



LAUDERDALE • BY • THE • SEA

**Agenda Item Memorandum**

**Finance**

Department

**Finance Director, Tony Bryan**

Department Director

<b>COMMISSION MEETING DATE - 7:00 PM</b>	<b>Deadline to Town Clerk</b>
<input type="checkbox"/> October 23, 2012 – Regular Meeting 7:00 PM	Oct 17

\*Subject to Change

- |                                       |   |                                       |   |
|---------------------------------------|---|---------------------------------------|---|
| <input type="checkbox"/> Presentation | <input type="checkbox"/> Reports        | <input type="checkbox"/> Consent      | <input checked="" type="checkbox"/> Ordinance |
| <input type="checkbox"/> Resolution   | <input type="checkbox"/> Quasi-Judicial | <input type="checkbox"/> Old Business | <input type="checkbox"/> New Business         |

**FY2012 DESIGNATED HIGH PRIORITY ITEM - PRIORITY TOPIC**

**SUBJECT TITLE: Sewer Rate Ordinance**

**EXPLANATION:** On October 23, 2012 the Commission adopted Ordinance 2012-13 Sanitary Sewer System: Rates and Charges on first reading. The Commission will recall that Burton performed a comprehensive analysis of sewer usage and designed the proposed rate structure to apportion costs to sewer customers based on the demand they place on the system. This included assigning a certain number of equivalent residential units (ERUs) to each commercial customer by calculating the average of their three highest months' water consumption and comparing that figure to the average peak consumption for single family residential customers. The resulting rate structure is as follows:

	Single Family Residential	Multi Family Residential	Commercial
Cust Service / Admin Charge (by bill)	\$ 1.31	\$ 1.31	\$ 1.31
Base Facility Charge (by ERU)	\$ 8.92	\$ 3.68	\$ 8.92
Usage Charge (per 1,000 gallons)	\$ 5.13	\$ 5.13	\$ 5.13

The table below illustrates the impact of the revised proposed rate structure relative the current rate structure on single family homeowners at different usage levels.

	Gallons	Revised Proposed	Current	Diff (\$)	Diff %
Median	4,000	\$ 30.75	\$ 28.73	\$ 2.02	7%
	5,000	\$ 35.88	\$ 32.19	\$ 3.69	11%
	6,000	\$ 41.01	\$ 35.65	\$ 5.36	15%
	7,000	\$ 46.14	\$ 39.11	\$ 7.03	18%
<b>Average</b>	<b>8,000</b>	<b>\$ 51.27</b>	<b>\$ 42.57</b>	<b>\$ 8.70</b>	<b>20%</b>
Max	9,000	\$ 56.40	\$ 46.03	\$ 10.37	23%
	10,000	\$ 61.53	\$ 49.49	\$ 12.04	24%

Per the table above, on average single family homeowners use approximately 8,000 gallons of water per month. This results in an average monthly sewer bill of \$42.57. Under the proposed rate structure that amount would increase by approximately 20% to \$51.27. However, single family homeowners could offset a significant portion of the increase by reducing water consumption to 7,000 gallons, at which point the monthly charge would be \$46.14 (which represents an 8% increase over the current monthly charge).

Similarly, the following table shows how a large commercial customer can offset a significant portion of the cost increase by implementing water conservation measures. Specifically, a customer with 49 ERUs and an average monthly water usage of 414,000 gallons would see a 77% increase in rates if the Town implements the proposed rate structure. However, if that customer were to reduce their monthly water consumption to 350,000 gallons, the increase would be 54%. If water usage was further reduced to 300,000 gallons, the increase would be 37%.

Assigned ERUs	Monthly Water Usage (Gallons)	Proposed Rate Structure	Monthly Water Usage (Gallons)	Current Rate Structure	Difference \$	Difference %
49	414,000	\$ 2,562	414,000	\$ 1,449	\$ 1,113	76.9%
49	375,000	\$ 2,362	414,000	\$ 1,449	\$ 913	63.0%
49	350,000	\$ 2,234	414,000	\$ 1,449	\$ 785	54.2%
49	325,000	\$ 2,106	414,000	\$ 1,449	\$ 657	45.3%
49	300,000	\$ 1,977	414,000	\$ 1,449	\$ 529	36.5%

Additionally, we will be modifying the Ordinance 2012-13 prior to November 27<sup>th</sup> to incorporate provisions of Fort Lauderdale’s Code of Ordinances that provide a mechanism to separately meter water that does not enter the sewer system (e.g., water used for a cooling tower). Separate metering will allow the customer to have that water usage excluded for purposes of calculating their sewer bill. Customers who are interested in exploring this option will need to submit an application to Fort Lauderdale for consideration.

**EXPECTED OUTCOME: Defer adoption of Ordinance 2012-13 on second reading until November 27, 2012 while we await Ft. Lauderdale’s confirmation that they will be able to accommodate our proposed implementation date.**

**EXHIBITS:** Ordinance 2012-13 Sanitary Sewer System: Rates and Charges

Ordinance Reviewed by Town Attorney

Yes  No

Town Manager Initials

