water, Sewer and Reclaimed Water Rate History 1996 to Present

Connection Fees per ERC

	1996	2005
Water	\$990.50	\$990.50
Sewer	\$2,100.00	\$ 2,100.00

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Water, Sewer and Reclaimed Water Rate History 1996
to Present

Connection Fees per ERC

Cost of Service Study Recommendation:

Water \$1,035

Sewer \$2,475

Recommended but not adopted in 1996.

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Conservation Rates and Revenue Effects

- 2004 Water Revenues \$13.0M
- \$10.7M Budgeted
- Conservation rates increased revenues in 2004 because it was a drought year.
- The purpose of the conservation rate was to curtail water use through excess charges.

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Inverse Block Rate Effect and Non-Drought Conditions

- 2005 Budgeted Revenues \$12.1M on target.
- Some initial increase due to climate and lagged response.
- Revenues down in 2005 despite addition of 4,500 new customers in 2004.

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County Rates and Charges Comparison

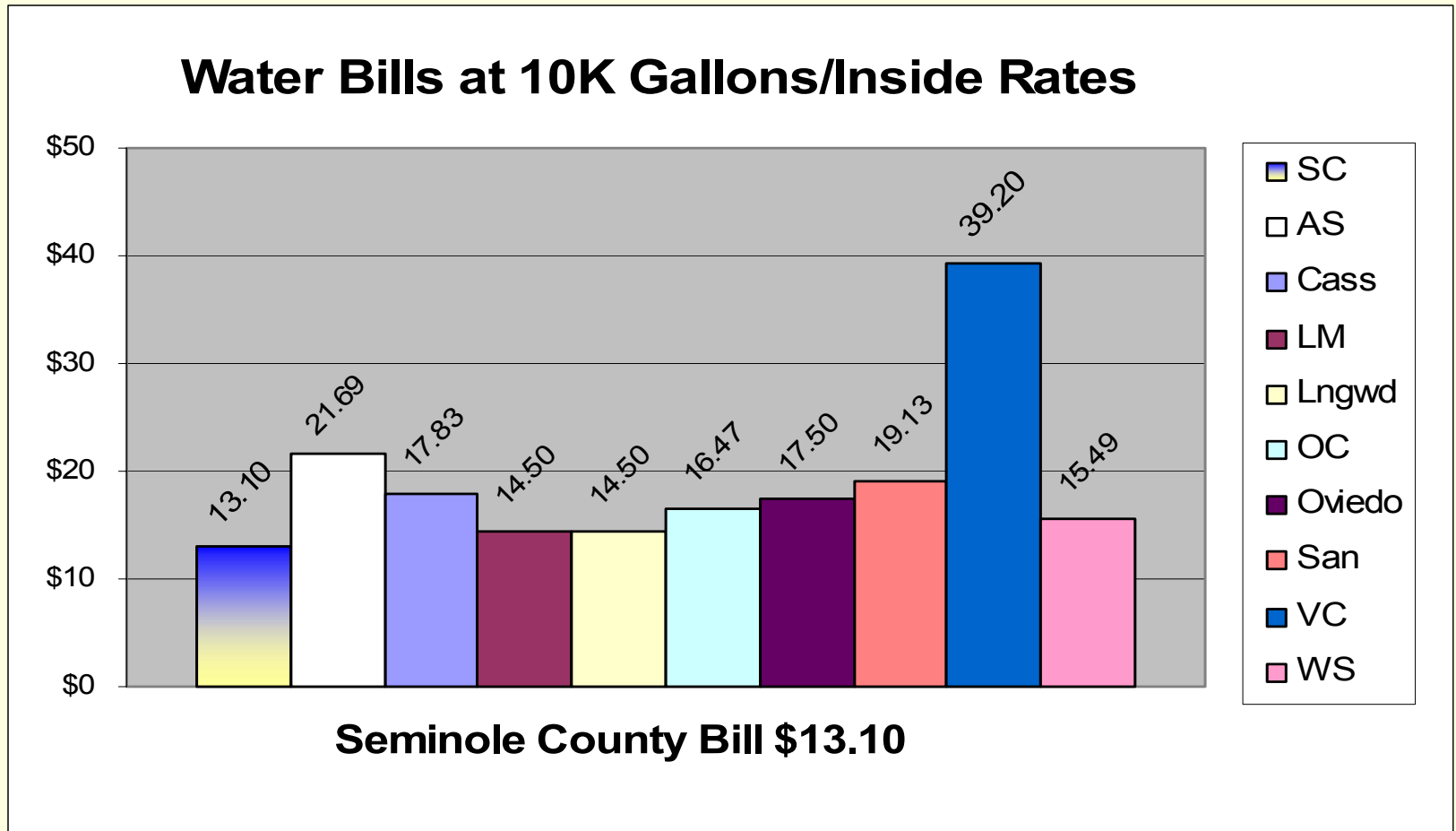
- Water
- Sewer
- Combined
- Reclaimed
- Meter Fees

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County Rates and Charges Comparison

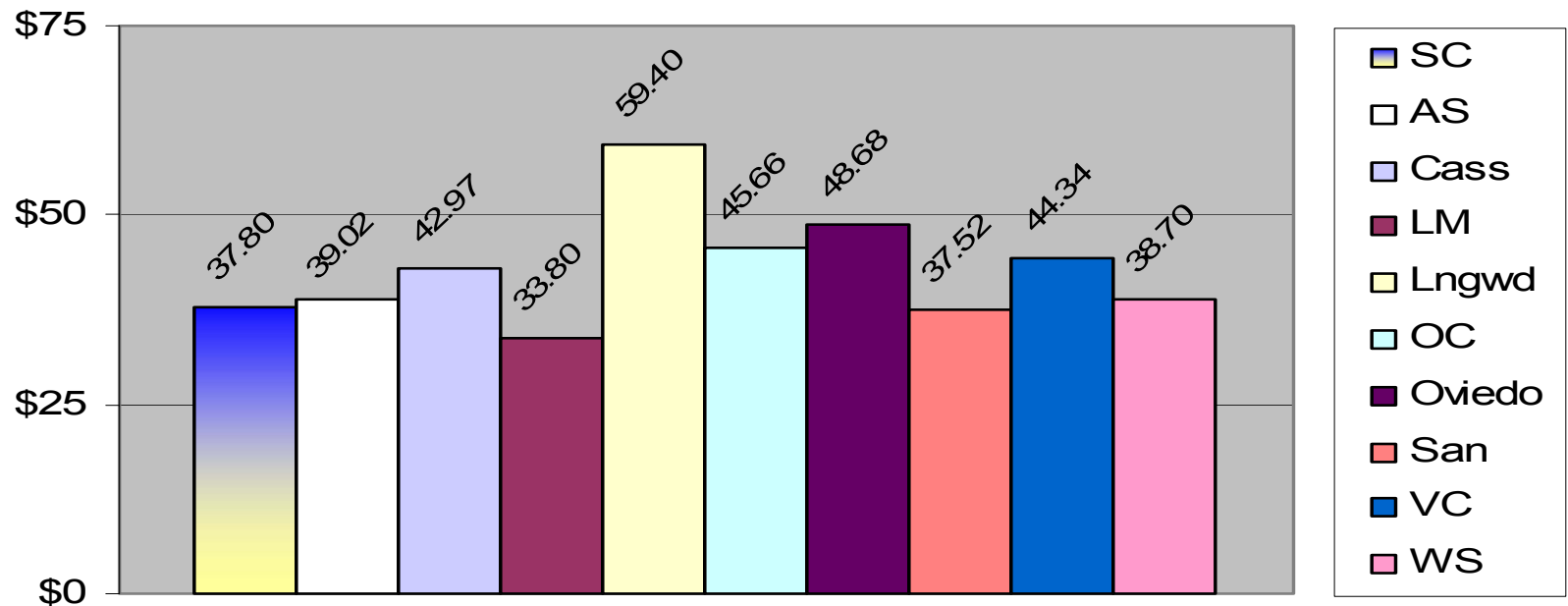
- The decade's growth has provided increased revenues without having a dedicated rate increase strategy adopted.
- As the utility approaches build-out less reliance can be made on these continued effects.
- The effect of not having a dedicated rate increase strategy is that we have the lowest rates in the County.

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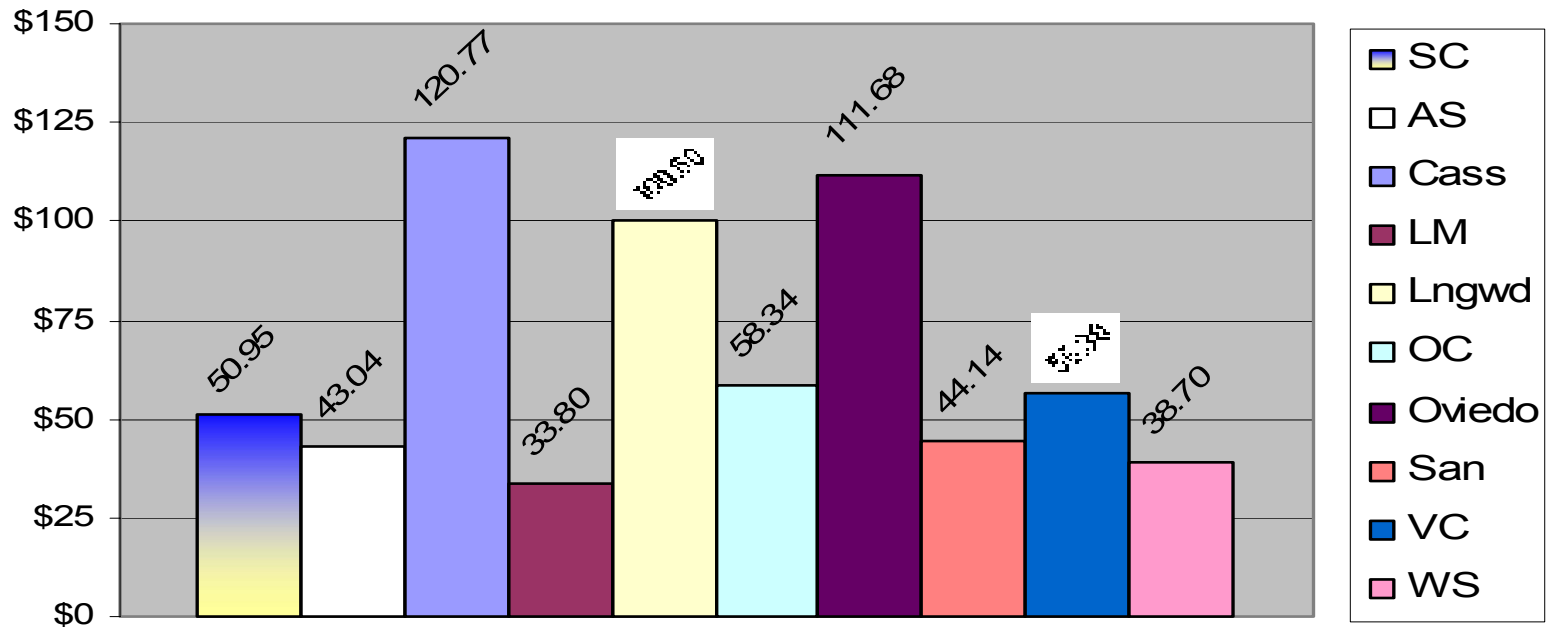
Sewer Bills at 10K Gallons/Inside Rates



Seminole County Bill \$37.80

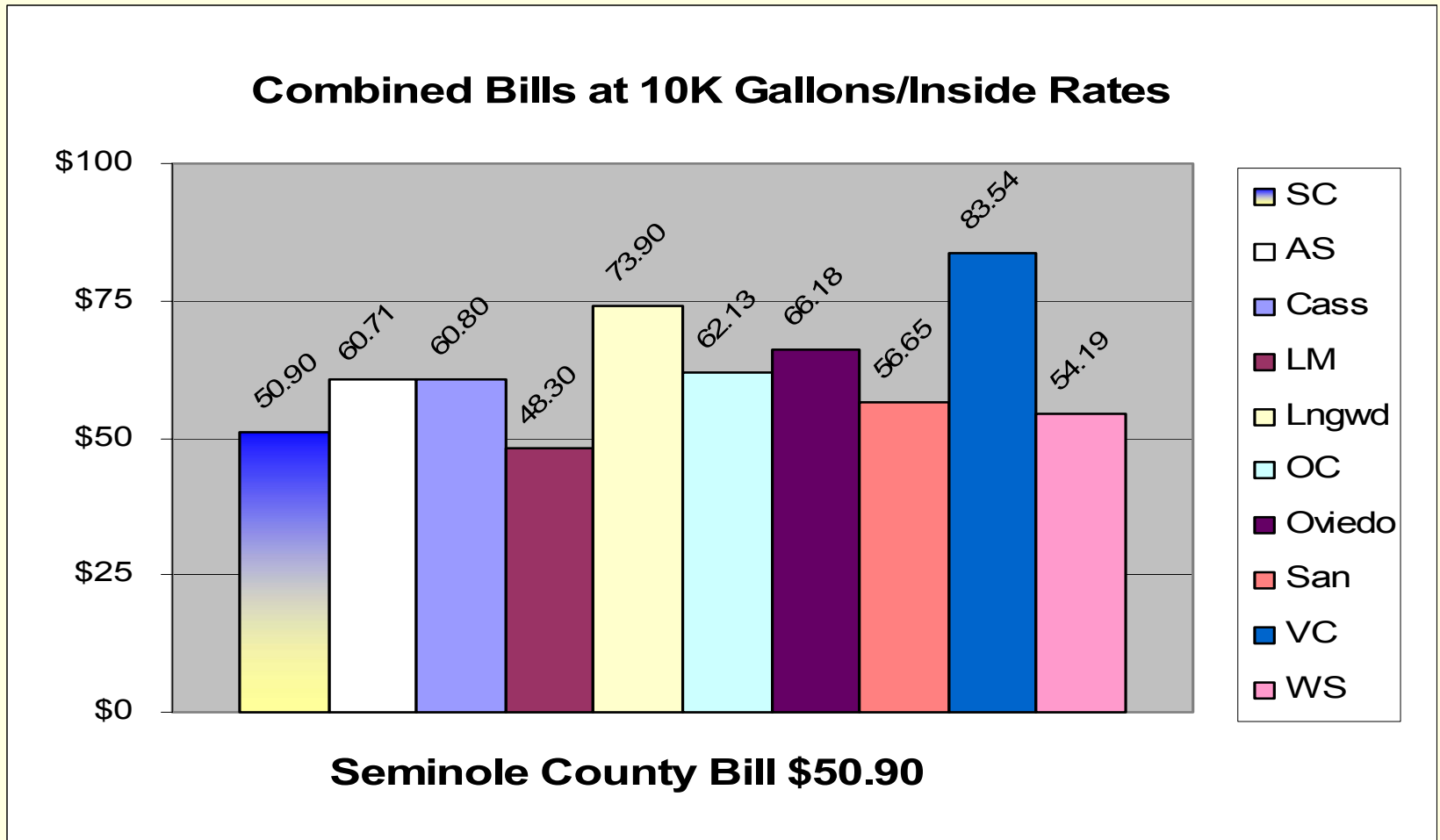
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Sewer Bills at 30K Gallons/Inside Rates

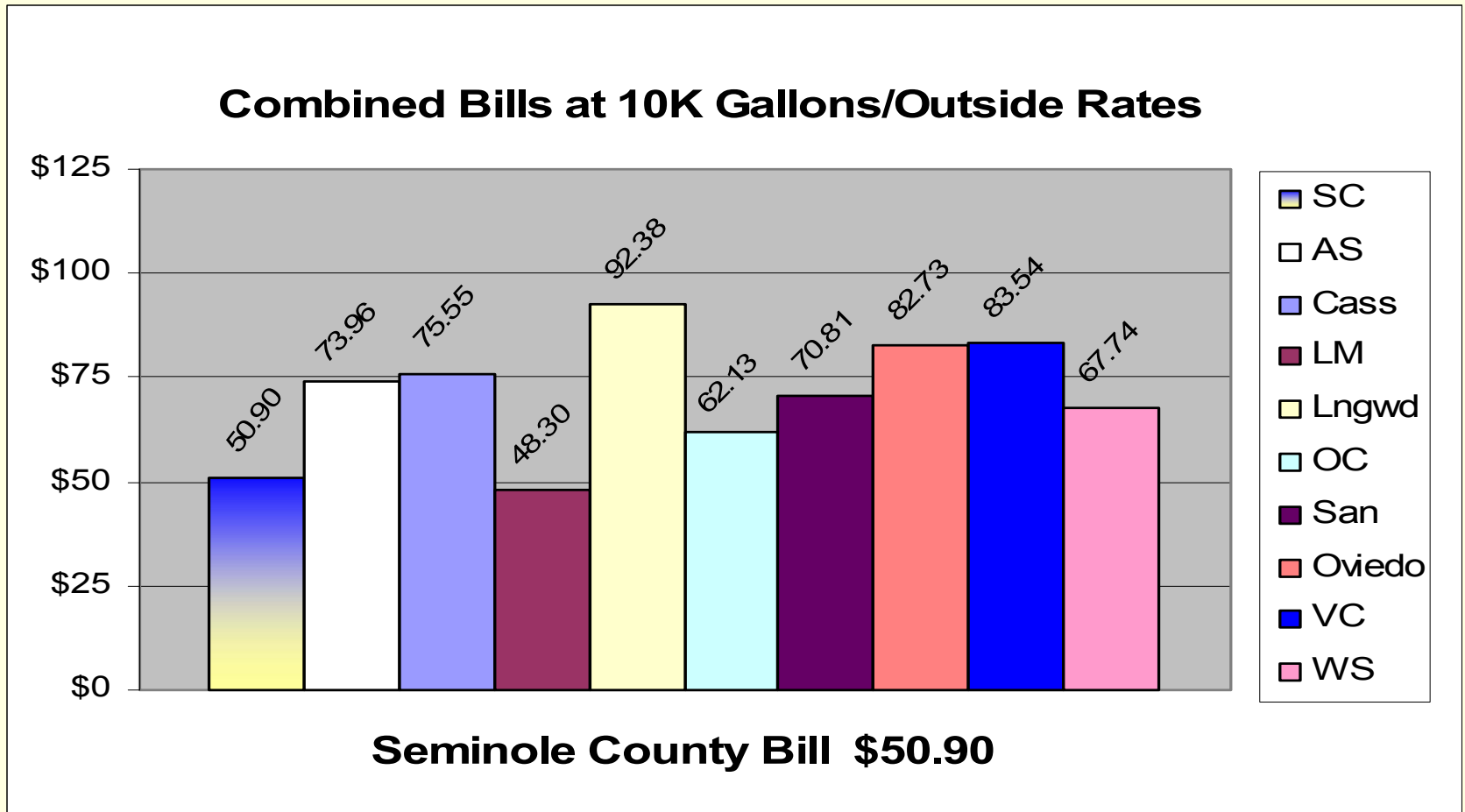


Seminole County Bill \$50.95

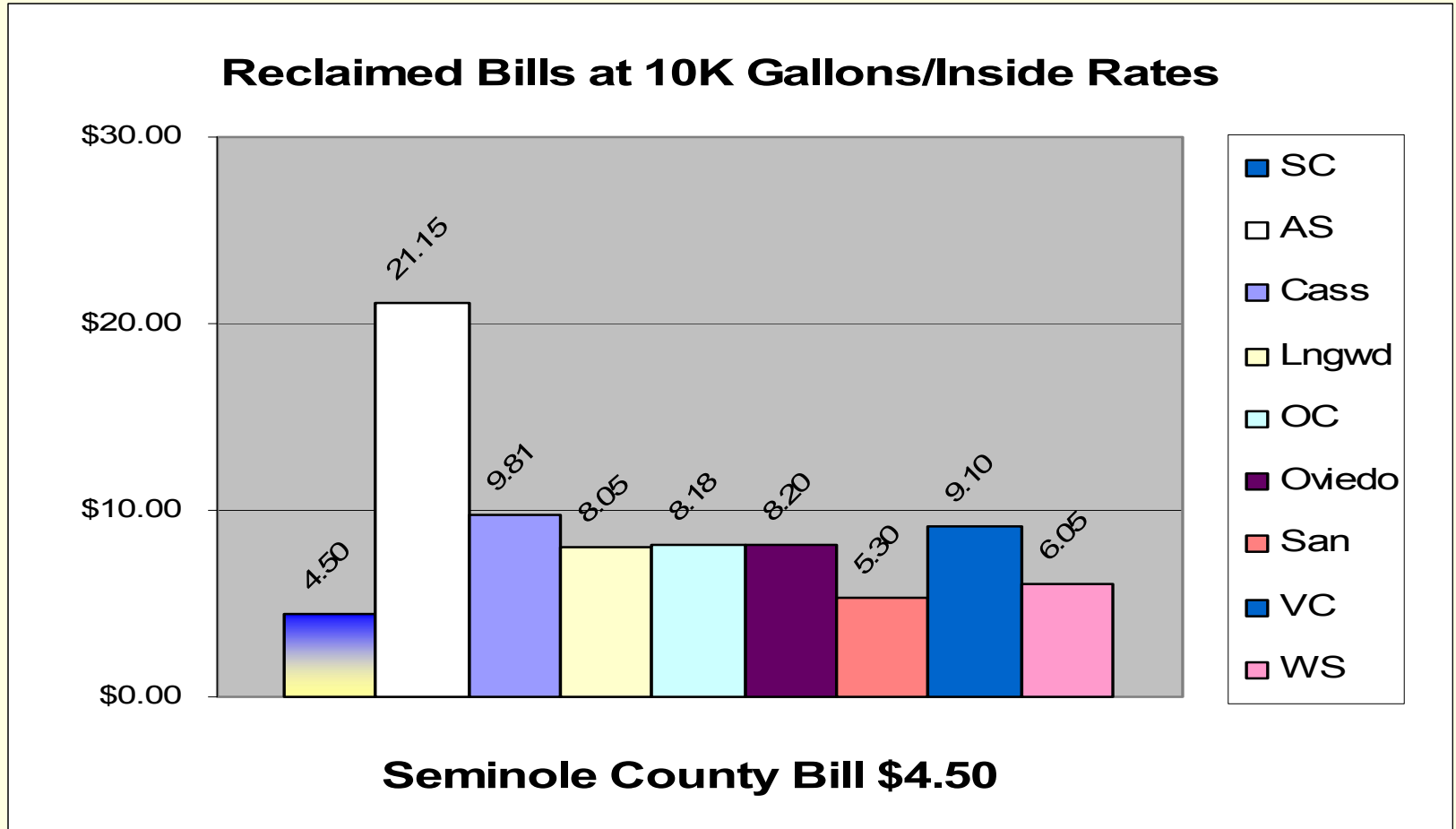
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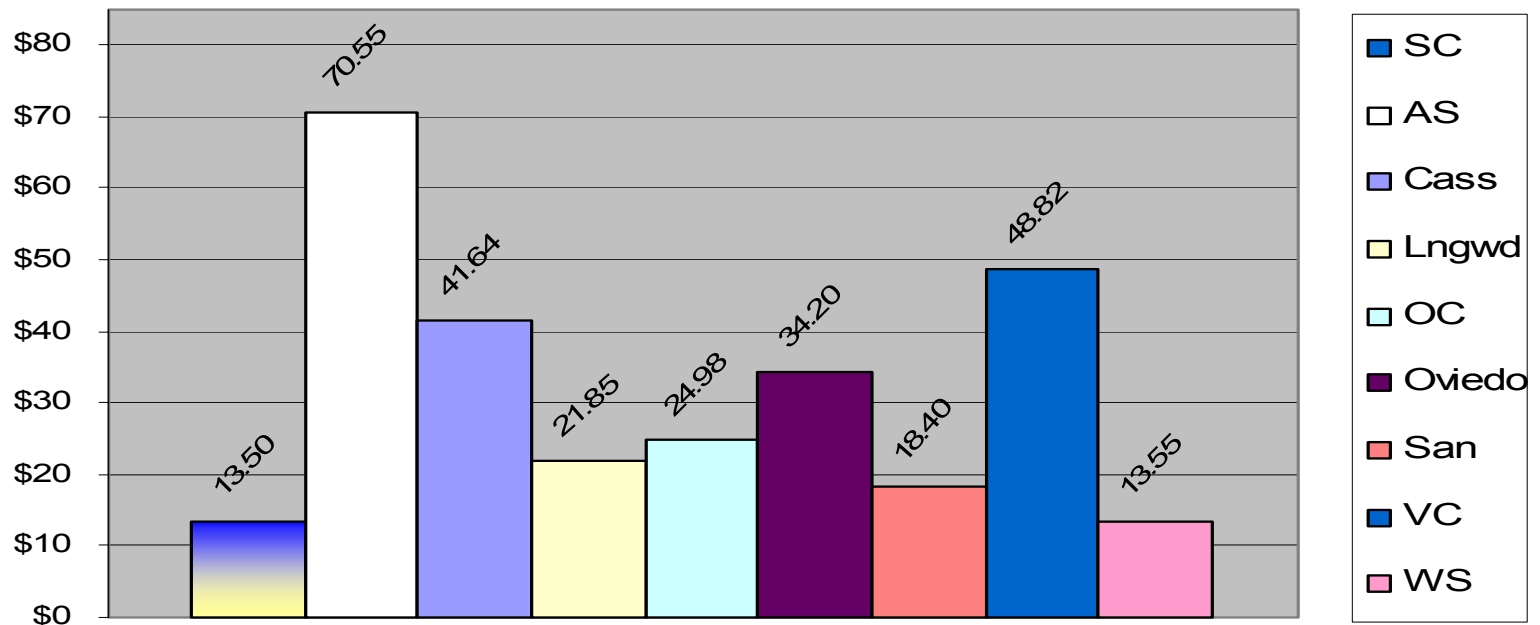


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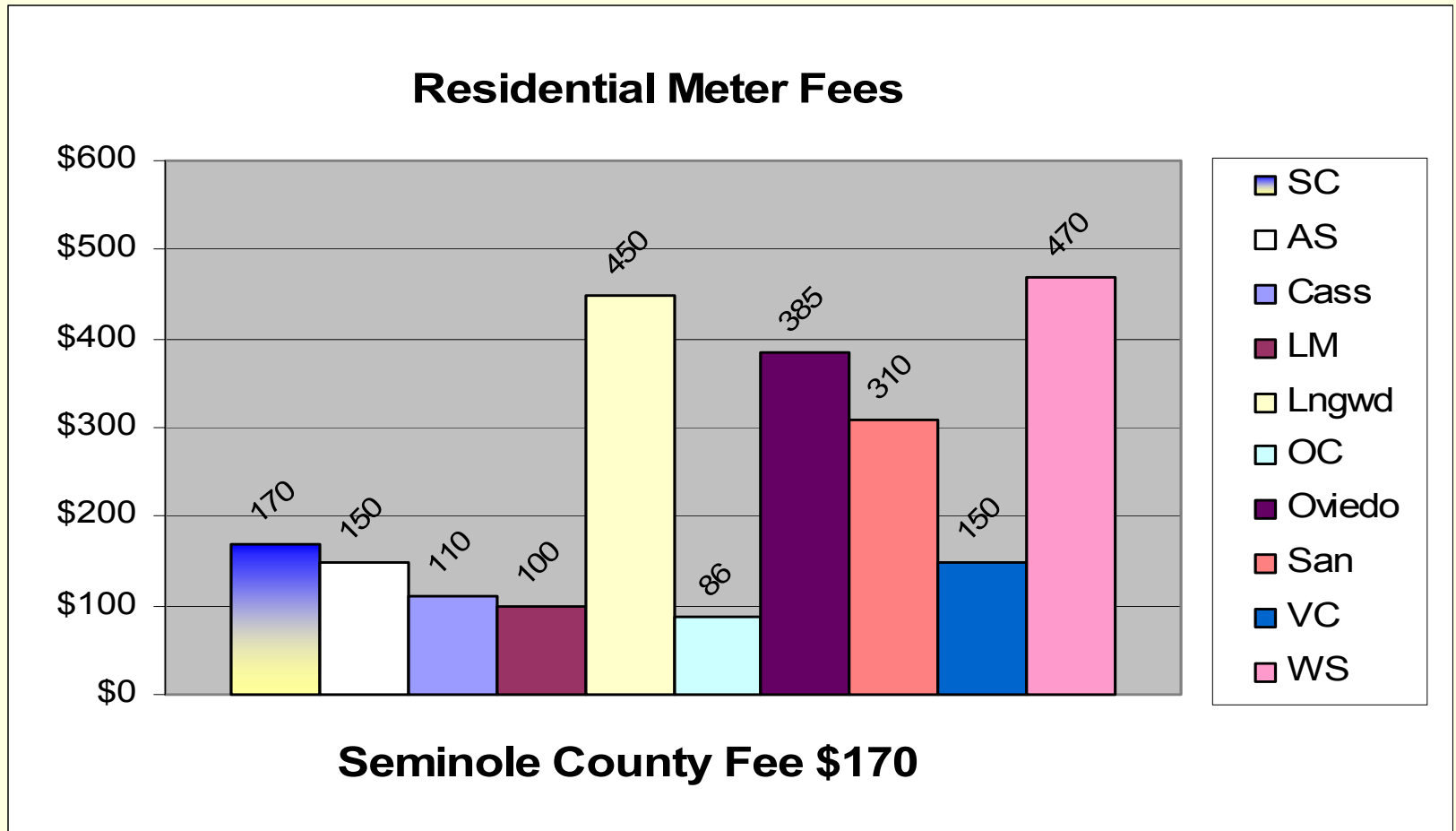
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Reclaimed Bills at 30K Gallons/Inside Rates

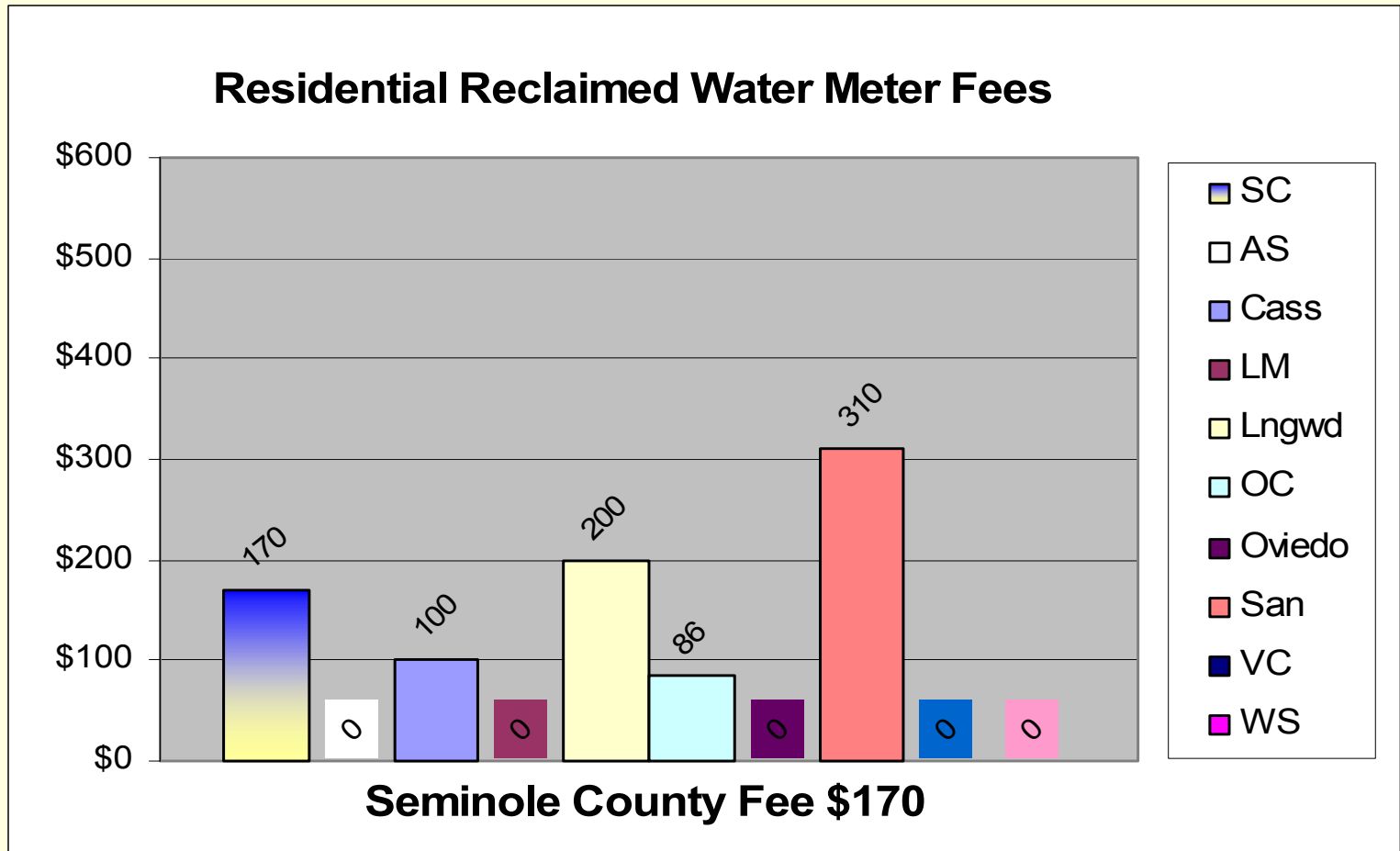


Seminole County Bill \$13.50

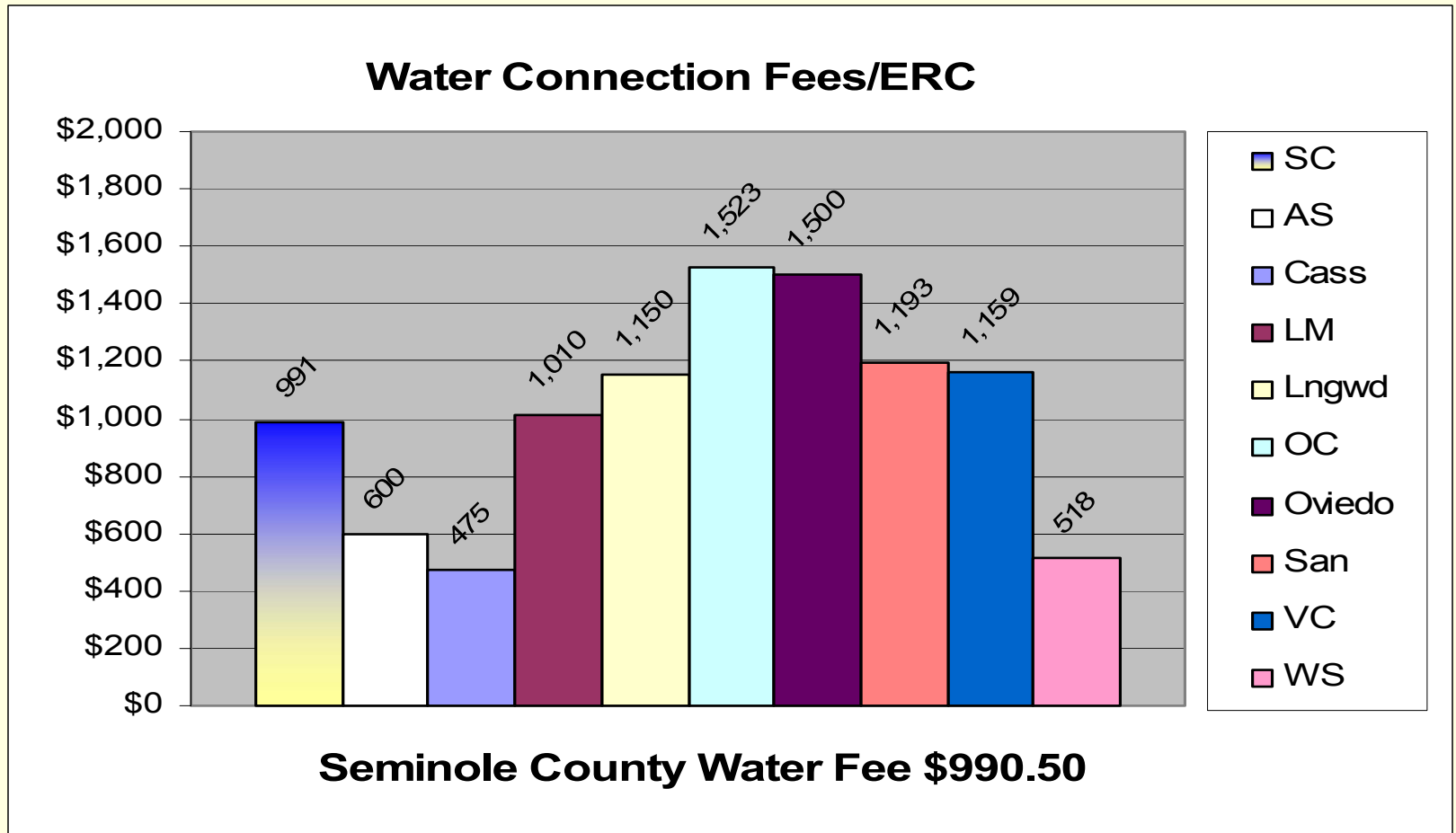
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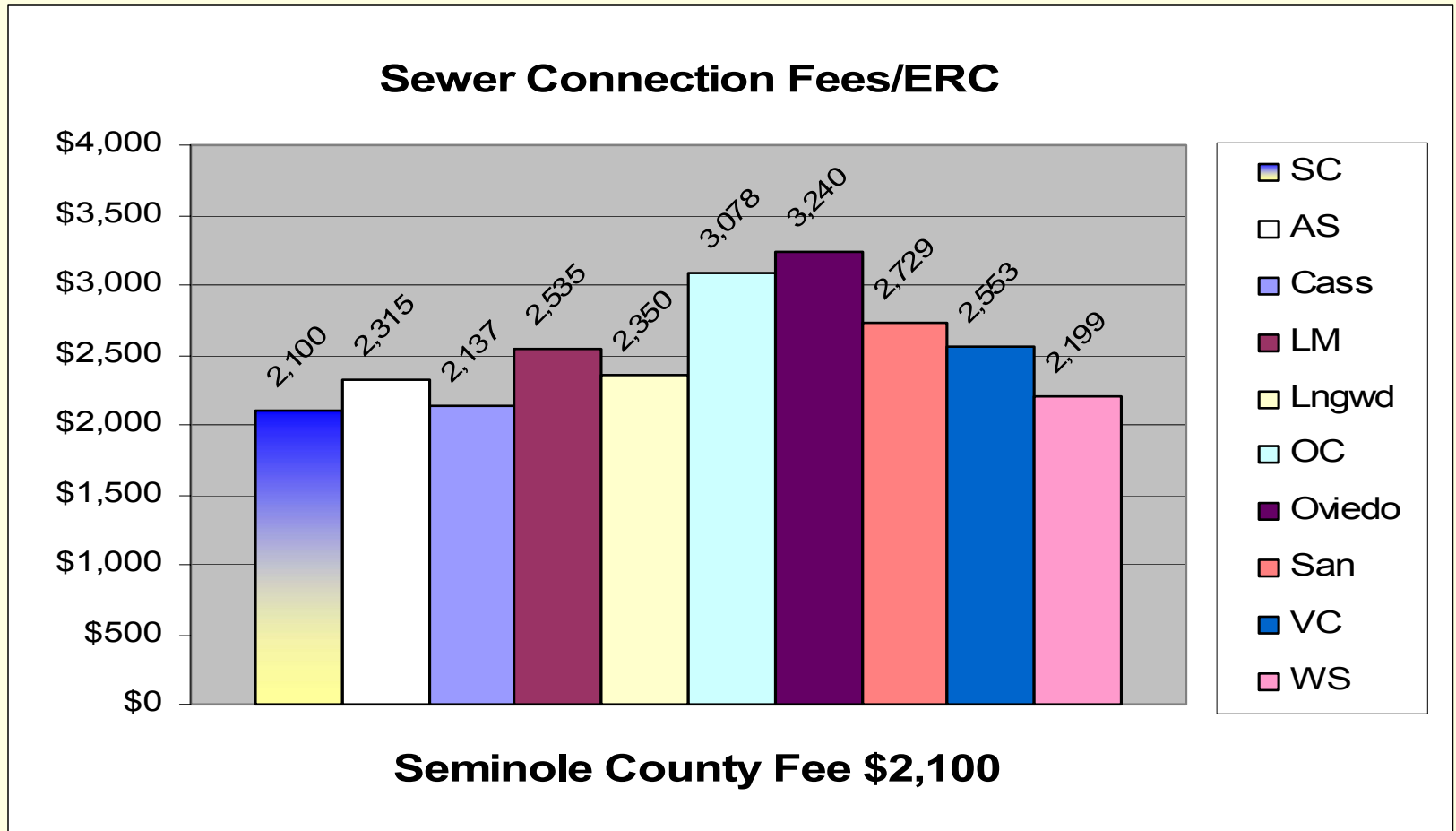
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Timing of Connection Fee Payment

- **In S/C fees are due at no later than final power inspection; issuance of C/O.**
- **Other Entities:**
 - **At Utility Agreement Acceptance**
 - **Volusia County**
 - **At or before Building Permit:**
 - **A/S, Cass, L/M, Longwood, Oviedo, Sanford, Orange County, and Winter Springs**

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Results of March 2005 Rate Study

- **Existing rate revenues will fund existing programs at their present levels of activity and provide adequate D/S coverage in FY 2006.**
- **Additional long-term financing required for \$41.0M in defined capital projects in the 2007 planning horizon.**
- **This is excluding surface water augmentation and projects beyond 2007.**

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Study Recommendations

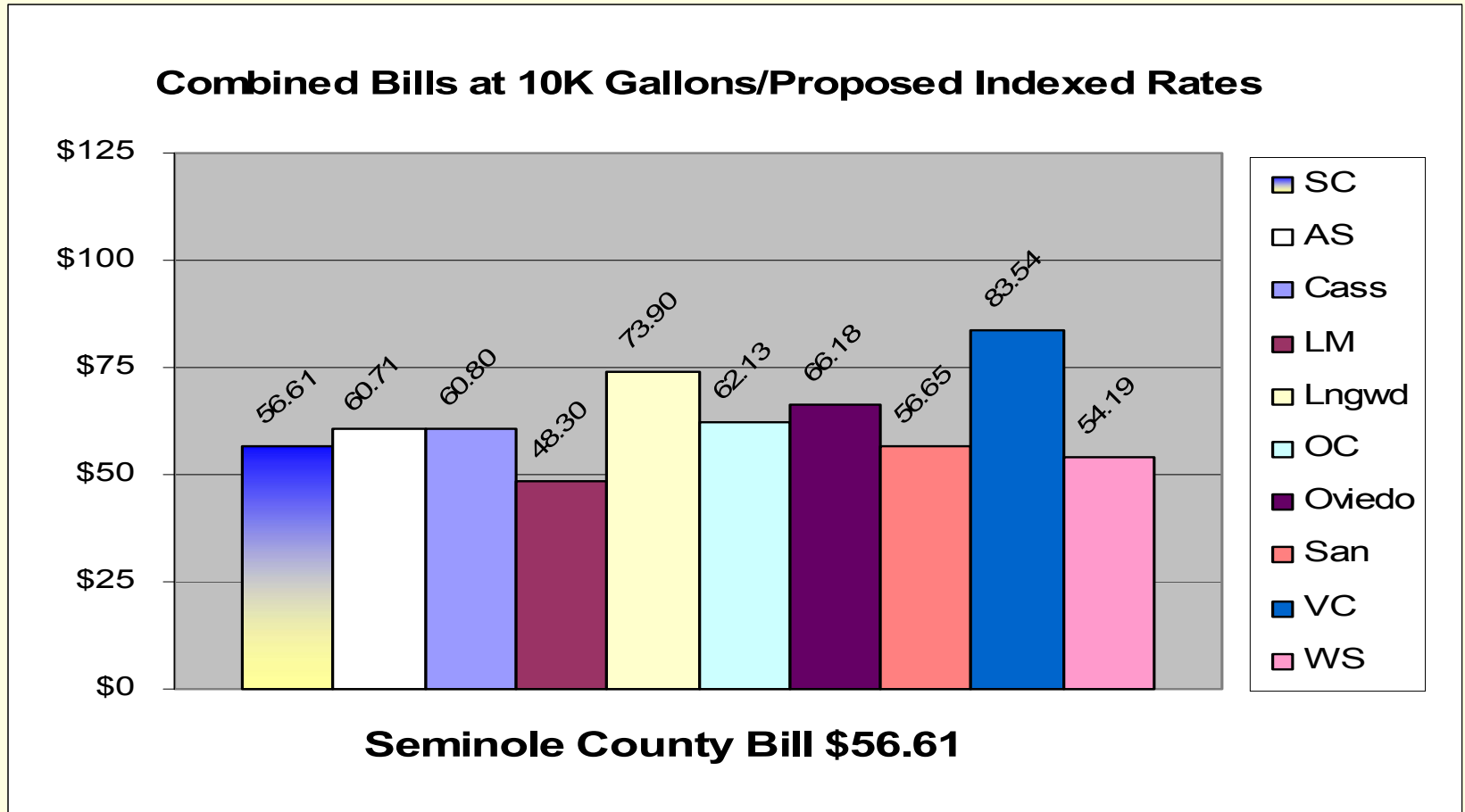
- **Adopt Rate increase sufficient to cover impact of new debt for identified projects. Initial estimate 8.0%.**

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Recommendations cont.

- **Adopt a rate indexing strategy for fiscal years 2006 and 2007. Initial estimate 3.0%.**
- **Consider adoption of rate indexing through the five-year planning horizon with annual evaluation of need.**
- **Consider CIP pre-funding strategy.**

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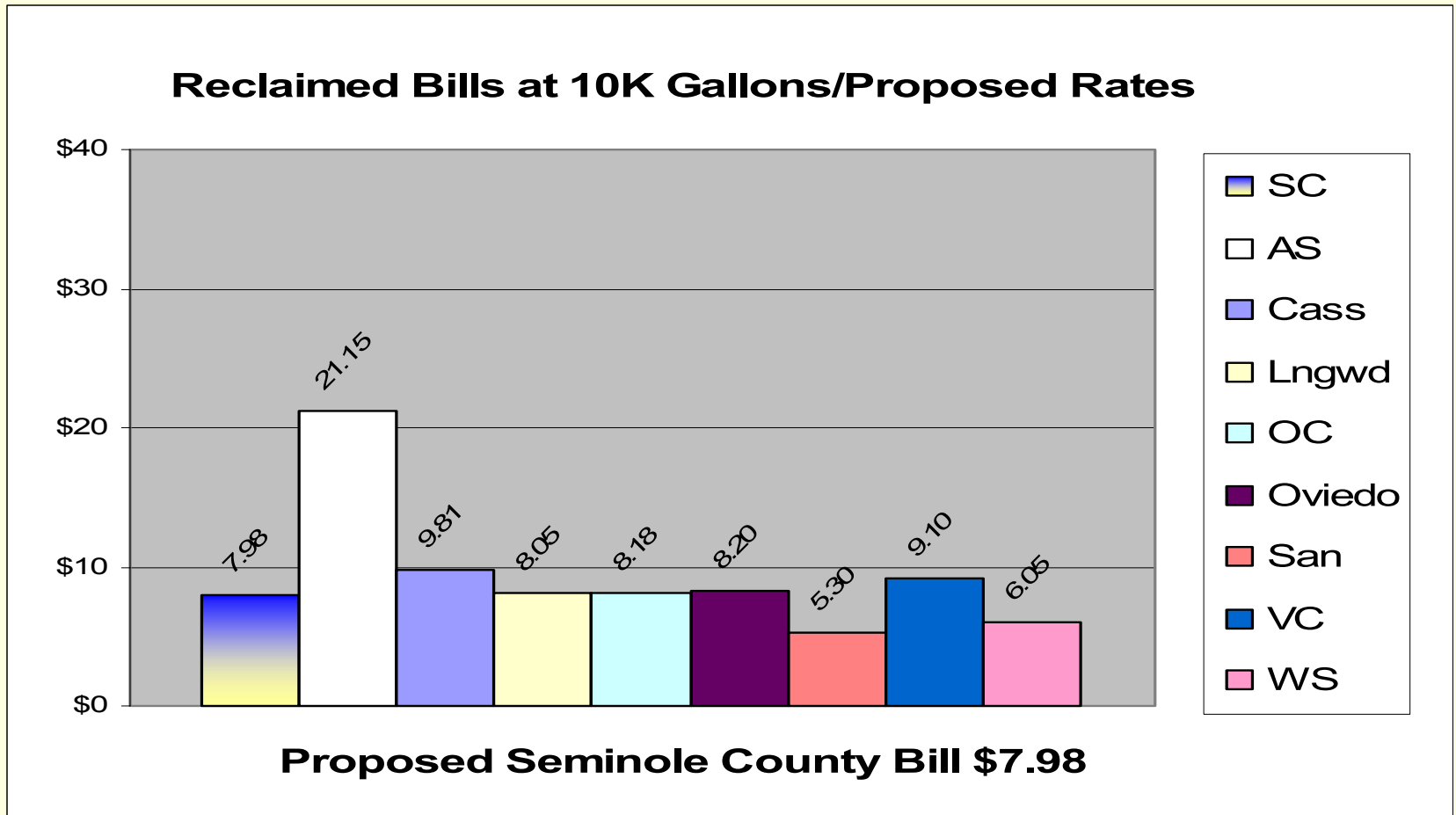


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Draft Sample Conservation Reclaimed Water Rate Structure

Base	\$3.54
Vol. Chg./1,000	
0-10k	\$0.45
10-20k	0.78
20-30k	1.29
30-50k	2.13
>50k	2.89

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FY 2006 Recommendations

- **Authorize a retail reclaimed water rates structure.**
- **Again to discourage through rates excessive irrigation with reclaimed water.**

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2006 Recommendations Cont.

- **Authorize staff to proceed with necessary revisions to ordinances (W&S, Reclaimed Water, and Streamlining) and resolutions.**

- **Other ordinance/resolutions changes.**
 - **Industrial Pretreatment (IPP)**
 - **Cross-Connection Control (CCC)**

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- Proposed IPP And CCC Rate Amendments
- Industrial Pretreatment Program
 - Food Service Establishment Fee (FSE)
 - Industrial Wastewater Discharge Permit Fee (IWDP) Increase
 - Remove Industrial Wastewater Discharge Permit Reissuance Fee
 - Compliance and Fines
 - Sampling Fees

Proposed IPP And CCC Rate Amendments cont.

- Cross Connection Control
 - Turn on/Turn off fee
 - Field Test not late charge
 - Field Test late charge

Proposed IPP And CCC Charges

Industrial Pretreatment Program

	Now	Proposed
■ FSE Fee	None	\$10.00/Mo.
■ IWDP Fee	\$250/permit	\$500/permit
■ IWDPR Fee	\$150/permit	Eliminate
■ Violation	None	\$100/day
■ Lab Analysis	None	\$Actual Costs
■ Sampling (Compliance)		
■ Grab	\$50	\$75
■ Composite	\$100	\$150

Proposed IPP And CCC Charges Cont.

Cross Connection Control

Requested Change	Now	Proposed
■ Turn on/Turn off	None	\$25
■ *Field Test	None	Actual Cost
■ *Field Test Late	None	\$50

*Annual test

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Questions