

July 16, 2024 Board of County Commissioners Regular Meeting
Agenda Item #

SUBJECT

Public Hearing to consider adopting a Resolution approving proposed revision to the Utilities Division Schedule of Rates, Charges, and Fees.

DESCRIPTION

The state water management districts responsible for protecting and maintaining water resources within the State of Florida have indicated that withdrawals from the upper Floridan aquifer, the traditional source of potable water in Central Florida, beyond the projected 2025 levels are unsustainable. To avoid negative impacts to waterbodies, future water supplies beyond the sustainable level must come from alternative water supply sources (each and all, an "AWS"). To address future water supply needs, the County, whether individually, through the Polk Regional Water Cooperative, or through the Water Cooperative of Central Florida, intends to undertake development of projects and initiatives (each, a "Water Project"), as generally described in the interlocal agreements identifying cooperative projects among the participating government utility members.

To provide for future growth and maintenance of its existing water utility systems, Polk County must invest both in expanding these systems and in maintaining existing infrastructure to meet all regulations and customer demands. Polk County has developed a Community Investment Program to meet these needs. The program demonstrates that the capital and operating costs of AWS Water Projects are significantly higher than those of traditional groundwater source projects.

After the needs were developed, Polk County hired a rate consultant who determined that in order to meet the needs and remain financially viable, Polk County would need to adjust rates to create new sources of revenue by creating a base facility charge for reclaimed water customers and by charging the PWRI/AWS Surcharge on all reclaimed water usage, adjusting fees and charges to recover costs of providing services, indexing water and wastewater rates at 6 percent (6.0%) for five years beginning October 1, 2024, and increasing the PWRI/AWS surcharge by \$0.25 per year for five years beginning October 1, 2024.

Furthermore, costs for water and wastewater projects have increased dramatically over the past two years, in many cases doubling what had been projected. If inflation persists at rates above what was anticipated in the study, thereby increasing project costs above those contemplated in the current 5-year financial projections, the County's Utilities rates, fees, and charges stated in the preliminary schedule may need to be further adjusted to reflect those changed conditions.

At the boards direction, the proposed rate resolutions also provides for a methodology for providing for on going indexing to keep pace with future inflation.

On July 2, 2016, the Board adopted a Resolution setting forth a Preliminary Schedule of revised water utility rates, charges, and fees. Notice of this public hearing to include the Preliminary Schedule was made by publication in The Ledger on July 5, 2024.

The attached resolution sets forth the complete revised schedule of the Utilities Division Schedule of Rates, Charges, and Fees, all as set forth in the Preliminary Schedule.

RECOMMENDATION

Recommend approval of the attached Resolution

FISCAL IMPACT

The new rates will provide revenues sufficient for the Utilities Division to provide for operational, capital, and debt service for the five-year period as anticipated. The increase in the monthly base charge is anticipated to bring in an additional \$880,000 in additional revenue per year. Increasing and assessing the AWS surcharge on reclaimed water usage may generate an additional \$800,000 in additional revenue per year. The indexing of water and wastewater rates will increase revenues by 6% each service. Because of the compounding effect of increasing the rates by 6%, AWS surcharge by 83.33% and applying base charge and AWS surcharge to reclaimed services, the typical residential customer will be impacted as follows:

Customer Type	Percentage Bill Increase	Dollar Bill Increase
Potable water Only Service	11.4%	\$2.97
Potable & Wastewater	7.4%	\$7.48
Potable, Waste, and Reclaimed Water	16.2%	\$15.58

CONTACT INFORMATION

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