

CITY OF HOLLY HILL, FLORIDA

CITY COMMISSION

AGENDA • APRIL 9, 2019

City Commission Chamber

Work Session

5:00 PM

CITY HALL
1065 RIDGEWOOD AVENUE
HOLLY HILL, FL 32117

City Clerk's office: (386) 248-9441 - Fax: (386) 248-9448



City Commission Chamber
City Hall
1065 Ridgewood Avenue
Holly Hill, FL 32117

CITY COMMISSION MEMBERS

Mayor
Chris Via

District 1 - Commissioner
John Penny

District 3 - Commissioner
John C. Danio

District 2 - Commissioner
Penny Currie

District 4 - Commissioner
Roy Johnson

CITY MANAGER
Joseph Forte

CITY CLERK
Valerie Manning

1. CALL TO ORDER

- a. Roll Call

2. WATER / SEWER RATE STUDY DISCUSSION

- 1. Water and Sewer Rate Study Recommendations - PowerPoint Presentation by Stantec
(Requested by Valerie Manning, City Clerk)

3. ADJOURNMENT

Website Address – www.hollyhillfl.org (City Clerk)

NOTICE – If any person decides to appeal any decision of the City Commission at this meeting, he/she will need a record of the proceedings and, for that purpose, he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. The City does not prepare or provide such a record.



For special accommodations, please notify the City Clerk's Office at least 72 hours in advance. (386) 248-9441



Help for the hearing impaired is available through the Assistive Listening System. Receivers can be obtained from the City Clerk's Office.

In accordance with the Americans with Disabilities Act (ADA), persons needing a special accommodation to participate in the Commission proceedings should contact the City Clerk's Office no later than three (3) days prior to the proceedings.



City Commission

1065 Ridgewood Ave
Holly Hill, FL 32117

SCHEDULED

WORKSHOP DISCUSSION (ID # 2487)

2.1

Meeting: 04/09/19 05:00 PM
Department: City Clerk
Category: Workshop Item
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:
DOC ID: 2487

Water and Sewer Rate Study Recommendations - PowerPoint Presentation by Stantec



Holly Hill, FL

Water and Sewer Rate Study Recommendations

City Commission Workshop
April 9, 2019



Rate Study

Agenda



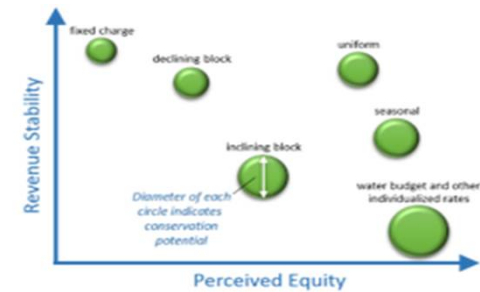
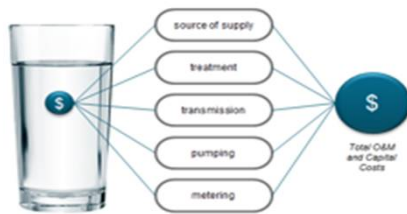
Rate Study Process

Rate Structure Analysis

Revenue Sufficiency Analysis

Rate Setting

Rate Making Process



Revenue Requirements

- Operating Costs
- Capital Costs
- Financial Policies
 - Debt Coverage
 - Reserves

Cost Allocation

- Evaluate Available Data
- Allocate Costs to services
- Compare Results to Current Revenue

Rate Design

- Evaluate Objectives
- Identify Structures
- Set Parameters
- Customer Impacts

Rate Structure Analysis

Rate Structure

Rate Structure: Common Industry Practice

Fixed Charge

Customer Costs

- Customer service
- Billing activities
- Meter reading

Readiness to Serve

- Utilities must have capacity to serve peak demand of customers
- Higher the potential demand the higher the charge

Monthly Charge

- Per account
- Meter size
- Number of units

Volumetric Charge

Fixed Costs

- Costs that do not vary by water or sewer volume (e.g. training, uniforms, debt for capital projects)

Variable Costs

- Costs that vary by water production or wastewater treatment (e.g. chemicals, fuel, oil)

Rate per Unit of Usage

- Uniform rate
- Increasing tier structure
- Declining tier structure

Rate Structure

Existing Water Rate Structure Components

Residential

- Fixed charge per account: includes 2,000 gallons of usage
- Volume rates: increasing 2-tier structure

Multifamily

- Fixed charge per unit: includes 2,000 gallons of usage per unit
- Volume rates: increasing 2-tier structure scaled by number of units

Non-Residential

- Fixed charge per account: includes 2,000 gallons of usage
- Volume rates: increasing 2-tier structure

Existing Sewer Rate Structure Components

Residential

- Fixed charge per account: includes 2,000 gallons of usage
- Volume rates: uniform charge

Multifamily

- Fixed charge per unit: includes 2,000 gallons of usage per unit
- Volume rates: uniform charge

Non-Residential

- Fixed charge per account: includes 2,000 gallons of usage
- Volume rates: uniform charge

Water Rate Structure Recommended Changes

Fixed Monthly Charge

- No usage included in fixed charge for all classes
- Fixed monthly charge per multifamily unit is 95% of residential
- Fixed monthly charge based on meter size for non-residential customers

Volumetric Rates

- Residential and multifamily classes to increase from 2-tier to 5-tier structure
- First residential and multifamily tier for the first 2,000 gallons of usage is for essential domestic requirements
- Nonresidential class to increase from 2-tier to 4-tier structure
- For nonresidential, scale tier sizes proportionate to meter size using AWWA meter capacity ratios

Sewer Rate Structure Recommended Changes

Fixed Monthly Charge

- No usage included in fixed charge for all classes
- Fixed monthly charge based on meter size for residential and non-residential customers
- Fixed monthly charge per multifamily unit is 95% of residential

Volumetric Rates

- First residential and multifamily tier for the first 2,000 gallons of usage is for essential domestic requirements
- Non-residential charged uniform rate

Rate Structure

Revenue Neutral Water Rate Schedule

Fixed Monthly Charge

Meter Size	AWWA Meter Factor	Residential	Non-Residential	Multifamily per Unit
MF Units	0.95	N/A	N/A	\$7.35
3/4"	1.00	\$7.77	\$7.77	N/A
1"	1.67	\$7.77	\$12.95	N/A
1 1/2"	3.33	\$25.91	\$25.91	N/A
2"	5.33	\$41.45	\$41.45	N/A
3"	14.50	\$112.69	\$112.69	N/A
4"	25.00	\$194.30	\$194.30	N/A
6"	53.33	\$414.50	\$414.50	N/A
8"	93.33	\$725.37	\$725.37	N/A
10"	140.00	\$1,088.05	\$1,088.05	N/A

Does not include \$3 per bill R&R charge.

Volumetric Rates (\$ per thousand gallons)

Tier (gallons)	Residential	Non-Residential	Multifamily*
0 - 2,000	\$3.91	\$7.81	\$3.91
2,001 - 5,000	\$7.81	\$7.81	\$7.81
5,001 - 10,000	\$8.98	\$8.98	\$8.98
10,001 - 15,000	\$9.76	\$8.98	\$9.76
Over 15,000	\$10.55	\$8.98	\$10.55

* Multifamily tiers scaled by number of units

Rate Structure

Revenue Neutral Sewer Rate Schedule

Fixed Monthly Charge

Meter Size	AWWA Meter Factor	Residential	Non-Residential	Multifamily per Unit
MF Units	0.95	N/A	N/A	\$10.61
3/4"	1.00	\$11.22	\$11.22	N/A
1"	1.67	\$11.22	\$18.70	N/A
1 1/2"	3.33	\$37.40	\$37.40	N/A
2"	5.33	\$59.84	\$59.84	N/A
3"	14.50	\$162.69	\$162.69	N/A
4"	25.00	\$280.50	\$280.50	N/A
6"	53.33	\$598.39	\$598.39	N/A
8"	93.33	\$1,047.19	\$1,047.19	N/A
10"	140.00	\$1,570.79	\$1,570.79	N/A

Does not include \$3 per bill R&R charge.

Volumetric Rates (\$ per thousand gallons)

Tier (gallons)	Residential	Non-Residential	Multifamily*
0 - 2,000	\$2.97	\$9.00	\$2.97
Over 2,000	\$9.00	\$9.00	\$9.00

* Multifamily tiers scaled by number of units

Rate Structure

Revenue Neutral Monthly Single Family Water and Sewer Bill Impacts

Property Type	Typical Volume (Kgal)	Kgal Per Unit/Account	Current Combined Bill	Proposed Combined Bill	\$ Change	% Change
Select Single Family Residential Impacts						
Single Family (0 Kgal)	0	0.00	\$38.91	\$24.99	(\$13.92)	-35.8%
Single Family (1 Kgal)	1	1.00	\$38.91	\$31.87	(\$7.04)	-18.1%
Single Family (2 Kgal)	2	2.00	\$38.91	\$38.74	(\$0.17)	-0.4%
Single Family (3 Kgal)	3	3.00	\$54.46	\$55.55	\$1.09	2.0%
Single Family (4 Kgal)	4	4.00	\$70.01	\$72.36	\$2.35	3.4%
Single Family (5 Kgal)	5	5.00	\$85.56	\$89.17	\$3.61	4.2%
Single Family (7 Kgal)	7	7.00	\$116.66	\$125.13	\$8.47	7.3%
Single Family (10 Kgal)	10	10.00	\$163.31	\$179.07	\$15.76	9.7%

Rate Structure

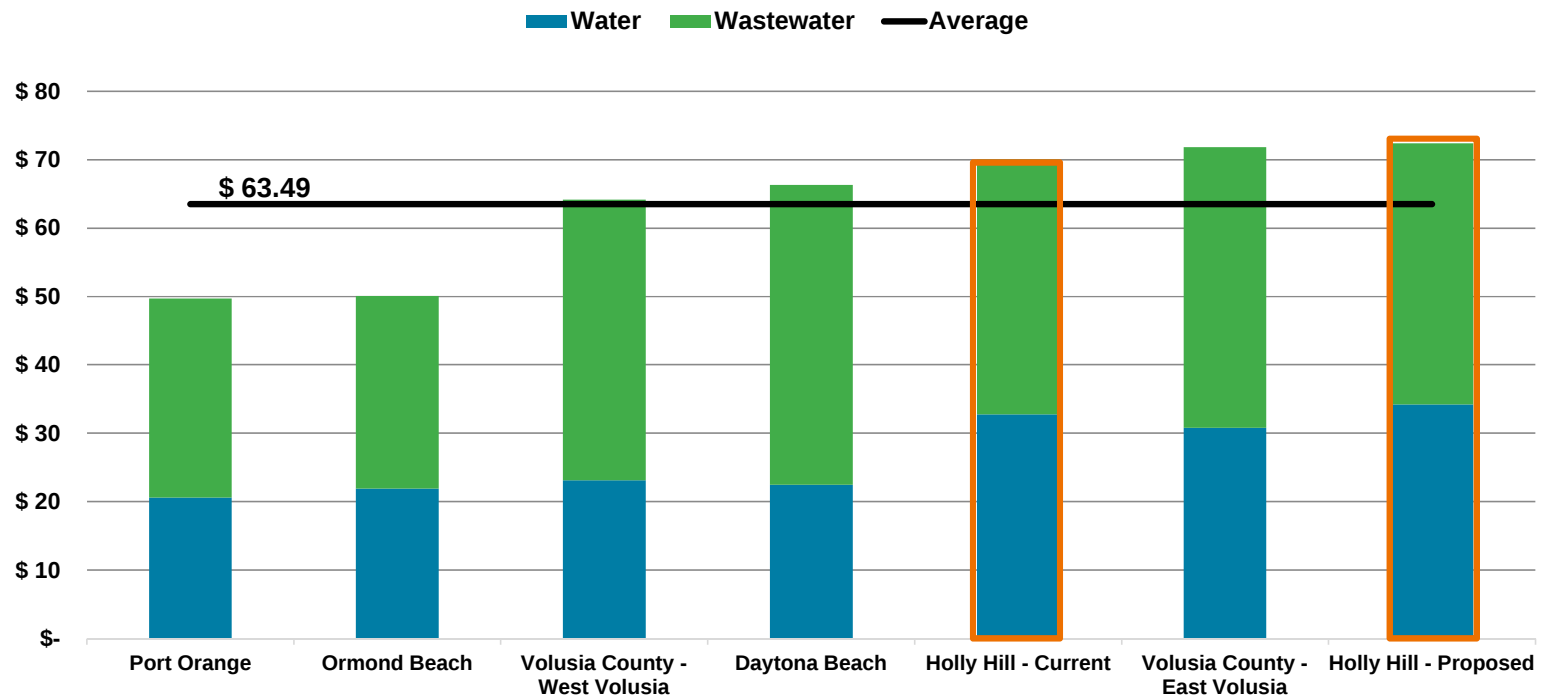
Revenue Neutral Select Monthly Water and Sewer Bill Impacts

Property Type	Typical Volume (Kgal)	Kgal Per Unit/Account	Current Combined Bill	Proposed Combined Bill	\$ Change	% Chang
Select Multifamily Impacts						
Condo Association (82 Units)	209	2.55	\$47.52	\$45.10	(\$2.42)	-5.1%
Condo Association (106 Units)	313	2.95	\$53.74	\$51.82	(\$1.92)	-3.6%
Condo Association (492 Units)	2014	4.09	\$82.09	\$70.98	(\$11.10)	-13.5%
Apartment Complex (127 Units)	535	4.21	\$73.33	\$72.99	(\$0.33)	-0.5%
Select Non-Residential Impacts						
Commercial High-Use (4" Meter)	1481	1481	\$12,838.42	\$13,356.55	\$518.13	4.0%
Commercial Low-Use (1 1/2" Meter)	29	29	\$471.33	\$560.04	\$88.71	18.8%
Restaurant (1" Meter)	66	66	\$1,100.98	\$1,204.12	\$103.14	9.4%
Church (3/4" Meter)	10	10	\$164.61	\$197.44	\$32.83	19.9%
School (4" Meter)	99	99	\$1,661.98	\$2,134.87	\$472.90	28.5%

Survey

Water & Sewer Monthly Bill

Residential, 4,000 gallons



Multi-Year Revenue Sufficiency Analysis

Key Assumptions

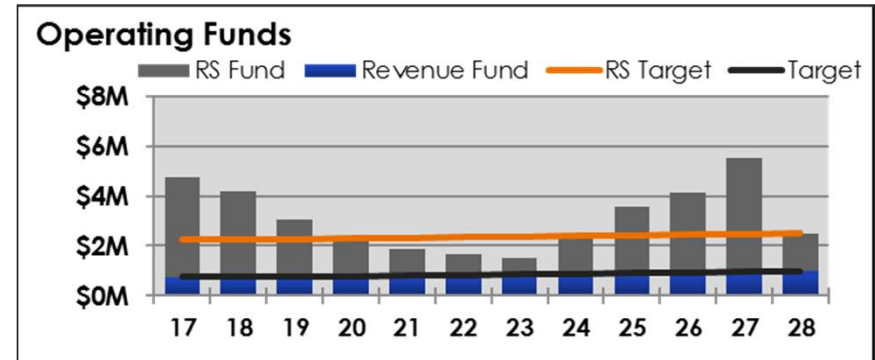
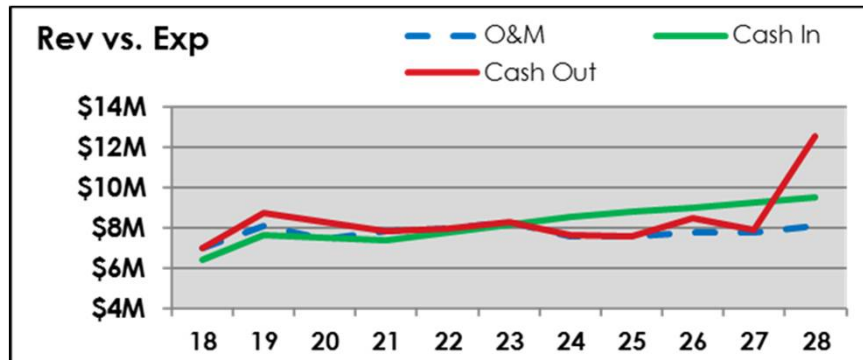
- § Operating reserve:
 - Minimum: 20% of operating expenses
 - Target: 25% of operating expenses
- § Additional rate stabilization reserve target: \$1.5 million
- § 10-year capital improvement program: \$22.6 million
- § Account growth: 4 accounts annually
- § O&M escalation factors: varies by cost components as determined with City Staff

RSA

Revenue Sufficiency Analysis Results

- § Revenue not sufficient to recover revenue requirements
- § Proposed Water & Sewer Rate Adjustments

FY 2019*	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
3.0%	5.5%	5.5%	5.5%	5.5%	5.5%	3.0%	3.0%	3.0%	3.0%



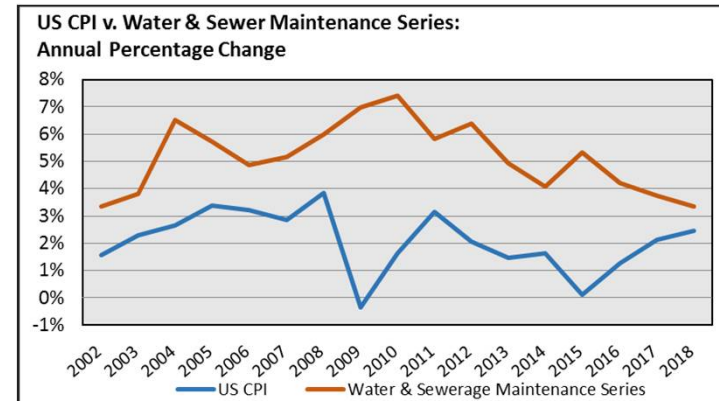
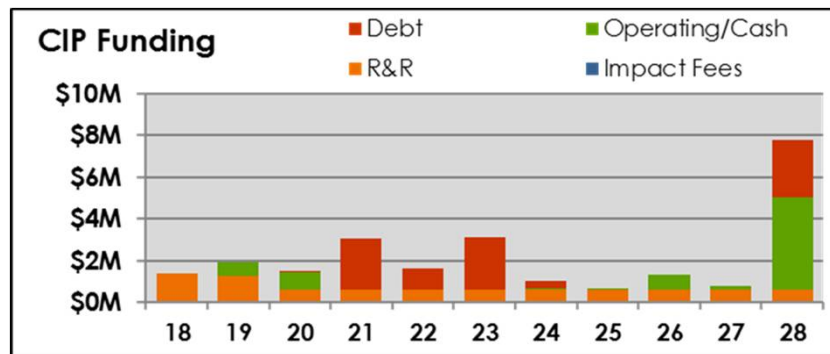
* 3.00% rate increase was implemented October 1, 2018

RSA

Rate Increase Drivers

- § Capital Improvement Program: \$22.6 million
- § Water & Sewerage 10-year average annual rate increases: 5.21%

FY 2019*	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
3.0%	5.5%	5.5%	5.5%	5.5%	5.5%	3.0%	3.0%	3.0%	3.0%



* 3.00% rate increase was implemented October 1, 2018

Conclusion

Conclusions and Recommendations

Rate Structure

- Equity of the current rate structure can be improved as described herein
- Volumetric tiers do not promote conservation – recommend increased number of tiers with steeper inclining blocks as described herein

Revenue Sufficiency

- Rate revenue is not sufficient to meet operations and capital expenses
- Rate revenue is not sufficient to meet operations and capital expenses
- recommend increase water and sewer rates by 5.5% in FY 2020 – FY 2024 and project the need for 3.0% increases thereafter

Conclusion

Appendix

Existing Rates

- Existing water and sewer rates are presented on the following slide.

Rate Structure

Existing Water Rate Schedule

Fixed Monthly Charge

Meter Size	Residential	Non-Residential	Multifamily per Unit
MF Units	N/A	N/A	\$15.31
3/4"	\$15.31	\$15.31	N/A
1"	\$15.31	\$15.31	N/A
1 1/2"	\$15.31	\$15.31	N/A
2"	\$15.31	\$15.31	N/A
3"	\$15.31	\$15.31	N/A
4"	\$15.31	\$15.31	N/A
6"	\$15.31	\$15.31	N/A
8"	\$15.31	\$15.31	N/A
10"	\$15.31	\$15.31	N/A

Does not include \$3 per bill R&R charge.

Volumetric Rates (\$ per thousand gallons)

Tier (gallons)	Residential	Non-Residential	Multifamily
0 - 2,000	\$0.00	\$0.00	\$0.00
2,001 - 15,000	\$7.23	\$7.23	\$7.23
Over 15,000	\$8.68	\$8.68	\$8.68

* Multifamily tiers scaled by number of units

Rate Structure

Existing Sewer Rate Schedule

Fixed Monthly Charge

Meter Size	Residential	Non-Residential	Multifamily per Unit
MF Units	N/A	N/A	\$17.60
3/4"	\$17.60	\$17.60	N/A
1"	\$17.60	\$17.60	N/A
1 1/2"	\$17.60	\$17.60	N/A
2"	\$17.60	\$17.60	N/A
3"	\$17.60	\$17.60	N/A
4"	\$17.60	\$17.60	N/A
6"	\$17.60	\$17.60	N/A
8"	\$17.60	\$17.60	N/A
10"	\$17.60	\$17.60	N/A

Does not include \$3 per bill R&R charge.

Volumetric Rates (\$ per thousand gallons)

Tier (gallons)	Residential	Non-Residential	Multifamily*
0 - 2,000	\$0.00	\$0.00	\$0.00
Over 2,000	\$8.32	\$8.32	\$8.32

* Multifamily tiers scaled by number of units



Thank You!
Questions?