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**COMMISSION DISTRICT:** All

**FILE NO.:** UT21-0542

**DATE:** 8/24/2021

**SUBJECT:** A Resolution By The Board Of County Commissioners Of Pasco County, Florida, (Regular) Revising The Water, Wastewater And Reclaimed Water Rates, Fees, And Charges; And Providing An Effective Date

**REFERENCES:** Code of Ordinances, Chapter 110; RSQ-JG-16-116

**AGENDA SECTION:** Public Hearings

**THRU:** Michael Carballa, Assistant County Administrator

**FROM:** Robert Marin, Utilities Director

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**RECOMMENDED BOARD ACTION:**

Adopt the 2021 Rate Study and the Rate Resolution outlining the adjustment to rates, fees, and charges for Utilities Services for the Fiscal Year (FY) 2022 through FY 2025. Authorize the Chairman to execute the Rate Resolution provided, and direct Board Records to distribute as set forth under the Distribution section below.

**BACKGROUND SUMMARY/ALTERNATIVE ANALYSIS:**

On August 23, 2016, the Board of County Commissioners (BCC) approved a professional services agreement under RSQ-JG-16-116 with Burton and Associates, Inc., now known as Stantec Consulting, Inc. (Stantec) for consulting services for utility rate structure analysis and other utility related financial services. On February 5, 2021, the County Administrator approved a task order with Stantec to perform a Water, Wastewater and Reclaimed Water Rate Study for FY 2022 through FY 2025.

Findings and recommendations outlined in the study generally include across-the-board adjustments and increases to all service rates, fees and charges in an effort to achieve cost recovery for services and to balance against the Utility's increases in operating, capital and other financial requirements. Stantec recommends that the County continue its previously adopted annual rate indexing plan of 1.5% for water, and 3.5% for wastewater. If the recommended rate adjustments are approved, effective October 1, 2021, a customer with an average 6,000 gallons water and wastewater bill will see an increase from \$79.00 to \$81.30. For residential customers receiving reclaimed water currently under the flat rate structure, Stantec recommends adjusting the flat rate charge to a base charge of \$11.00 which will include 10,000 gallons of usage per month, and implementing a \$1.10 per thousand volumetric rate component to apply to usage above the 10,000 gallon threshold. Then, implement an indexing plan of 3.5% each year beginning October 1, 2022 (FY 2023). Because the County adopts a four-year rate schedule, the residential customer's monthly bills are projected to increase over the following three years, through FY 2025.

The recommended rate adjustments are necessary to generate sufficient operating revenue to cover operation and maintenance costs and meet debt service coverage pursuant to the covenants established by the County's Board Master Trust Indenture. Additionally, these measures are necessary to maintain the current AA rating the Utility holds with bond agencies that regularly surveil and evaluate the financial and operational strength of the Enterprise.

The Public Infrastructure Branch recommends that the BCC approve and adopt the attached Rate Study and Resolution setting the rates and charges described above and therein.

**FISCAL IMPACT/COST/REVENUE STATEMENT:**

Funding is not required for this action.

**DISTRIBUTION:**

Board Records to distribute as set forth below:

1. Retain One Original

**ATTACHMENT(S):**

1. UT21-0542 Resolution (One Original)
2. UT21-0542 Exhibit A (One Original)
3. UT21-0542 Utility Rate Study Final Report
4. UT21-0542 Proof of Publication
5. UT21-0542 Proof of Publication - Lab Fees

cc: Justin Grant, Public Infrastructure Fiscal and Business Administration Director