

Lee County Utilities Proposed FY23 Rate Adjustments

Board of Lee County Commissioners
Workshop - April 4, 2023



Lee County
Southwest Florida



AGENDA

Lee County Utilities Financial Impacts

- ✓ Fort Myers Beach Advanced Water Reclamation Facility
- ✓ South East Advanced Water Reclamation Facility
- ✓ Other Population Growth Capital Improvement Projects



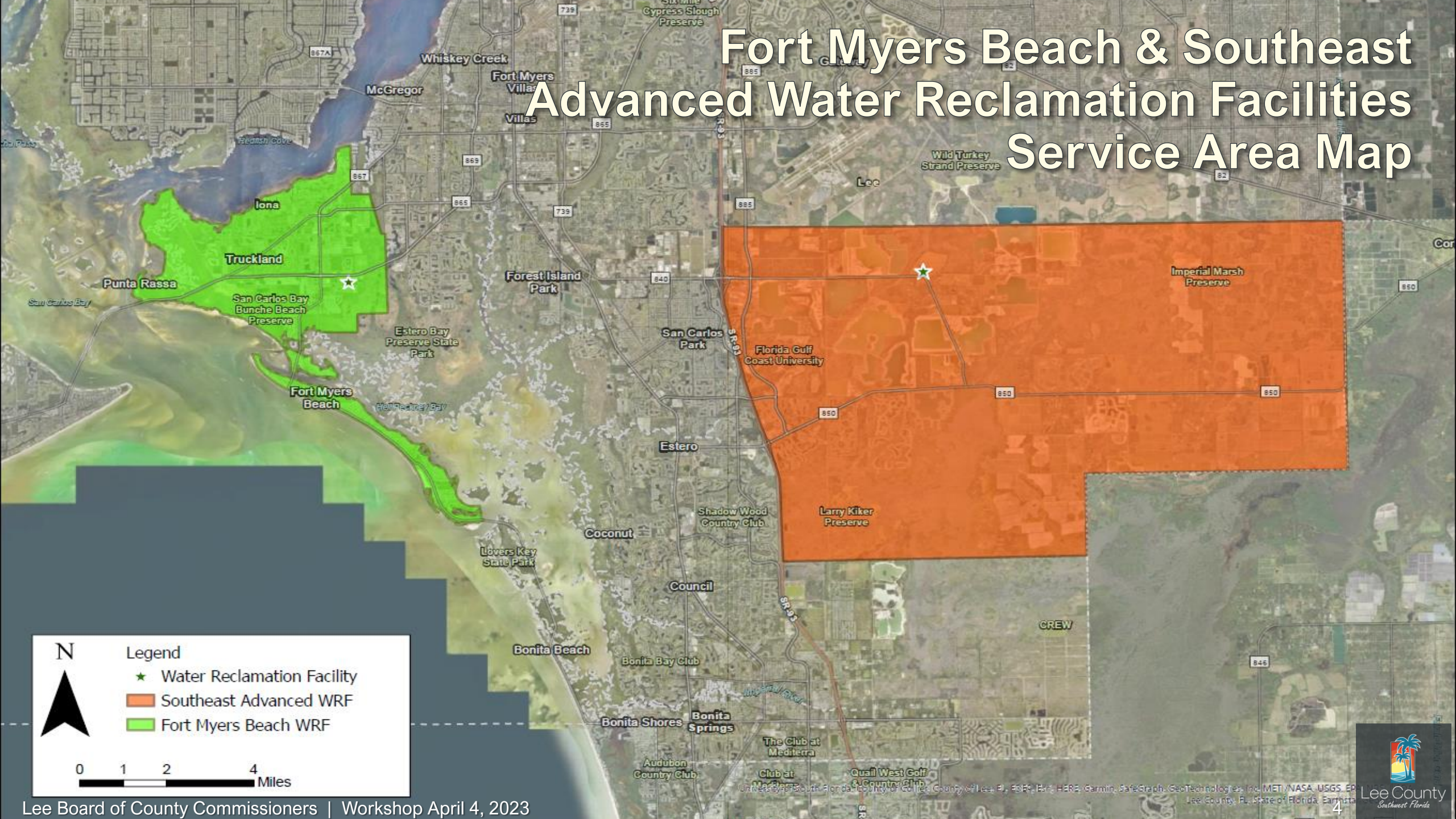
2023 Lee County Utilities Annual Rate Study

- ✓ Inflation
- ✓ New Debt & Asset Reinvestment
- ✓ Rate Adjustment Options
- ✓ Annual Price Indexing for Rate Stabilization

QUESTIONS

1. Do you have a preferred rate adjustment option to fund Lee County Utilities' Operations and Capital Improvement Program?
2. Do you want to pursue annual rate indexing for long-term rate stabilization?

Fort Myers Beach & Southeast Advanced Water Reclamation Facilities Service Area Map



N

Legend

- ★ Water Reclamation Facility
- Orange Box Southeast Advanced WRF
- Green Box Fort Myers Beach WRF

0 1 2 4 Miles

Fort Myers Beach Advanced Water Reclamation Facility

1979

Plant operations began

- Treatment inefficiency due to age.
- Does not meet capacity needs for future population growth

2022

July

- Master Plan for Rehabilitation & Resiliency Completed.

2022

September

- Facility significantly damaged by Hurricane Ian storm surge.
- Master Plan will be modified to address potential future surge & flooding.

\$209M

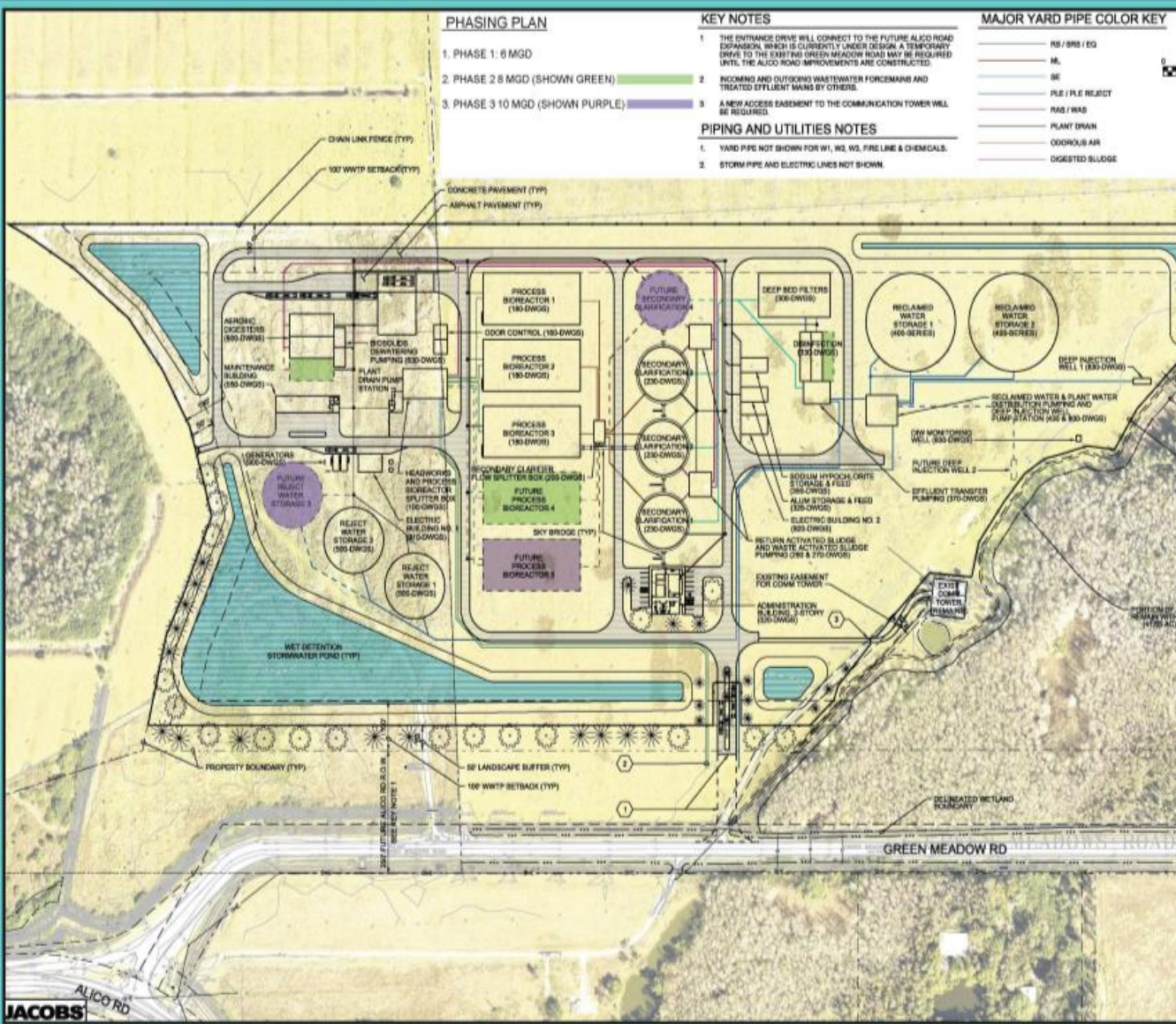
Cost Estimate

- **\$32M** Anticipated FEMA reimbursement

Restoring facility on existing site, while in operation:

- ✓ No other suitable property available & potential rezoning of new site.
- ✓ Entire service area is at similar or lower ground elevation, including potential new site.
- ✓ Cost prohibitive: Building new plant at another location would require additional collection system improvements to divert flow to a new plant.
- ✓ Could not delay critical Deep Injection Well #2 & Switch Gear/Belt Press projects as part of plant rehabilitation.

South East Advanced Water Reclamation Facility



Advanced water reclamation facility for South East County - Alico/Corkscrew region

2025
Construction Begin

2028
Summer Completion

\$159.5M
Cost Estimate

Will be built to withstand storm winds & 100 yr. flood elevation

Focus on higher water quality, resiliency & redundancy

BoCC Approvals

- 2017 land swap
- 2019 private property purchase
- 2023 Southeast Force Main Improvements connecting existing network to new facility. Divert some flow from Three Oaks AWRF to create capacity.

2010 Utilities Master Plan

Identified South County population growth, which led to Three Oaks WRF expansion & need for new WRF.

POPULATION GROWTH PROJECTS

Major Growth Projects	FY23	FY24	FY25	FY26	FY27	CIP Year 6-10	Total Estimated Project Costs
SE Water Recl. Facility	\$1.75	\$7.00	\$32.50	\$55.00	\$48.20	\$15.00	\$159.45
SE Force Main	\$0.50	\$3.00	\$6.50	\$12.00	\$10.00	\$1.00	\$33.00
SE Wellfield Expansion & Water Capacity Enhancements	\$2.05	\$1.60	\$3.50	\$10.50	\$4.00	\$21.50	\$43.15
FMB Water Recl. Facility Refurbishment & Resiliency	\$2.03	\$3.00	\$41.00	\$46.00	\$46.00	\$71.00	\$209.03
NLC Wellfield		\$3.70	\$8.50	\$7.30			\$27.50
Total	\$6.33	\$18.3	\$92.0	\$130.8	\$108.20	\$108.5	\$464.13

Aggregate Capital Improvement Program/Major Maintenance: \$785M for the 10-year period

5 Year Capital Improvement Growth Projects

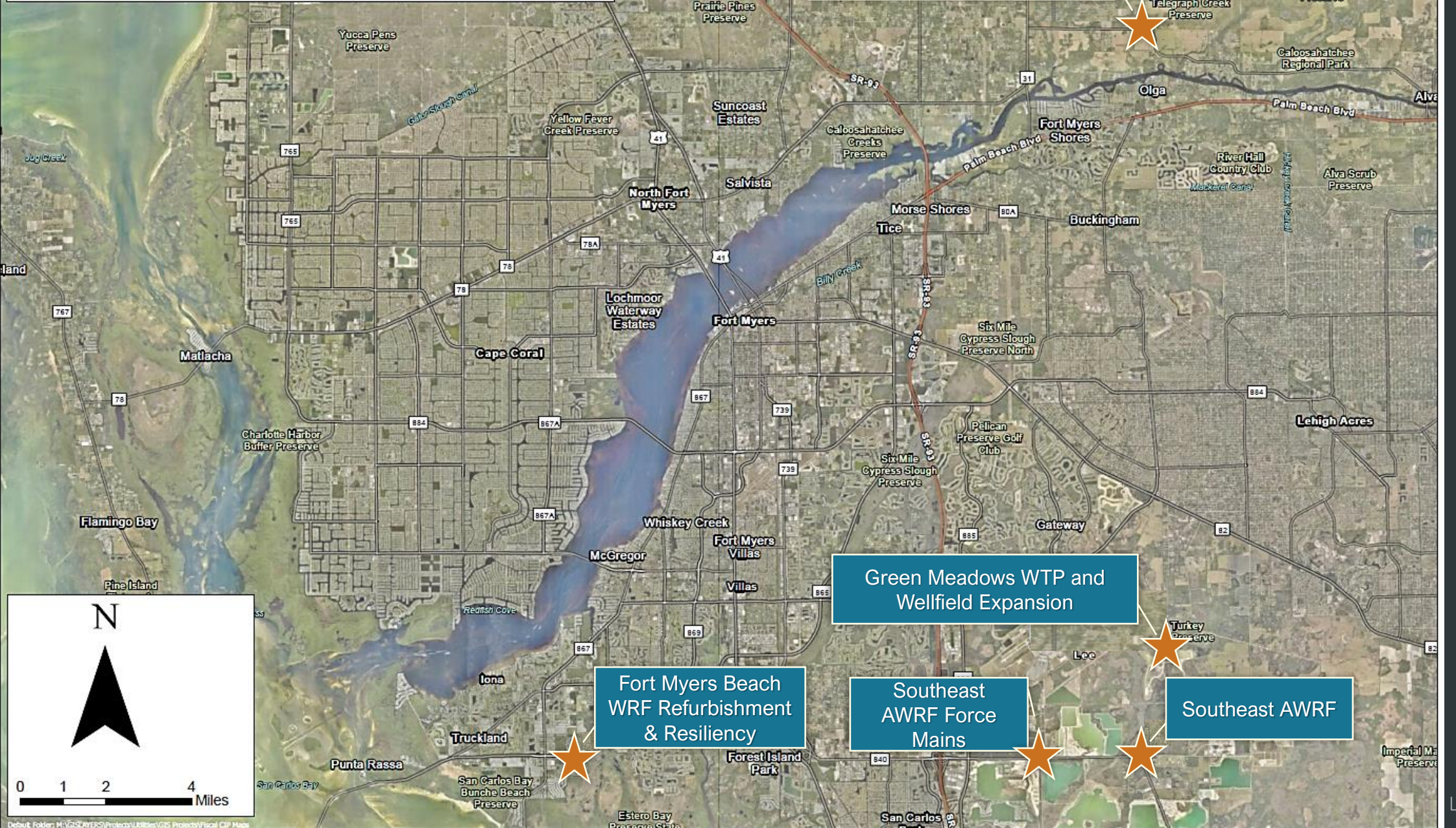
North Lee County WTP
Wellfield Expansion

Green Meadows WTP and
Wellfield Expansion

Fort Myers Beach
WRF Refurbishment
& Resiliency

Southeast
AWRF Force
Mains

Southeast AWRP



HURRICANE IAN IMPACTS

Permanent Repairs & Improvements

- Fort Myers Beach AWRF Hardening & Resiliency Improvements
 - Replace 122 Lift Station Control Panels & Harden
 - Replace 11 Lift Station Generators
 - Lift Station & Force Main Rehabilitation on Matlacha Island
- Anticipate FEMA / State Reimbursement for Temporary & Permanent Improvements
 - Rate Adjustment Options Do Not Include Hurricane Ian Projects

Lee County Utilities

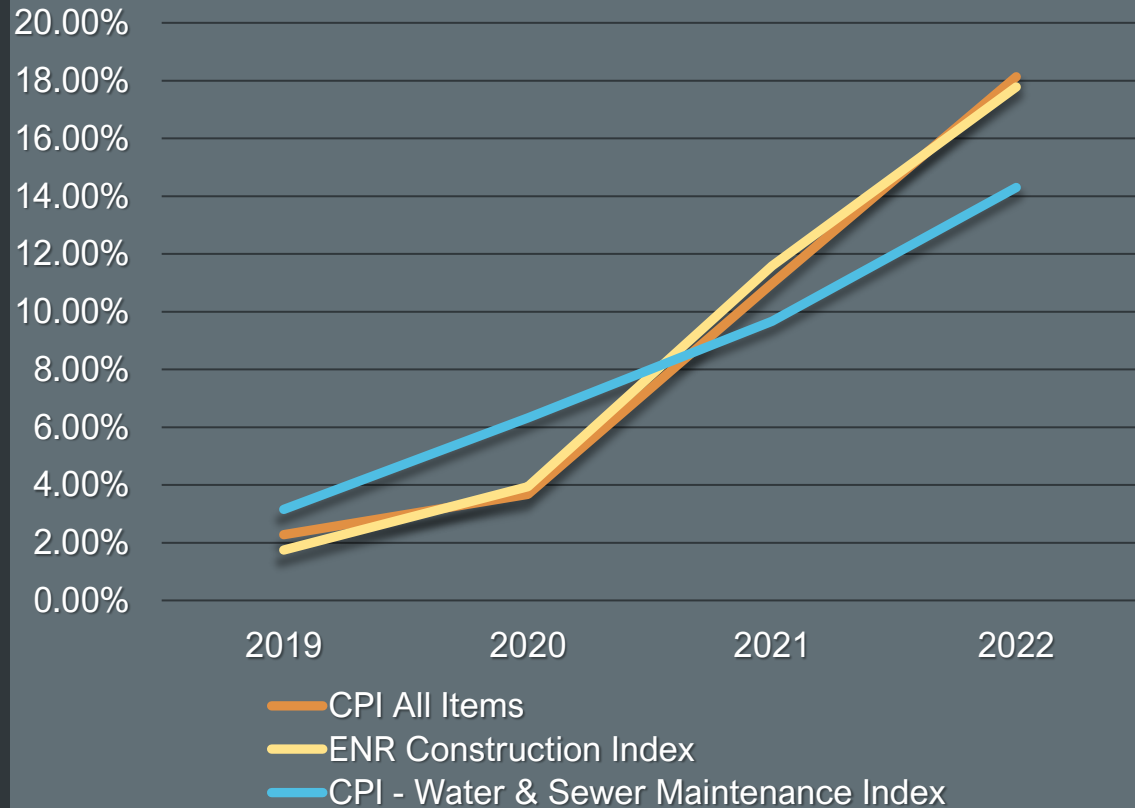
2023 Annual Rate Study

Thierry Boveri, CGFM Vice President
Raftelis Public Management Group, Inc.

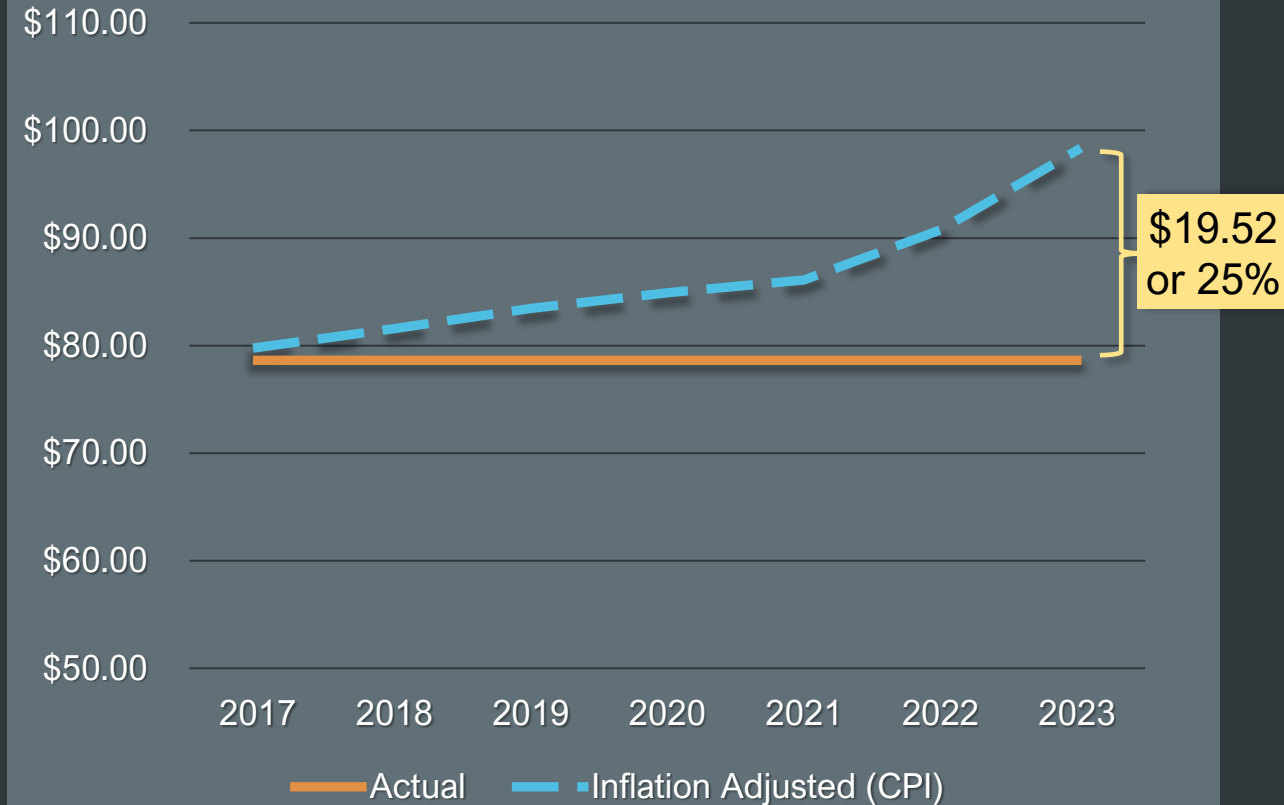


Recent Inflation Trends

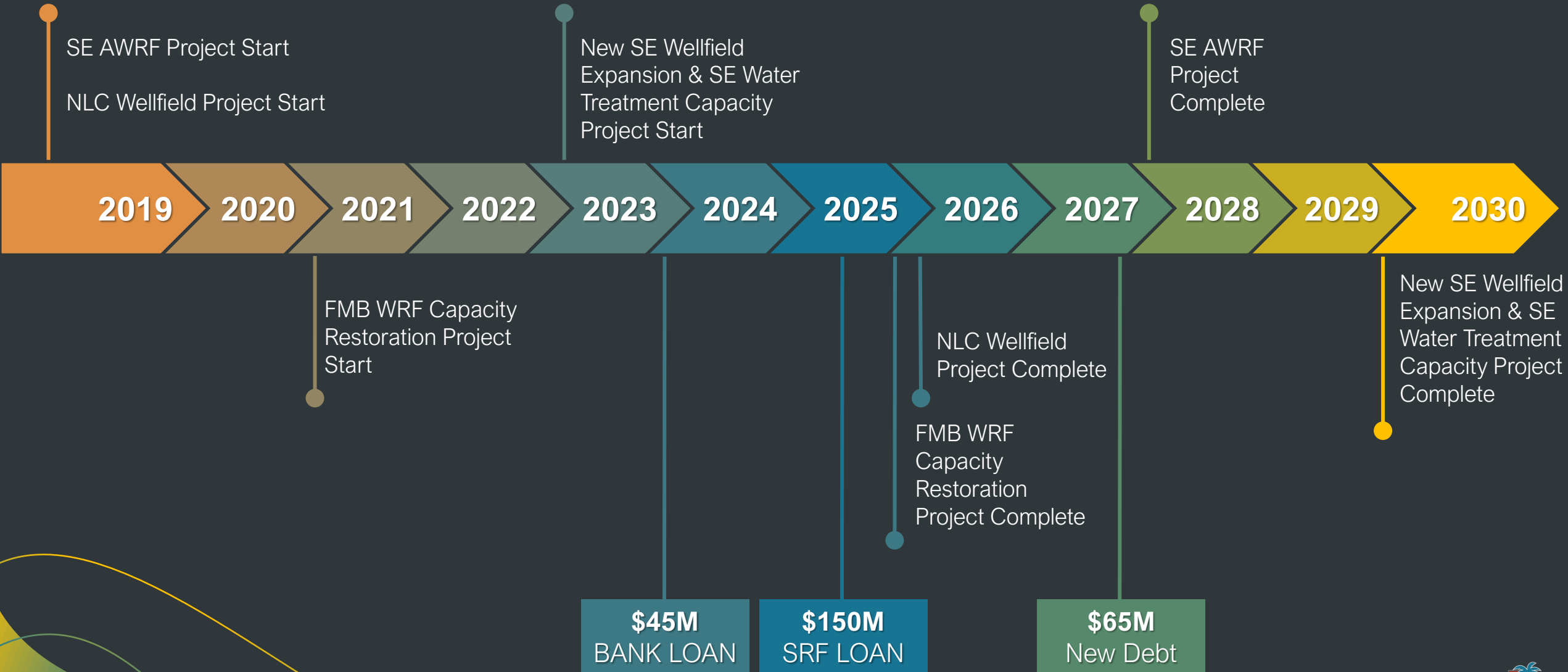
Inflation Since Fiscal Year 2019



Historical Residential Bill Comparison at 5,000 gal



New Debt & Asset Reinvestment

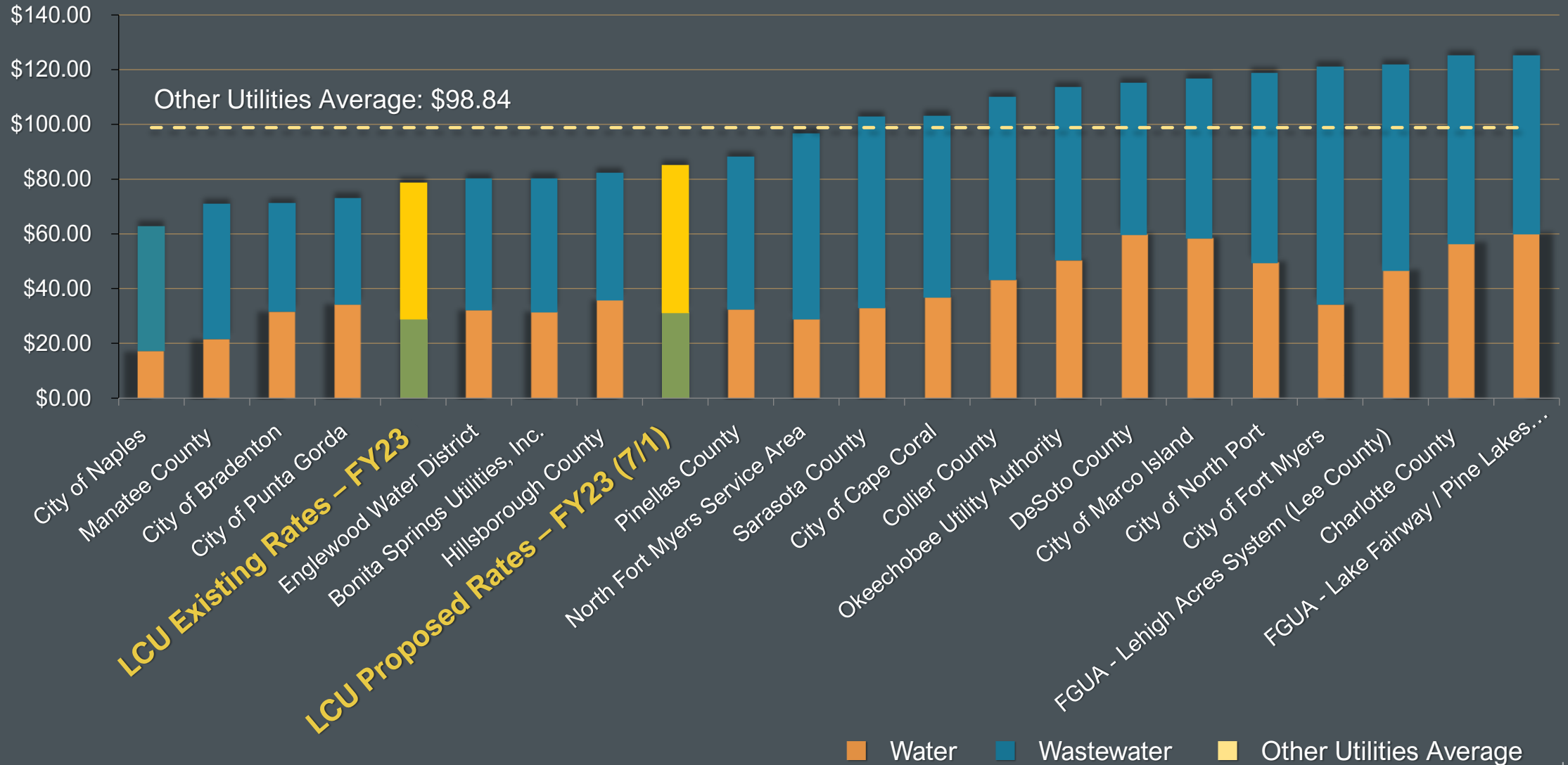


Rate Adjustment Options

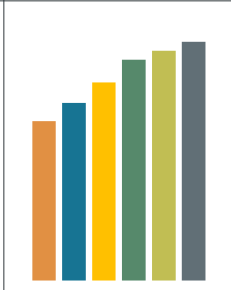
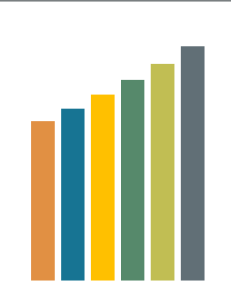
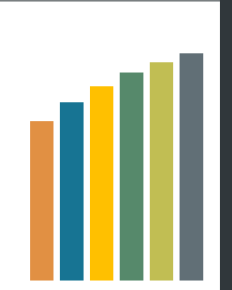

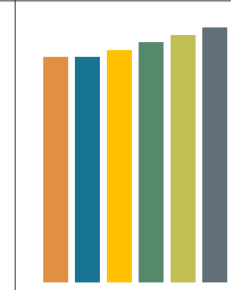
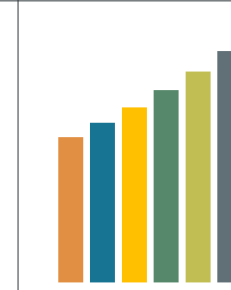
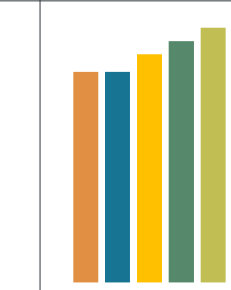
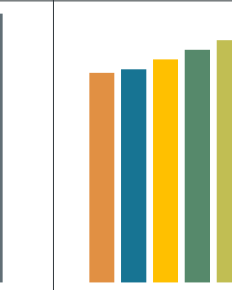
	Existing	2023	2024	2025	2026	2027
Option 1: 3-Year 11.5% Flat Increase		11.5%	11.5%	11.5%	4% Annual Indexing	4% Annual Indexing
Monthly Average Bill Increase	\$78.64	\$9.05	\$10.08	\$11.27	\$4.33	\$4.56
New Total Average Monthly Bill		\$87.69	\$97.77	\$109.04	\$113.37	\$117.93
Option 2: 5-Year 8% Flat Increase		8%	8%	8%	8%	8%
Monthly Average Bill Increase	\$78.64	\$6.29	\$6.81	\$7.33	\$7.94	\$8.60
New Total Average Monthly Bill		\$84.93	\$91.74	\$99.07	\$107.01	\$115.61
Option 3: 5-Year Tapered Increase		12%	9%	7%	5%	4% Annual Indexing
Monthly Average Bill Increase	\$78.64	\$9.41	\$7.94	\$6.71	\$5.10	\$4.31
New Total Average Monthly Bill		\$88.05	\$95.99	\$102.70	\$107.80	\$112.11

FY23 Utility Rate Comparison

Comparison of Residential 5/8" Metered Water & Wastewater Bill at 5,000 Gallons



FY23 Utility Rate Comparison

	Lee County			Charlotte County	Collier County	Manatee County	Sarasota County	Survey Average
	Opt 1	Opt 2	Opt 3					
Existing	\$78.64	\$78.64	\$78.64	\$124.99	\$109.90	\$70.85	\$102.60	\$102.09
FY23	\$87.69	\$84.93	\$88.05	\$124.99	\$109.90	\$77.76	\$102.60	\$103.81
FY24	\$97.77	\$91.74	\$95.99	\$124.99	\$113.23	\$85.34	\$111.14	\$108.68
FY25	\$109.04	\$99.07	\$102.70	\$124.99	\$117.08	\$93.66	\$117.63	\$113.34
FY26	\$113.37	\$107.01	\$107.80	\$124.99	\$120.62	\$102.79	\$124.15	\$118.14
FY27	\$117.93	\$115.61	\$112.11	\$124.99	\$124.28	\$112.81	\$131.02	\$123.28
5-Year Projection								

Annual Indexing Policy Considerations

Florida Public Service Commission Index

Typically, Less Than Consumer Price Index

Used By Franchise Utilities In Florida

Consider Annual Index Maximum 5%

Seek Bocc Approval If Greater

Consumer Price Index

Easy To Understand

Does Not Match Utility Costs as Well as Water & Sewer Maintenance Index

Consider Annual Index Maximum 5%

Seek Bocc Approval If Greater

Water And Sewer Maintenance Index

Most Closely Tracks Utility Cost Structure

Consider Annual Index Maximum 5%

Seek Bocc Approval If Greater

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