



Legislation Text

File #: 18-2216, Version: 1

ITEM: RESOLUTION NO. R2018-35 (UTILITY RATE STUDY)

A RESOLUTION OF WELLINGTON, FLORIDA'S COUNCIL ESTABLISHING RATES, FEES AND CHARGES WHICH THE VILLAGE MAY ASSESS ITS CUSTOMERS FOR POTABLE WATER AND WASTEWATER SERVICE AND RELATED MISCELLANEOUS UTILITY SERVICES; THE MANNER IN WHICH THOSE AMOUNTS MAY BE ASSESSED AND AUTOMATICALLY ADJUSTED; THE MANNER AND AMOUNTS IN WHICH CUSTOMER DEPOSITS MAY BE ASSESSED FOR SUCH SERVICES; AND PROVIDING AN EFFECTIVE DATE.

REQUEST: Approval of Resolution No. R2018-35 establishing rates, fees and charges which the Village may assess its customers for potable water and wastewater service and related miscellaneous utility services.

EXPLANATION: The Utility Department engaged the services of Environmental Financial Group, Inc. (EKG) and Public Resource Management Group (PRMG) to prepare a 2018 Utility Rate Study to examine rates, fees and charges levied by the Village to its water and wastewater customers and to develop specific recommendations to adjust those fees to conform with forecasted fiscal years 2018 through 2022 revenue requirements. The single most important objective of the proposed rates is to produce sufficient revenue to meet projected operating expense requirements and support funding of the Utility Capital Improvement Plan (CIP) over a five year period which is currently projected at \$89 million. The key driver of the Utility CIP is to renew, repair and replace aging water and wastewater infrastructure. The last Utility Rate Study was completed in 2009. The proposed rates, fees and charges reflect full cost recovery principles, promote continued conservation of water resources and maintain a strong financial position.

The recommendations include:

- Automatic yearly indexing of all user fees and charges except Capacity Fees, at the greater of 3.5% or the Consumer Price Index Water and Sewer Maintenance beginning October 1, 2019
- Increase all monthly Base Facility Rates and Usage Charges by 3.5% beginning October 1, 2018
- Adopt a 5.6% combined water and wastewater Capacity Charge increase
- Adopt new fees for Miscellaneous Charges, Meter Installation Charges and Customer Deposits
- Adopt monthly Fire Line Base Fees and Capacity Charges
- Maintain the existing rate structure
- Merge Commercial, Governmental and Irrigation customer classes into a single Commercial class
- Eliminate the existing Commercial two-tier potable water Usage Charge and replace with a one-tier Usage Charge

The Rate Study also recommends that the Village begin planning now for the issuance of long term debt to fund a portion of the planned \$89 million capital investment over the next five (5) years. The Utility currently has no debt.

BUDGET AMENDMENT REQUIRED: NO

PUBLIC HEARING: NO **QUASI-JUDICIAL:**

FIRST READING: YES **SECOND READING:**

LEGAL SUFFICIENCY: YES

FISCAL IMPACT: The recommended fee schedule combined with future rate indexing will provide water and wastewater revenues sufficient to fund utility operations and renewal and replacement programs. The annual cash flow forecast is included in the Rate Study Report in Table 2 on Page 10.

WELLINGTON FUNDAMENTAL: Responsive Government

RECOMMENDATION: Approval of Resolution No. R2018-35 establishing rates, fees and charges which the Village may assess its customers for potable water and wastewater service and related miscellaneous utility services.