

## **Additional Background Information**

### **Water and Wastewater**

The City of Fort Lauderdale supplies water and sewer services on a regional basis to over 250,000 residents of central Broward County. The areas serviced by the City's treatment facilities and the distribution and collection system include Fort Lauderdale, Port Everglades, Sea Ranch Lakes, Lauderdale-by-the-Sea, Oakland Park, Wilton Manors, Davie, Tamarac and portions of unincorporated Broward County.

The series 2008 Water & Sewer Revenue Bonds Feasibility Report recommended the City perform and implement a rate study for the following reasons:

- Financial Stability
- Water Conservation & Stewardship
- Fund Operation & Capital Improvements

The firm of Burton and Associates was awarded the project. A complete water and wastewater rate study was conducted to review and make recommendations on the water and wastewater rate structure. The firm completed the Final Draft Report May 13, 2009. The report was presented to the Commission at the May 19<sup>th</sup> conference meeting, at which time City Commission directed staff to:

- Return with the rate changes in July
- Present an Environmental Review of the proposed rate structure changes

The Final Draft Report identifies a need for a rate structure adjustment that will provide additional revenue in FY 2009 - 2010 and recommends a 5% rate increase in FY 2010-2011. The FY 2009 - 2010 rate structure changes are not just across-the-board rate increases. It is a restructuring of fixed fees and commodity charges. The table on Page 3 of this report reflects the impact of the FY 2009 - 2010 increase to a residential customer using 7,000 gallons of water monthly.

In addition, there is some new terminology being introduced, in the proposed ordinance, as a result of the Final Draft Report:

- The word "Block" was added. It is being used to identify the range of gallons used by a customer. The charts and the written explanations use the same terminology for ease in reading through the calculations.
- The word "commodity" is present in the current version of the ordinance. To be consistent it has been added to some of the charts where it was absent previously. The word is simply defined as water/wastewater bought and sold.
- The word "multifamily" has an expanded use in the revised ordinance. It is replacing the words "duplex" and "triplex". The word is defined as more than one dwelling unit. For example a duplex is multifamily residence consisting of two dwelling units and a triplex is a multifamily residence consisting of three dwelling units.

- Fixed charges are the charges applied to active customers to recover a portion of the costs the City incurs to maintain the ability to serve the property.
- Customers that turn their meters on and off will still be charged a minimal monthly fee to pay for the water and sewer capacity reserved for their property. This is a new charge and it will take effect on or after August 1, 2009. There are exemptions to this charge, for example a vacant property with no water meter would be exempt.
- Service availability reconnection charge is also a new charge. If a customer meets the requirements for the exemption listed in the ordinance then they would not pay the service availability charges but, when they chose to activate the account they would pay the service availability reconnection charge.