

**Lee County Board of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20020690

1. REQUESTED MOTION:

ACTION REQUESTED: Conduct a public hearing to adopt new Utilities' rates and charges by Resolution.

WHY ACTION IS NECESSARY: The Lee County Board of County Commissioners must approve all rate changes by Resolution, duly advertised.

WHAT ACTION ACCOMPLISHES: Establishes new utility rates and charges for Lee County Utilities.

2. DEPARTMENTAL CATEGORY:

COMMISSION DISTRICT # CW **5:00 #7**

3. MEETING DATE:

07-09-2002

4. AGENDA:

- CONSENT
- ADMINISTRATIVE
- APPEALS
- PUBLIC
- WALK ON
- TIME REQUIRED:

5. REQUIREMENT/PURPOSE:
(Specify)

- STATUTE
- ORDINANCE
- ADMIN. CODE
- OTHER

6. REQUESTOR OF INFORMATION:

- A. COMMISSIONER
- B. DEPARTMENT Public Works
- C. DIVISION Utilities
- BY: Rick Diaz, P.E., Director

[Handwritten Signature]
6/12/02

7. BACKGROUND:

The County's existing rates for monthly water and wastewater services were adopted pursuant to Lee County Ordinance No. _____ and Resolution No. 94-03-114, and become effective with bills rendered on and after March 30, 1994. These rates have not been adjusted in over seven years. A study was performed by our consultants, Public Resources Management Group, and has been analyzed by our staff.

The proposed rate adjustments are identified in the Executive Summary portion of the report. Staff recommends their approval and respectfully requests that the Board conduct the public hearing to adopt the new rates and charges as outlined in the March, 2002 Public Resources Management Group Rate Study, by Resolution.

Attachment: Draft Rates / Charges Resolution and Executive Summary from March, 2002 PRMG Study.

8. MANAGEMENT RECOMMENDATIONS:

9. RECOMMENDED APPROVAL:

A Department Director	B Purchasing or Contracts	C Human Resources	D Other	E County Attorney	F Budget Services				G County Manager
<i>[Signature]</i> 6/12/02	N/A	N/A	N/A	<i>[Signature]</i> 6/12/02	GA <i>[Signature]</i> 6/13/02	OM <i>[Signature]</i> 6/13/02	RISK <i>[Signature]</i> 6/13	GC <i>[Signature]</i> 6/12/02	<i>[Signature]</i> 6-13-02

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

RECEIVED BY
COUNTY ADMIN. *DD*
6/12 11:15
COUNTY ADMIN. *DS*
FORWARDED TO:
6/13/02
2:30pm

LEE COUNTY RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA, AMENDING LEE COUNTY RESOLUTION NO. 99-03-12 RELATING TO THE LEE COUNTY WATER AND SEWER SYSTEM, AMENDING LEE COUNTY RESOLUTION NOS. 99-04-19 AND 98-10-15 RELATING TO CONNECTION FEES AND MISCELLANEOUS SERVICE CHARGES, PURSUANT TO THE PROVISIONS OF LEE COUNTY ORDINANCE NO. 87-3 AS AMENDED, PROVIDING FOR ADJUSTED RATES AND CHARGES, AND FOR EFFECT ON ALL PRIOR RATE SCHEDULES; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners, as the governing body in and for Lee County has previously adopted Lee County Ordinance No. 87-3, establishing procedures for adopting rates and charges adjustments for the Lee County Water and Sewer System; and,

WHEREAS, the Board of County Commissioners has previously adopted Lee County Resolution No. 99-03-12, setting and structuring the rates and charges for the Lee County Water and Sewer System; and,

WHEREAS, the Board of County Commissioners has previously adopted Lee County Resolution Nos. 99-04-19 and 98-10-15, setting revised connection fees and miscellaneous service charges for the Lee County Water and Sewer System; and,

WHEREAS, the County is now desirous of further adjusting the rates and charges for the Lee County Water and Sewer System so as to adequately provide sufficient revenues to cover operating expenses, required debt service and other financial obligations necessitated by bond covenants; and,

WHEREAS, the County is desirous of further adjusting Water and Sewer System rates and charges in order to insure a sound operational and financial basis while fairly distributing the costs of the rates and charges to the various user classifications; and,

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WHEREAS, it is in the public interest and serves a public purpose that this resolution be adopted thereby amending the monthly service charges, connection fees and miscellaneous services charges for the Lee County Water and Sewer System.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF LEE COUNTY, FLORIDA, that:

SECTION ONE:

The Monthly Services Charges, Connection Fees and, Miscellaneous Service Charges as contained in this Resolution are implemented and approved pursuant to the provisions contained in Lee County Ordinance No. 87-3, as amended, Sections I and III.

SECTION TWO:

The Monthly Service Charges as previously adopted by the Board of County Commissioners of Lee County in Resolution No. 99-03-12 relating to the Lee County Water and Sewer System, are hereby repealed.

All Monthly Service Charges rate resolutions previously adopted by the Board of County Commissioners of Lee County that relate to the Lee County Water and Sewer System, or that are in conflict, in whole or in part, with the provisions of this Resolution, are hereby repealed to the extent that they conflict with the provisions of this Resolution.

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SECTION THREE:

All Connection Fees and Miscellaneous Service Charges schedules as previously adopted by the Board of County Commissioners that relate to the Lee County Water and Sewer System Connection Fees and Miscellaneous Service Charges that are in conflict, in whole or in part, with the provisions of this Resolution, are hereby repealed to the extent that they conflict herein.

SECTION FOUR:

The MONTHLY SERVICE CHARGES for the Lee County Water and Sewer System are as follows:

**A. LEE COUNTY UTILITIES SEWER SYSTEM
CUSTOMER RATES FOR THE EAST LEE COUNTY, SOUTH FORT MYERS,
FORT MYERS BEACH AND MATLACHA SERVICE AREAS**

<u>Customer Classification</u>	<u>Monthly Service Charge</u>	<u>User Charge</u> Per 1,000 Gallons (or portion thereof)	<u>Unmetered User Charge</u> Per Unit/Lot
Residential Services			
Single-Family	\$10.10 per unit	\$3.69	\$16.61 per unit
Multi-Family	\$8.10 per unit/lot		\$13.29 per unit/lot
Recreational Vehicle	\$4.10 per unit/lot		\$6.65 per unit/lot

Each residential service account shall be charged a monthly administrative fee of \$3.25.

No wastewater user charge shall be imposed on metered water usage above nine thousand (9,000) gallons per month, per residential service dwelling unit.

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The total monthly rate for residential service is the sum of the: i) service charge; ii) administrative fee; and iii) user charges, in accordance with the schedule.

<u>Customer Classification</u> Commercial and All Non-Residential <u>Meter Size</u>	<u>Monthly Service Charge</u>	<u>User Charge</u> Per 1,000 Gallons (or portion thereof)
5/8"	\$13.35	\$3.69
3/4"	18.45	
1"	28.55	
1-1/2"	54.25	
2"	84.25	
3"	165.00	
4"	255.50	
6"	509.75	
8"	813.50	
10"	1,470.30	

Unmetered commercial and non-residential charges will be calculated individually based on estimates of wastewater discharges and the above schedule of rates.

The total monthly rate is the sum of the service and the user charges.

B. LEE COUNTY UTILITIES WATER SYSTEM CUSTOMER RATES

<u>Customer Classification</u>	<u>Monthly Service Charge</u>	<u>User Charge</u> Per 1,000 Gallons (or portion thereof) Per ERU
Residential Services		
Single-Family	\$6.20 per unit	1 - 6,000 \$2.26
Multi-Family	\$4.95 per unit/lot	6,001 - 12,000 2.78
Recreational Vehicle	\$2.50 per unit/lot	12,001 - 18,000 3.30
		18,001 and over 4.33

Each residential service account will be charged a monthly administrative fee of \$2.25.

An additional wellfield development surcharge of \$0.50 per ERU will be assessed those residential customers whose monthly water consumption exceeds their initial water conservation block during the monthly billing period.

The following phase-in program applies for those RV Parks and Mobile Home Parks that have been transferred from a Public Service Commission approved General Service classification. During the phase-in period, the Monthly Service Charge for these customers will be calculated as percentages of the then existing Monthly Service Charge for a single-family residential customer as follows:

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Water Monthly Service Charge

<u>Fiscal Year</u> <u>(Oct. 1 to Sept. 30)</u>	<u>RV Park Customers</u> <u>Per Unit/Lot (*)</u>	<u>Mobile Home Parks</u> <u>Per Unit/Lot (*)</u>
2001-02	\$2.00 (32%)	\$4.00 (64%)
2002-03	\$2.50 (40%)	\$4.95 (80%)

(*) Monthly Service Charge expressed in dollars may change for subsequent years. The actual dollar amount to be the percentage of the then existing water Monthly Service Charge for single-family residential customers.

For those parks that include both RV and Mobile Home units/lots, the Monthly Service Charge will be calculated as the sum of the number of each type of units/lots (RV or Mobile Home), times the applicable percentage, times the then existing Monthly Service Charge for the single-family residential customers.

The total monthly rate for residential service is the sum of the: i) service charge; ii) administrative fee; iii) wellfield development surcharge (if applicable); and iv) user charges in accordance with this schedule.

<u>Customer Classification</u>	<u>Monthly Service Charge</u>	<u>ERU Ratio</u>	<u>User Charge</u>
Commercial and All Non-Residential			Per 1,000 Gallons (or portion thereof) For Each ERU
<u>Meter Size</u>			1 - 6,000 \$2.26
5/8"	\$8.45	1.0	6,001 - 12,000 2.78
3/4"	11.55	1.5	12,001 - 18,000 3.30
1"	17.75	2.5	18,001 and over 4.33
1-1/2"	33.25	5.0	
2"	51.85	8.0	
3"	101.45	16.0	
4"	157.25	25.0	
6"	312.25	50.0	Non-Irrigation Class
8"	498.25	80.0	Per 1,000 \$2.26
10"	901.25	145.0	
			Irrigation Class
			1 - 6,000 \$2.78
			6,001 - 12,000 3.30
			12,001 and over 4.33

An additional wellfield development surcharge of \$0.50 per ERU will be assessed those commercial and non-residential customers whose monthly water consumption exceeds their initial water conservation block during the monthly billing period.

The total monthly rate is the sum of service and user charges.

D R A F T

C. WATER RESTRICTION SURCHARGE ADJUSTMENT

In the event that the South Florida Water Management District or other authority having appropriate jurisdiction declares a water shortage requiring a mandatory water usage reduction in the amount of 15%, the water user charges listed above will be increased by 18%.

In the event that a reduction of water use greater than 15% is required, the County Commission may establish by resolution, a surcharge based upon the recommendation of the Public Works Director in order to meet revenues required to comply with existing bond debt service covenants, or to meet other requirements of the water system.

SECTION FIVE:

A. Residential Connection (capacity) Fees shall be based on a table for Equivalent Residential Units. The actual Connection Fee shall be calculated by multiplying the number of ERUs designated, times the class of ERU. The Connection Fee will be based upon the actual type of use or user category of each unit on-site, regardless of any other designated uses.

The Commercial and Non-Residential Connection (capacity) Fee shall be used on the flow rates as outlined in Florida Administrative Code Chapter 64E-6.008. The resulting gallons per day flow contribution as outlined in FAC Chapter 64E-6.008 will then be multiplied by the respective rate per gallon as defined in Paragraph D below.

B. No person, corporation, partnership or any other legal entity shall be allowed to connect onto the Lee County Utilities Water and Sewer System without first receiving a written permit from the County and the payment of all applicable Connection Fees.

C. The County reserves the right to review the amount of water and/or sewer usage during the first eighteen (18) months of service and shall bill to the owner or applicant any adjustments

to the water and sewer Connection Fee for capacity use in excess of the amounts paid by the owner or applicant. Any additional Connection Fee payments shall be billed to the owner or applicant at the same rate that was initially charged at the time of service application.

D. The Connection Fee rate schedule set forth below shall be applicable to all customers of the Lee County Water and Sewer System.

- a. In addition to the physical connection to, and the installation of a meter for the determination of consumption for both water and sewer system, the County shall charge a connection fee which represents the capital facility cost of the water and sewer system capacity utilized by the new connection.
- b. The capital cost of the water and sewer capacity is calculated on an Equivalent Residential Unit (ERU) basis, which is defined as the maximum demand of two hundred fifty (250) gallons per day (GPD) which equates to the demand for a single-family dwelling unit.

The Connection (Capacity) Fees are as follows:

SYSTEM CONNECTION (CAPACITY) FEES			
<u>Classification</u>	<u>No. ERUs</u>	<u>Water Charge</u>	<u>Sewer Charge</u>
Residential Service			
Single-Family	1.00	\$1,140	\$1,735
Multi-Family			
(per Dwelling Unit)	.80	912	1,388
Recreational Vehicle			
(per Dwelling Unit/Lot)	.40	456	694
Commercial Service and All Non-Residential Services		<u>Charge Per Gallon</u>	
		\$4.56	\$6.94

Note: Commercial unit use when combined with residential unit use on a single meter, or unmetered commercial use is calculated individually based upon Lee County Utilities' estimates of wastewater discharge and the above schedule of rates.

SECTION SIX:

The following schedule of MISCELLANEOUS SERVICE CHARGES set forth below shall be applicable to all customers of the Lee County Water and Sewer System:

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A. WATER METER INSTALLATION FEES

<u>Meter Size</u>	<u>Charge</u>
5/8"	\$125.00
3/4"	145.00
1"	195.00
1-1/2"	410.00
2"	560.00
3" and above	Actual Cost

In addition to new installations, these rates may also apply to water service upgrades or facility relocations.

Charges for larger meters and wastewater main taps will be based on estimates of actual time and expense. Amounts collected by the County in excess of actual costs shall be credited to the customer's account or be refunded, as may be applicable. Amounts due, caused by underestimation, shall be billed and payable to the Department of Lee County Utilities within ten (10) days upon receipt of such bill.

B. TAP-IN CHARGES

<u>Meter Size</u>	<u>Charge</u>
5/8"	\$470.00
3/4"	490.00
1"	560.00
1-1/2"	825.00
2"	990.00
3" and above	Actual Cost
Wastewater Main Tap Charge	Actual Cost

In addition to new installations, these rates may also apply to water and sewer service upgrades or facility locations.

Charges for larger meter and wastewater main taps will be based on estimates of actual time and expense. Amounts collected by the County in excess of actual costs shall be credited to the customer's account or be refunded, as may be applicable. Amounts due, caused by underestimation, shall be billed and payable to the Department of Lee County Utilities within ten (10) days upon receipt of such bill.

C. PREMISE VISIT (TRIP CHARGE) - \$25.00

Includes charges for meter re-reads and special reads, customer requested meter tests, and any specific activities where a trip to the customer's premises is requested by the customer or as required by the Department of Lee County Utilities. Further, upon written request from any customer, the Utility shall,

D R A F T

without charge, make a field test for accuracy of the water meter in use at customer's premises, provided the meter has not been tested within the past twelve months.

D. TURN-ON/TURN-OFF CHARGE

	<u>During Normal Working Hours</u>	<u>After Normal Working Hours</u>
Initiation of Service		
Customer Request	\$35.00	\$45.00
Re-connection of Service (Non-Payment Disconnection)	40.00	55.00

E. PLAN REVIEW FEES – 1.0% of Construction Cost or \$540 minimum charge, whichever is greater.

F. FIRE SERVICE CHARGES

<u>Meter Size(*)</u>	<u>Monthly Amount</u>
5/8"	\$1.90
3/4"	2.85
1"	4.75
1-1/2"	9.55
2"	15.25
3"	30.50
4"	47.65
6"	95.30
8"	152.50
10"	219.20

(*) Based on largest diameter meter installed for fire protection.

G. CUSTOMER DEPOSIT

	<u>Water System</u>	<u>Sewer System</u>
Residential Service		
Metered and Unmetered		
Single-Family	\$45.00	\$70.00
Multi-Family (*)		
(per Dwelling Unit/Lot)	36.00	56.00
Recreational Vehicle (*)		
(per Dwelling Unit/Lot)	25.00	40.00

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Commercial Service and All Non-Residential Services	<u>Water System</u>	<u>Sewer System</u>
	<u>Water System</u>	<u>Sewer System</u>
<u>Meter Size</u>		
5/8"	\$45.00	\$70.00
3/4"	67.00	105.00
1"	115.00	175.00
1-1/2"	225.00	350.00
2"	360.00	560.00
3"	720.00	1,120.00
4"	1,125.00	1,750.00
6"	2,250.00	3,500.00
8"	3,600.00	5,600.00
10"	6,525.00	10,150.00

Unmetered commercial and non-residential deposits will be calculated individually based on estimates of wastewater discharges and the above schedule of rates.

(*) The Multi-Family charge is calculated individually based on twice the average or anticipated monthly bill of the customer as estimated by the County.

The above deposit amounts are minimums. Additional deposit amounts may be required in order to secure payment of current bills.

H. RECLAIMED WATER RATE

All users of the County's reclaimed water system having entered into an agreement for the delivery and use of reclaimed effluent water for such service shall pay the rate of \$0.25 per 1,000 gallons, metered consumption. The rate shall be applicable to all users of County's reclaimed water system on a year-round basis.

I. WHOLESALE WATER AND SEWER RATES

Customers receiving wholesale water and/or sewer services will be billed monthly in accordance with the following schedule:

	<u>Rate per 1,000 Gallons</u>
Water Service	\$2.46
Sewer Service	3.36

The rates established in this subsection are applicable to each County wholesale customer that: i) resells such services to its customers in accordance with Florida law and County ordinances; and ii) maintains all distribution/collection systems, valves, hydrants, service connections, manholes and meters in the public rights-of-

way or valid easements within its recognized service area. The terms for providing either wholesale water or wholesale sewer service, or both, to a qualifying applicant will be established by an agreement between the applicant and the County.

J. TEMPORARY HYDRANT METER/BACKFLOW PREVENTOR DEPOSIT

<u>Meter Size</u>	<u>Deposit Amount</u>
5/8" x 3/4"	\$190.00
1"	245.00
1-1/2"	460.00
2"	560.00

Applicant shall pay the deposit for utilization of the temporary hydrant meter with accompanying backflow preventive device prior to service being initiated. Deposit will be applied to customer's bill upon return of the hydrant meter and backflow preventor to the County in proper operating condition.

K. LEAK INSPECTION CHARGE

A fee of \$45.00 will be charged to those customers who have been notified by the County upon subsequent inspection of the failure by the customer to repair inadequate on-site plumbing infrastructure. Fee will be charged to the customer for each additional inspection until such repairs have been made and approved by the County.

L. UNAUTHORIZED WATER TAP SURCHARGE

Individuals establishing water service by performing an unauthorized tap-in and/or a straight pipe connection to the County's water system shall pay a fine of \$500.00 for each unauthorized connection, and per occurrence.

M. WASTEWATER SERVICE LINE CLEANOUT TAMPERING CHARGE

In cases where individuals establish an unauthorized access to the clean-out portions of the County wastewater service lines, a fee will be charged to recover those actual costs incurred by the County to restore the line to its original state. Also, a fee of \$75.00 will be charged to the individual per occurrence. In addition, any individual that connects to the sewer system without authorization shall pay a fine of \$375.00 for each unauthorized connection, and per occurrence.

N. LATE PAYMENT FEE

In all cases where a utility bill has been tendered and payment has not been received by the County within 30 days from the tender of such bill, the Department of Lee County Utilities will consider such payment past due. A fee of \$5.00 or 1.0% of the

outstanding past due amount, whichever is greater, will be charged to the customer's account.

SECTION SEVEN:

This Resolution shall become effective upon its adoption by the Board of County Commissioners. The changes in rates as adopted by this Resolution shall be implemented in the first Department of Lee County Utilities billing period following October 1, 2002.

The rates and charges as adopted by this Resolution shall apply to the unincorporated areas of the Lee County Utilities System and to any municipal areas currently being served by the Lee County Utilities System. The foregoing Resolution was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and, is being put to vote, the vote was as follows:

Bob James	_____
Douglas R. St. Cerny	_____
Ray Judah	_____
Andrew W. Coy	_____
John E. Albion	_____

DULY PASSED AND ADOPTED this _____ day of _____ 2002.

ATTEST:

BOARD OF COUNTY COMMISSIONERS
OF LEE COUNTY, FLORIDA

By: _____

By: _____
Chairman

APPROVED AS TO FORM:

By: _____
Office of County Attorney

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Public Resources Management Group, Inc.

Utility, Rate, Financial and Management Consultants

March 25, 2002

Honorable Members of the County Commission
Lee County
2178 McGregor Blvd.
Fort Myers, FL 33901

Subject: Water and Wastewater Rate and Charge Study

Gentlemen:

We have completed our study of water and wastewater rates for the Public Works – Utilities Division of Lee County (the “County”) and have summarized the results of our analyses, assumptions, and conclusions in this report which is respectively submitted for your consideration. This report summarizes the basis for the proposed rates and charges for water and wastewater services that are necessary to meet the expenditure requirements of the utility. The analysis encompassed the five fiscal year period ending September 30, 2002 through 2006.

During the course of the study, it was determined that the proposed rates should meet a number of goals and objectives. The single most important objective was to produce rates which meet the expenditure requirements of the utility system in order to maintain financial sufficiency as well as to continue to fund the expected capital needs of the system. Other objectives considered in the study included:

- Rates based on cost of service principles
- Continue to promote water conservation
- Compliance with rate covenant requirements of the Bond Resolution
- Development of the funding of the capital program for the renewal, replacement, and betterment of utility assets
- Competitiveness with neighboring utilities of utility rates
- Enhancement of revenues by use of other charges

Following this letter, we have provided an executive summary which summarizes the report and outlines our recommendations and conclusions to the County relative to utility rates. The accompanying report provides additional detail regarding the analysis conducted on behalf of the County. This rate study also presents the projected operating financial status of the utility as well as analyses regarding compliance with the utility’s existing Bond Resolution which authorized the issuance of the outstanding revenue bonds.

Honorable Members of the County Commission

March 25, 2002

Page 2

The proposed user fees, miscellaneous service charges, and system connection fees are based on the total recovery of costs to be incurred by the County water and wastewater facilities with regard to capacity available to serve new growth. As such, these charges are considered by Public Resources Management Group, Inc. to be reasonable and reflect the cost burden of each respective utility. This study did not take into account consolidation of the existing County system with that of Gulf Environmental Services, Inc. Based on discussions with the County, this consolidation would be addressed from a financial and rate application standpoint in the near future.

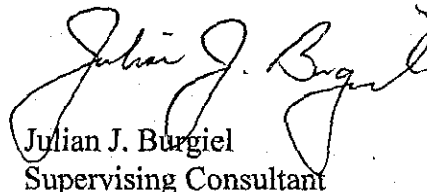
We appreciate the fine cooperation and valuable assistance given to us by the County and its staff in the completion of the study.

Respectfully submitted,

Public Resources Management Group, Inc.



Robert J. Ori
President



Julian J. Burgiel
Supervising Consultant

**LEE COUNTY, FLORIDA
WATER AND WASTEWATER RATE AND CHARGE STUDY**

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WATER AND WASTEWATER RATE AND CHARGE STUDY**

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WATER AND WASTEWATER RATE AND CHARGE STUDY**

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**LEE COUNTY, FLORIDA
WATER AND WASTEWATER RATE AND CHARGE STUDY**

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**LEE COUNTY, FLORIDA
WATER AND WASTEWATER RATE AND CHARGE STUDY**

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY AND RECOMMENDATIONS

General

Lee County is a political subdivision of the State of Florida governed by the State Constitution and general laws of the State of Florida. The County occupies approximately 803 square miles in the southwestern portion of the State and based on information provided by the Bureau of Economic and Business Research for 2001, the County had a population of approximately 440,888 people. When compared to the sixty-seven other counties, the County ranked eleventh in terms of population size according to information contained in the 2001 Florida Statistical Abstract. The Lee County Water and Wastewater System service area generally includes the entire unincorporated area of Lee County with the exception of certain areas serviced by private and other public (municipal) utilities (i.e., the cities of Fort Myers, Cape Coral and Sanibel). The majority of customers served by Lee County Public Works - Utilities Division (LCU) consist primarily of single and multi-family residential customers. Water and wastewater services are also provided to commercial customers of whom only a small percentage is classified as large users for billing purposes.

The County's existing rates for monthly water and wastewater services were adopted pursuant to Resolution No. 94-03-114 and became effective with bills rendered on and after March 30, 1994. Therefore, rates have not been adjusted in seven and one-half years. Subsequent to this last adjustment, it has been projected that the cost of utility operation and system improvements funded from rate revenues would increase, thus placing a financial strain on the utility. As identified in this report, the proposed rate adjustment recommended to be implemented in Fiscal Year 2002 would increase the typical single-family residential water bill by 3.9%, or \$0.75 per month, and would increase the average wastewater bill by 6.9%, or \$2.05 per month (assuming 5,000 gallons monthly usage). In addition, other factors such as: i) reduced water use or sales of the utility (due in part to conservation measures implemented by the utility); ii) an anticipated increase in wastewater treatment costs at the City of Fort Myers facilities which the County is a participant; iii) a reduction in fund balances and interest rates which has had a reducing effect on utility income; iv) the need to fund a significant amount of capital projects; and v) the need to have the individual utility systems fully support the operations from rates have caused the need to review user fees. As a result of these factors and needs, the County authorized this rate study.

Existing Rates

The existing monthly rates for water and wastewater service include: i) a monthly administrative fee applied to each account billed regardless of the number of dwelling units served; ii) a monthly service charge based on the number of dwelling units served; iii) a volumetric or usage charge which increases in cost based on water use (i.e., an inclining block rate) to promote water conservation which is based on metering to each users premise; and iv) for the wastewater system, a monthly maximum billing threshold for the residential single-family and multi-family

classes amounting to 6,000 gallons of metered water consumption (cap). The following is a summary of the existing rates for water and wastewater service:

Summary of Existing Monthly County Water and Wastewater Rates

Customer Classification	Monthly Service Charge	Usage Charge per Unit (Per 1,000 gallons)			
Water Service:					
Single-Family [*]	\$5.95 per unit	0 - 6,000	\$2.18		
		6,001 - 12,000	2.68		
		12,001 - 18,000	3.18		
		18,001 and above	4.18		
Multi-Family [*]	4.75 per unit	0 - 4,800	\$2.18		
		4,801 - 9,600	2.68		
		9,601 - 14,400	3.18		
		14,401 and above	4.18		
Recreational Vehicle Unit/Lot [*]	2.40 per unit	0 - 2,400	\$2.18		
		2,401 - 4,800	2.68		
		4,801 - 7,200	3.18		
		7,201 and above	4.18		
Commercial and All Non-Residential		For Each ERU			
		5/8"	\$8.10	1 - 6,000	\$2.18
		3/4"	11.00	6,001 - 12,000	2.68
		1"	16.90	12,001 - 18,000	3.18
		1 1/2"	31.65	18,001 and above	4.18
		2"	49.30	Non-Irrigation Class	
		3"	96.40	Per 1,000	\$2.18
		4"	149.35	Irrigation Class	
		6"	296.50	1 - 6,000	\$2.68
		8"	473.10	6,001 - 12,000	3.18
		10"	855.70	12,001 and above	4.18

[*] Each residential service account shall be charged monthly an administrative fee of \$2.15

Wastewater Service:

Residential Services	Monthly Service Charge	Usage Charge per Unit
Single-Family [1] [2]	\$9.20 per unit	\$3.52 per 1,000 gallons metered consumption
		\$15.84 for unmetered service
Multi-Family [1] [2]	7.35 per unit	\$3.52 per 1,000 gallons metered consumption
		\$12.67 for unmetered service
Recreational Vehicle Unit/Lot [1]	3.70 per unit	\$3.52 per 1,000 gallons metered consumption
		\$6.34 for unmetered service

[1] Each residential service account shall be charged monthly an administrative fee of \$2.95.

[2] No wastewater user charge shall be imposed on metered water usage above six thousand (6,000) gallons per month per residential service dwelling unit.

Summary of Existing Monthly County Water and Wastewater Rates (continued)

Customer Classification	Monthly Service Charge	Usage Charge per Unit (Per 1,000 gallons)
Wastewater Service (con't)		
Commercial and All Non-Residential		
<u>Meter Size</u>		
5/8"	\$12.15	\$3.52 per 1,000 gallons metered consumption
3/4"	16.75	
1"	25.95	
1 1/2"	49.00	
2"	76.65	
3"	150.30	
4"	233.20	
6"	463.45	
8"	739.70	
10"	1,338.35	

[1] Each residential service account shall be charged monthly an administrative fee of \$2.95.

[2] No wastewater user charge shall be imposed on metered water usage above six thousand (6,000) gallons per month per residential service dwelling unit.

Net Revenue Requirements From Rates

The various components of costs associated with the operations, maintenance, financing of the system, renewals, replacements and capital improvements are generally considered the revenue requirements of a publicly operated utility system. The development of the net revenue requirements for the County's utility system is a critical component of the study since rates should be designed to represent the full cost of providing service. To the extent that the estimate of the revenue requirements is not accurate, the proposed rates could over or underrecover the expenditure requirements of the System and therefore impact the utility from a financial standpoint. The determination of the revenue requirements for the utility system of the County was made in a manner generally consistent with the methods employed for other publicly-owned utilities utilizing revenue bond financing to meet their capital needs.

In our analysis of the rates for water and wastewater service, a five year forecast or projection period was considered. The forecast period for the study was for the fiscal years ending September 30, 2002 through 2006. This five year forecast period was selected in order to provide the County information regarding additional rate adjustments that may occur or be required in the future, as well as to assist the utility in the development of financial projections associated with the issuance of anticipated utility revenue bond indebtedness. Based upon the projections of utility expenditures, or revenue requirements, and the estimate of sales revenue as discussed in Section 3, the estimated rate adjustments based on existing rates for the Fiscal Year 2002 and the five year forecast period are shown as follows:

	2002	2003	2004	2005	2006
Water System: [1]					
Net Revenue Requirements from Retail Rates	\$22,030,323	\$22,400,619	\$23,321,592	\$23,661,331	\$24,236,565
Existing Retail Water Rate Revenue [2]	<u>21,545,315</u>	<u>22,400,619</u>	<u>22,686,043</u>	<u>23,611,331</u>	<u>23,936,707</u>
Estimated Revenue Surplus/(Deficiency) [3]	(\$485,008)	\$ 0	(\$635,548)	\$ 0	(\$299,858)
Amount Percent	<u>(2.25%)</u>	<u>0.00%</u>	<u>(2.80%)</u>	<u>0.00</u>	<u>(1.25%)</u>
Percent of Partial Year Rate Revenue [4]	<u>(3.00%)</u>	<u>0.00%</u>	<u>(2.80%)</u>	<u>0.00%</u>	<u>(1.25%)</u>

[1] Derived from Table 3-1.

[2] Amounts shown based on rates currently in effect and include effects of rate adjustments in forecast period (i.e., 2002 adjustment included in 2003 revenue).

[3] Reflects annual deficiency for each year assuming prior period adjustments.

[4] For years in which a rate increase is required, the increase is assumed to be effective on October 1st except for Fiscal Year 2002 where the adjustment is recommended to occur January 1, 2002.

The development of the estimated revenue requirements for the wastewater system summarized as follows:

	2002	2003	2004	2005	2006
Wastewater System: [1]					
Net Revenue Requirements from Retail Rates	\$21,323,739	\$22,156,600	\$24,947,541	\$25,241,200	\$26,722,631
Existing Retail Wastewater Rate Revenue [2]	<u>19,644,741</u>	<u>22,156,600</u>	<u>22,424,254</u>	<u>25,241,200</u>	<u>25,535,965</u>
Estimated Revenue Surplus/(Deficiency) [3]	(\$1,678,998)	\$ 0	(\$2,523,287)	\$ 0	(\$1,186,665)
Amount Percent	<u>(8.55%)</u>	<u>0.00%</u>	<u>(11.25%)</u>	<u>0.00%</u>	<u>(4.65%)</u>
Percent of Partial Year Rate Revenue [4]	<u>(11.40%)</u>	<u>0.00%</u>	<u>(11.25%)</u>	<u>0.00%</u>	<u>(4.65%)</u>

[1] Derived from Table 3-2.

[2] Amounts shown based on rates currently in effect and include effects of rate adjustments in forecast period (i.e., 2002 adjustment included in 2003 revenue).

[3] Reflects annual deficiency for each year assuming prior period adjustments.

[4] For years in which a rate increase is required, the increase is assumed to be effective on October 1st except for Fiscal Year 2002 where the adjustment is recommended to occur January 1, 2002.

As can be seen above (and as discussed more fully in Section 3) for the water and wastewater systems, respectively, it is currently envisioned that each system will need to experience a rate adjustment in Fiscal Year 2002 to meet its expected revenue requirements. Additionally, based on the capital improvement funding analysis and debt service requirements, we anticipate that the systems will need further rate adjustments to recognize increased revenue requirements of the Systems. The primary reasons for the rate increases for the two systems include the following:

1. The last true rate review and rate adjustment that the water and wastewater system experienced was performed during the Fiscal Year 1994 which is over seven (7) years ago. As a result, the cost of operations of the System due to

inflationary allowances and increased regulatory pressure on the cost of treatment have escalated, thus impacting the financial stability of the System.

2. A projected decline from recently experienced levels in the average water use per equivalent residential connection over the forecast period due primarily to increased water conservation efforts of the County's customer base that affect water use. As a result of these efforts, a reduction in the contribution margin from each water and wastewater customer (based on relative flow) is reduced, thus causing a financial impact on the utility system.

3. A primary reason for the increases is a direct result of the ongoing capital needs of the water and wastewater system due to: i) their age (major replacement and betterments required); ii) the continued need to fund or provide for future water supply; iii) increased regulations and the requirements for System upgrades; iv) the need to meet System growth requirements; and v) meeting environmental concerns and quality issues. In order to fund the capital needs as identified by the County, it is expected that the County will need to increase the amount of indebtedness allocable to the systems. Generally when System indebtedness is incurred, there usually is a short-term rate impact to recognize the payments of the fixed costs of the indebtedness that generally precedes the benefits received by the utility customers (i.e., the construction of facilities and a resulting subsequent increase in customers relative to the facility construction).

4. The need to continually fund the Renewal and Replacement Fund program in a sufficient amount in order to develop a stable revenue source for the betterment, replacement, or upgrades of utility plant in service which is allocable to existing users as opposed to new growth.

Proposed Monthly Rates for Service

Based on the projections of customers and sales, projected utility expenditures requirements, the allocation of costs to the rate structure attributes (cost of service), and discussions with the staff of the County, the proposed monthly rates for water and wastewater service are recommended as follows:

Summary of Proposed Monthly County Water and Wastewater Rates

Customer Classification	Monthly Service Charge	Usage Charge per Unit (Per 1,000 gallons)	
Water Service:			
Single-Family [*]	\$6.20 per unit	0 - 6,000	\$2.26
		6,001 - 12,000	2.78
		12,001 - 18,000	3.30
		18,001 and above	4.33
Multi-Family [*]	4.95 per unit	0 - 4,800	\$2.26
		4,801 - 9,600	2.78
		9,601 - 14,400	3.30
		14,401 and above	4.33

Summary of Proposed Monthly County Water and Wastewater Rates (continued)

Customer Classification	Monthly Service Charge	Usage Charge per Unit (Per 1,000 gallons)	
Water Service (cont)			
Recreational Vehicle Unit/Lot [*]	2.50 per unit	0 - 2,400	\$2.26
		3,301 - 4,800	2.78
		4,801 - 7,200	3.30
		7,201 and above	4.33
Commercial and All Non-Residential			
5/8"	\$8.45		
3/4"	11.55		
1"	17.75		
1 1/2"	33.25		
2"	51.85		
3"	101.45		
4"	157.25		
6"	312.25		
8"	498.25		
10"	901.25		
		For Each ERU	
		1 - 6,000	\$2.26
		6,001 - 12,000	2.78
		12,001 - 18,000	3.30
		18,001 and above	4.33
		Non-Irrigation Class	
		Per 1,000	\$2.26
		Irrigation Class	
		1 - 6,000	\$2.78
		6,001 - 12,000	3.30
		12,001 and above	4.33

[*] Each residential service account shall be charged monthly an administrative fee of \$2.25.

Wastewater Service:

Residential Services		
Single-Family [1] [2]	\$10.10 per unit	\$3.69 per 1,000 gallons metered consumption \$16.61 for unmetered service
Multi-Family [1] [2]	8.10 per unit	\$3.69 per 1,000 gallons metered consumption \$13.29 for unmetered service
Recreational Vehicle Unit/Lot [1]	4.10 per unit	\$3.69 per 1,000 gallons metered consumption \$6.65 for unmetered service
Commercial and All Non-Residential		
<u>Meter Size</u>		
5/8"	\$13.35	\$3.69 per 1,000 gallons metered consumption
3/4"	18.45	
1"	28.55	
1 1/2"	54.25	
2"	84.25	
3"	165.00	
4"	255.50	
6"	509.75	
8"	813.50	
10"	1,470.30	

[1] Each residential service account shall be charged monthly an administrative fee of \$3.25.

[2] No wastewater user charge shall be imposed on metered water usage above nine thousand (9,000) gallons per month per residential service dwelling unit.

As can be seen above, the proposed rates for water and wastewater service maintain the same general rate structure as the existing rates. For purposes of this analysis, the wastewater maximum billing threshold for the residential class has been increased to 9,000 gallons. Based on discussions with staff and in order to enhance the revenue stability of the wastewater system, the County may wish to consider increasing this threshold to 9,000 gallons. As discussed in Section 4, typical residential wastewater thresholds in the State of Florida are normally established at the 8,000 - 10,000 gallon range. This range allows for essential indoor water use being recognized as returned to the wastewater system plus an acceptable discretionary allowance that can reasonably be expected to also be returned to the System. As outlined in Section 2 – Customer Statistics, approximately 25% of the single-family residential customer base uses in excess of the 6,000 gallon per month cap. Increasing the threshold to 9,000 gallons per month would ensure recovering the costs associated with treating and disposing of the excess wastewater not currently being billed.

In order to illustrate the effects of the proposed rates, a comparison has been prepared for customers that utilize approximately 5,000 gallons of water and wastewater service per month. The usage level represents approximately the median usage level for the single-family residential class.

	Residential Service @ 5,000 gallons [1]		
	Water	Wastewater	Combined
Lee County			
Existing Rates	\$19.00	\$29.75	\$48.75
Proposed Rates	19.75	31.80	51.55
Other Florida Utilities:			
City of Bradenton	\$16.63	\$18.32	\$34.95
Brevard County	11.44	27.68	39.12
Charlotte County	35.13	36.42	71.55
City of Clearwater	13.65	17.30	30.95
Collier County	19.20	26.70	45.90
Englewood Water District	19.00	31.63	50.63
Florida Water Services – Lehigh – Lee County	28.21	44.57	72.78
City of Fort Myers	14.96	29.81	44.77
Hillsborough County	21.45	35.70	57.15
Manatee County	10.56	25.90	36.46
City of Naples	12.48	32.51	44.99
City of North Port	23.41	42.24	65.65
Orange County	10.52	29.81	40.33
Pinellas County	13.50	23.50	37.00
City of Punta Gorda	25.25	26.75	52.00
City of Sarasota	19.49	41.17	60.66
Sarasota County	23.62	46.39	70.01
City of Tampa	6.95	21.36	28.31
Other of Florida Utilities' Average	<u>\$18.08</u>	<u>\$30.99</u>	<u>\$49.07</u>

[1] Differences in rate levels can be attributable to varying levels in treatment processes (i.e., reverse osmosis versus lime softening) which can exhibit significantly higher costs of operation and, therefore, result in proportionately higher rates for service.

Included at the end of this executive summary section are comparisons illustrating the competitiveness of the County's proposed water and wastewater rates with a number of neighboring utilities.

System Connection Fee Analysis

The County currently charges a one-time charge to new customers in the utility service area; the purpose of which is to assign growth-related capital expenditures to those customers generally responsible for such costs. Presently, a connection fee for capacity utilization of the System is charged for both potable water services and wastewater service. It is proposed that the application of the connection fees for these types of services be maintained.

The proposed connection fees (Section 5) for potable water and wastewater service were determined to be \$1,140 per equivalent residential unit (ERU), or \$4.56 per gallon of reserved capacity, and \$1,735 per ERU, or \$6.94 per gallon of reserved capacity, for the water and wastewater systems, respectively. The proposed change for the water system reflects an increase of \$120, or 11.8%, in comparison to the previously existing water connection fee while the proposed fee for the wastewater system reflects an increase of \$275, or 18.8%. Based on an analysis of water and wastewater connection fees, the increases were primarily attributable to the higher estimated capital costs of providing service due to facility expansion and upgrades anticipated during the planning horizon. LCU's capital program identifies approximately \$263 million in plant capacity expansion/upgrades and utility system renewals and replacements to take place over the next ten (10) years.

With respect to customer application, it is recommended the County maintain the current methodology with respect to the residential class of customer (i.e., single-family, multi-family, mobile homes, etc.) whereby each applicant is charged based on their designated ERU factor (single-family residence = 1.0 ERU, multi-family unit = 0.8 ERU, etc.). With respect to the commercial class, it is recommended the County alter its current methodology whereby connection fees are charged based on the size of the applicant's meter, to that of a per gallon of reserved capacity approach. Under this approach, the County can assign a specific level of capacity to each individual commercial account based on the attributes of the establishment (i.e., a hotel is assigned 150 gallons per day capacity per room as defined in Chapter 10D-6 of the Florida Administrative Code). The resultant ERUs to be assigned to the applicant can then be determined by applying the County's current level of service factor of 250 gallons per day to the total additive gallons of reserve capacity arrived at by the County (reference Section 5 of this report). It is also recommended that in no instance the County assign an ERU determination of less than 1.0 ERU to any individual applicant (connection) for water and wastewater service.

The determination of the proposed connection fees was based on the plant account function (e.g., treatment), existing and incremental plant facilities and available capacity of such facilities to serve new growth, ERU service requirements, and other current data available to PRMG regarding the water and wastewater systems. By designing the connection fee to recover costs on a prospective basis, an attempt is made to design a fee which will provide for the future expansion of the utility system in an equitable manner.

Other Rates and Charges

In addition to the analysis of monthly user charges and connection fees, PRMG also evaluated other miscellaneous charges as well as compliance with the Bond Resolution requirements (covenants) for the outstanding system utility bond indebtedness. A brief summary of these additional issues are presented below for the County's consideration:

Rate Covenants of Bond Resolution

The governing Bond Resolution which authorized the issuance of the outstanding Water and Wastewater Revenue Refunding and Improvement Bonds, Series 1993 (the "Series 1993 Bonds") mandates certain covenants which must be achieved. Based on the provisions of the Bond Resolution, rates for service must produce Net Revenues (Revenues less Operating Expenses as defined in the Bond Resolution) which, after the recognition of any required deposit, must be at least 100% of the annual debt service payment in each fiscal year. The proposed rate adjustments for the water and wastewater system for the study period reflected in the report are anticipated to meet the rate covenants of the Bond Resolution.

In addition to the Senior Lien Parity Bonds, the County has also secured funds from the State Revolving Loan Fund (SRF loan) for the purpose of implementing wastewater system improvements. The issue is considered to be junior and subordinate to the Series 1993 Bonds. Based on the provisions of the Loan Agreement which authorized the issuance of the SRF Loan to the County, rates and charges for services must produce Net Revenues sufficient to provide, after the deduction of the Senior Lien Indebtedness (obligations) requirements, to be at least 115 percent of the annual debt service payment in the fiscal year. The proposed rates and subsequent adjustments for the study period reflected in the report are anticipated to meet the rate covenants of the Loan Agreement.

Based on information provided by the County, it is also anticipated that the County will be procuring additional SRF loan funding for the purpose of implementing water and wastewater system improvements during the course of the projection period. For purposes of this study, it was assumed that the rate covenant requirements would be similar to that of the existing SRF Loan whereby the pledge for repayment would be solely from water and wastewater system revenues. The proposed system rates and subsequent adjustments as outlined in this report are anticipated to meet the rate covenants of the anticipated SRF Loan Agreement during the course of the projection period.

Miscellaneous Charges

The County has several charges or fees which are billed to a customer for specific services. These charges provide additional revenue to the utility and serve to reduce the amount of revenues needed to be derived from user fees.

The fees are designed to recover the costs of providing specific services which may be required periodically by a customer (e.g., a request for a turn-on) or as a direct result of customer actions (e.g., returned and check charge). A summary of the existing charges and the recommended fees for these services is summarized below:

Meter Installation (Drop-in) Fees

<u>Meter Size</u>	<u>Existing Fees</u>	<u>Proposed Fees</u>
5/8"	\$110.00	\$125.00
3/4"	135.00	145.00
1"	190.00	195.00
1 1/2"	355.00	410.00
2"	510.00	560.00
3" and above	Actual Cost	Actual Cost

Tap-in Charge

<u>Meter Size</u>	<u>Existing Fees</u>	<u>Proposed Fees</u>
5/8"	\$395.00	\$470.00
3/4"	425.00	490.00
1"	455.00	560.00
1 1/2"	825.00	825.00
2"	920.00	990.00
3" and above	Actual Cost	Actual Cost

Wastewater Main Tap Charge

Actual Cost	Actual Cost
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Returned Check Charge

\$25.00 fee for check less than \$50.00	\$25.00 fee for check less than \$50.00
\$30.00 fee for check between \$50.00 and \$300.00	\$30.00 fee for check between \$50.00 and \$300.00
\$40.00 fee for check exceeding \$300.00 or 5% of check value, whichever is greater	\$40.00 fee for check exceeding \$300.00 or 5% of check value, whichever is greater

Premise Visit (trip charge) [*]

\$20.00	\$25.00
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Turn-On/Turn-Off Charge

<u>Initiation of Service</u>		
Normal Hours	\$35.00	\$35.00
After Hours	45.00	45.00
<u>For Non-Payment</u>		
Normal Hours	\$40.00	\$45.00
After Hours	55.00	55.00

Plan Review Fees

\$45.00 plus \$15.00 per additional unit	1.0% of Construction Cost or \$540 minimum charge, whichever is greater
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[*] Includes charges for meter re-reads and special reads, and any specific activities where a trip to the customer's premises is requested by the customer and required of LCU.

<u>Monthly Fire Line Charges</u>	<u>Existing Fees</u>	<u>Proposed Fees</u>
5/8"	N/A	\$1.90
3/4"	N/A	2.85
1"	N/A	4.75
1 1/2"	N/A	9.55
2"	\$4.17	15.25
3"	8.33	30.50
4"	12.50	47.65
6"	25.00	95.30
8"	40.83	152.50
10"	40.83	219.20
 <u>Wastewater Service Line Tampering Penalty</u>		
Cleanout Charge	N/A	\$75.00
Connection Restoration/Tampering Fee	N/A	350.00
 <u>Water Line/Hydrant Tampering Charge</u>		
	N/A	\$500.00

Wholesale Water and Wastewater Rates

In addition to the County's retail customers, the County has entered into agreements and anticipates entering future agreements for the sale of potable water and bulk wastewater treatment services. Based on discussions with staff, it has been determined that standard wholesale rates should be established which are designed to recover the County's costs with providing these services and can be applied to future customers of the system who qualify for the provision of such service.

Based on the revenue requirements allocable to wholesale water and wastewater services, a rate of \$2.46 per 1,000 gallons for bulk water purchases and \$3.36 per 1,000 gallons for bulk wastewater treatment services is proposed.

Reclaimed Water Rates for Effluent Reuse

The County's primary methods of effluent disposal from the wastewater treatment facilities operated by the County is the use of spray irrigation at several sites (i.e., golf courses, residential developments, etc.). This is beneficial since this method of disposal conserves raw water resources, allows the County to recover revenues from this by-product of the wastewater treatment process (now being considered as an additional water resource) and provides the user a low-cost method of irrigating, thus improving the community. The County currently charges two (2) distinct and separate rates for reclaimed water service: i) a low demand period rate of \$0.04 per 1,000 gallons which is in effect during the rainy season (June 1 through September 30); and ii) a normal demand period rate of \$0.21 per 1,000 gallons for the remaining months of the year (dry season). Based on information provided by the County, the low demand period rate was placed into effect several years ago when at that time only a handful of reclaimed customers existed and served as a mechanism to entice these users to continue applying the reclaimed water and assist the County in discarding the treated effluent. Since this point in time,

the reclaimed customer base has increased significantly (nearing thirty large users) and the resulting need to sell the reuse water at a level below the cost of treating the product is no longer essential to the County. It is therefore recommended to eliminate the wet/dry season rate application structure currently in effect and adopt a year round rate which is designed to recover the costs to operate and maintain the reuse system. Based on an analysis of the costs associated with operating and maintaining these facilities which are allocable to the reuse system, a rate for reclaimed water service was developed. The rate is \$0.25 per 1,000 gallons.

Customer Deposits

In order to defray the risk of nonpayment for utility services rendered until the negligent customer is disconnected, water and wastewater utilities generally require each new residential and nonresidential customer to pay a customer deposit. The minimum deposit recommended to the County should continue to be based on the size of the service and this class on type of customer served. Based on a review of the existing customer deposits, no adjustment to water system deposits are recommended due to the proposed level of increases to the existing water rates for monthly service, an adjustment to the existing level of wastewater system deposits are proposed. The following is a summary of the existing and recommended proposed wastewater deposit requirements:

	Wastewater System	
	Existing Customer Deposit Rate	Proposed Customer Deposit
Residential Service		
Single-Family	\$65.00	\$70.00
Multi-Family (per dwelling unit)	52.00	56.00
Recreational Vehicle (per unit/lot)	35.00	40.00
Commercial and Non-Residential Service		
<u>Meter Size</u>		
5/8 inch	\$65.00	\$70.00
¾ inch	97.00	105.00
1 inch	165.00	175.00
1½ inch	325.00	350.00
2 inch	520.00	560.00
3 inch	1,040.00	1,120.00
4 inch	1,625.00	1,750.00
6 inch	3,250.00	3,500.00
8 inch	5,200.00	5,600.00
10 inch	9,425.00	10,150.00

Conclusions and Recommendations

Based on our studies, assumptions, considerations, and analyses as summarized herein, we are of the opinion that:

1. The County's existing rates for service for the water and wastewater systems are not anticipated to recover the utility system projected revenue requirements for the fiscal years ending September 30, 2002 through 2006.

2. The County should consider adopting the water and wastewater rates proposed for the Fiscal Year 2002, which will meet the projected revenue requirements of such fiscal year. The revenue requirements include operation and maintenance expenses, the funding of capital improvements, and the payment of debt service associated with the performance of system improvements and the funding of the near term expansion of the utility system.
3. The County should consider revising the current monthly residential billing threshold (cap) for the provision of wastewater service from the existing cap of 6,000 gallons per month to 9,000 gallons per month. This threshold will enable the County to recover costs associated with treating flows that are not being recovered above the current 6,000 gallon threshold level.
4. The proposed water and wastewater rates for both utility systems, should be made effective as soon as possible during the Fiscal Year 2002. Furthermore, the County should closely monitor the rates for service since initial projections indicate that subsequent future adjustments may be necessary during the next four fiscal years.
5. It is recommended the County consider adopting the proposed water and wastewater connection fees established at \$1,140 and \$1,735, respectively, per equivalent residential unit. It is also recommended the County alter the current application methodology for the determination of ERUs for the commercial class of customer from the current meter based approach to that of a gallonage based determination which is derived from the direct attributes of each individual commercial applicant for service. This would equate to a fee of \$4.56 per gallon of water and \$6.94 per gallon of wastewater system reserved capacity, for the commercial class.
6. Based on a review of the type of costs incurred by the County of the specific customer service charges (e.g., labor), the County should consider: i) conducting periodic reviews of such charges to ensure cost recovery; and ii) the possible application of the price index factor to such fees during the Fiscal Year 2003.
7. The County should increase the cost of the water meter installation (drop-in) fees and tap-in fees to the following amounts in order to provide consistency in the recovery of costs to the system:

Meter Size	Proposed Drop-in Fee	Proposed Tap-in Fee
5/8 inch	\$125.00	\$470.00
¾ inch	145.00	490.00
1 inch	195.00	560.00
1½ inch	410.00	825.00
2 inch	560.00	990.00
Above 2 inch	Actual Cost	Actual Cost

8. The County should charge \$45.00 for a meter test for a 5/8" to 1" service customers as part of the premises visit or trip charge policy. For all other meter sizes, the test should be charged to the customer based on actual cost utilizing standard rates.

9. The County should charge a fee for customers which request meter re-reads or special readings. The fee for this type of customer service is recommended to be \$25.00 and should continue to be considered as part of the premises visit or trip charge policy. With respect to meter re-reads, it is further recommended that no charge be assessed for the first re-read in a twelve (12) month period which is fairly common in the utility industry. Additionally, if there is an error in the reading of the meter or of the meter accuracy, the fee should not be charged.
10. In order to defray the risk of nonpayment, the County should adopt the proposed wastewater customer deposits consistent with the proposed increase in user fees or rates. Water deposits are recommended to be maintained at current levels. The deposits should continue to be based on the type of customer (e.g., residential), meter or service size and level of service request (e.g., water and wastewater service). The recommended residential deposit is summarized below (reference Section 6):

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Residential (5/8" meter)	\$45.00	\$75.00	\$120.00

11. It is recommended that the cost for the initiation of service to a new customer at their request should be maintained at \$35.00. The County should raise the standard disconnect/reconnect for cause (e.g., for nonpayment) from the current fee of \$40.00 per occurrence to \$45.00 in order to recover the cost of providing this service. To the extent of the customer requests services to be performed after normal working hours, the rates should be maintained at \$45.00 for normal requests and \$55.00 for the turn-on and turn-off for the non-payment of services.
12. The County should adjust the proposed reuse rates for the rate of treated effluent from the County's wastewater treatment facilities to a rate of \$0.25 per 1,000 gallons of metered effluent on a year-round basis.
13. It is recommended the County continue the returned check charge to recover those costs incurred as a result of the check being refused by the bank and returned to the customer for insufficient funds. The County should maintain the minimum of \$25.00, or 5% of the face amount of the check, whichever is greater. It is also recommended the County maintain the not-to-exceed fee of approximately \$40.00, concurrent with current parameters as outlined in Florida Statute 832.07.

14. The private fire protection charges for recovering costs relative to maintaining the water facilities for private fire protection services are recommended to be increased to the following monthly rates:

Meter Size	Monthly Charge
5/8"	\$1.90
3/4"	2.85
1"	4.75
1-1/2"	9.55
2"	15.25
3"	30.50
4"	47.65
6"	95.30
8"	152.50
10"	219.20

15. It is recommended the County adopt a wastewater service line tampering fee to deter individuals from opening clean-out portions of wastewater service lines to drain standing water (usually during storm events). It is proposed that a cleanout fee of \$75.00 be charged to recover County costs of cleaning and restoring the line with an additional penalty of \$350.00 to be charged per occurrence to deter future occurrences.
16. The plan review fees should be adjusted to a minimum fee of \$540.00 per request or 1.0% of the construction cost of the plan under review, whichever is greater, to be consistent with the costs of providing such service, as well as the relationship or comparability of similar fees charged by other neighboring utilities.
17. The County should consider adopting a water line/hydrant tampering charge to deter individual tapping into the water distribution system either through physical taps into an existing line or tampering with County hydrants. It is recommended a fine of \$500 be adopted to deter such activities.
18. The County should consider adopting a late payment fee charge of 1.0% of the outstanding bill (minimum of \$5.00) in order to encourage timely payment of monthly service.
19. The County should consider adopting a deposit schedule for rental of fire hydrant meters and associated backflow prevention devices to be held by the County until such items are returned to the County in good condition.
20. The County should consider adopting a fee to recover those costs incurred by the County to perform subsequent inspections to commercial accounts who were discovered to have plumbing leaks during the course of normal utility inspections. The fee, proposed to be \$45.00 per occurrence, is intended to recover costs incurred by the County in addition to providing incentive to the customer to implement repairs recommended by the County on a timely basis.
21. It is recommended the County adopt wholesale water and wastewater rates to be charged all new customers who are deemed by the County to qualify for such level of service. The

rates, which are to be applied to the amount of metered water consumption utilized by the wholesale customer, are determined to be \$2.46 and \$3.36 per 1,000 gallons for wholesale water and wastewater service, respectively.

22. It is recommended the County consider implementing a \$0.50 per month wellfield development surcharge to those customers of the water system who exceed their respective first water conservation block threshold in any given month. The surcharge, which is recommended to be applied based on the number of equivalent residential unit (ERUs) served by each physical connection to the County water system will establish a funding source for the development of future reliable sources of water supply to serve the County's customer base in addition to adding further financial incentive to conserve water resources.
23. The proposed rates as reflected in the study should be adequate to meet all the rate covenant requirements (e.g., debt service coverage) as defined in the Bond Resolution which authorized the issuance of the outstanding bond indebtedness allocated to the utility system.
24. The proposed rates are competitive with neighboring utilities, especially at the average usage level for a residential customer of 5,000 gallons. The proposed rates do produce bills which are competitive when compared to the average of 19 utilities surveyed, primarily in the southwestern portion of Florida.

Figure ES-1
Comparison of Typical Monthly Residential Bills for Water Service -
5/8" or 3/4" Meter With Usage of 5,000 Gallons

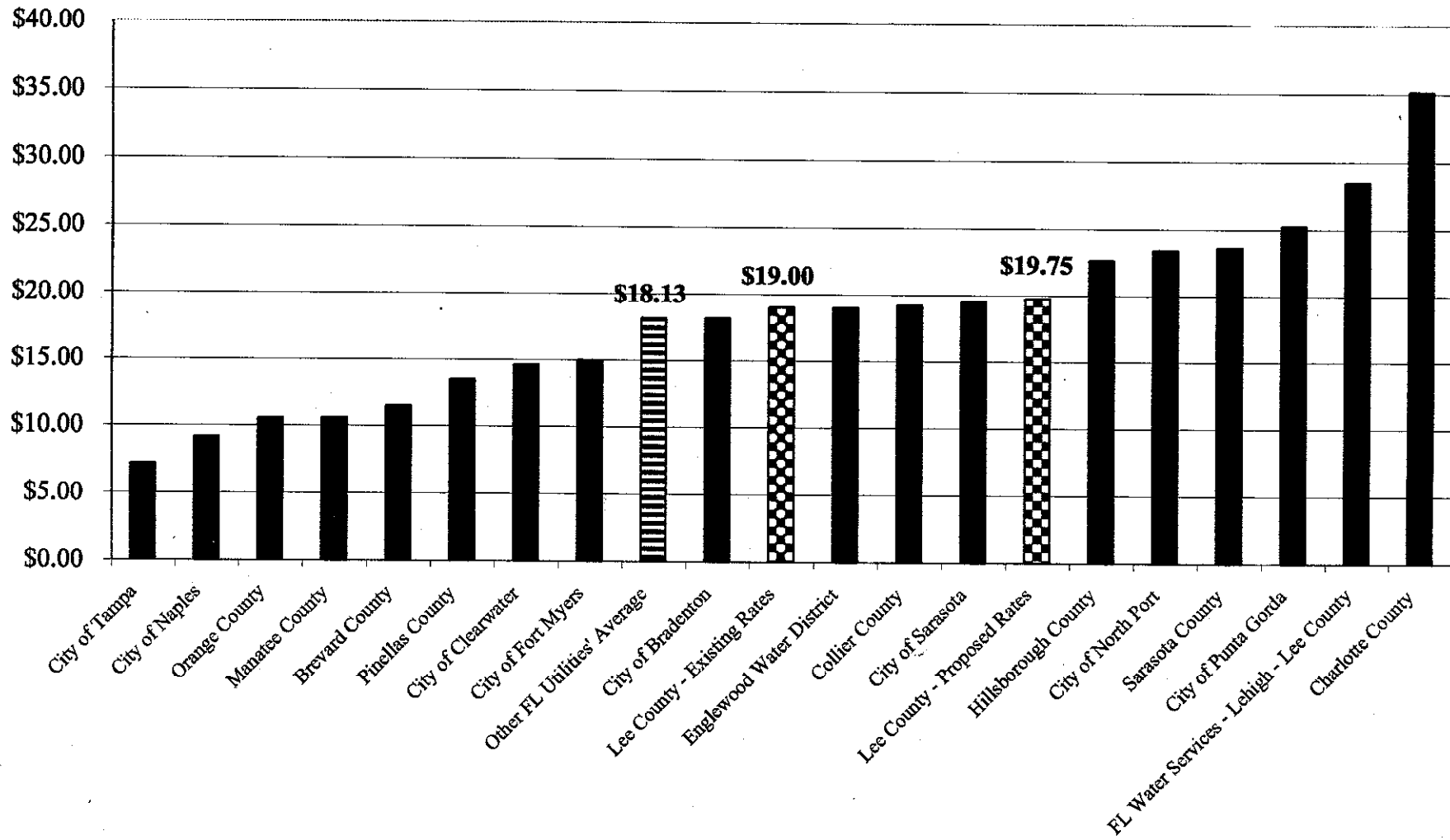


Figure ES-2
Comparison of Typical Monthly Residential Bills for Wastewater Service -
5/8" or 3/4" Meter With Usage of 5,000 Gallons

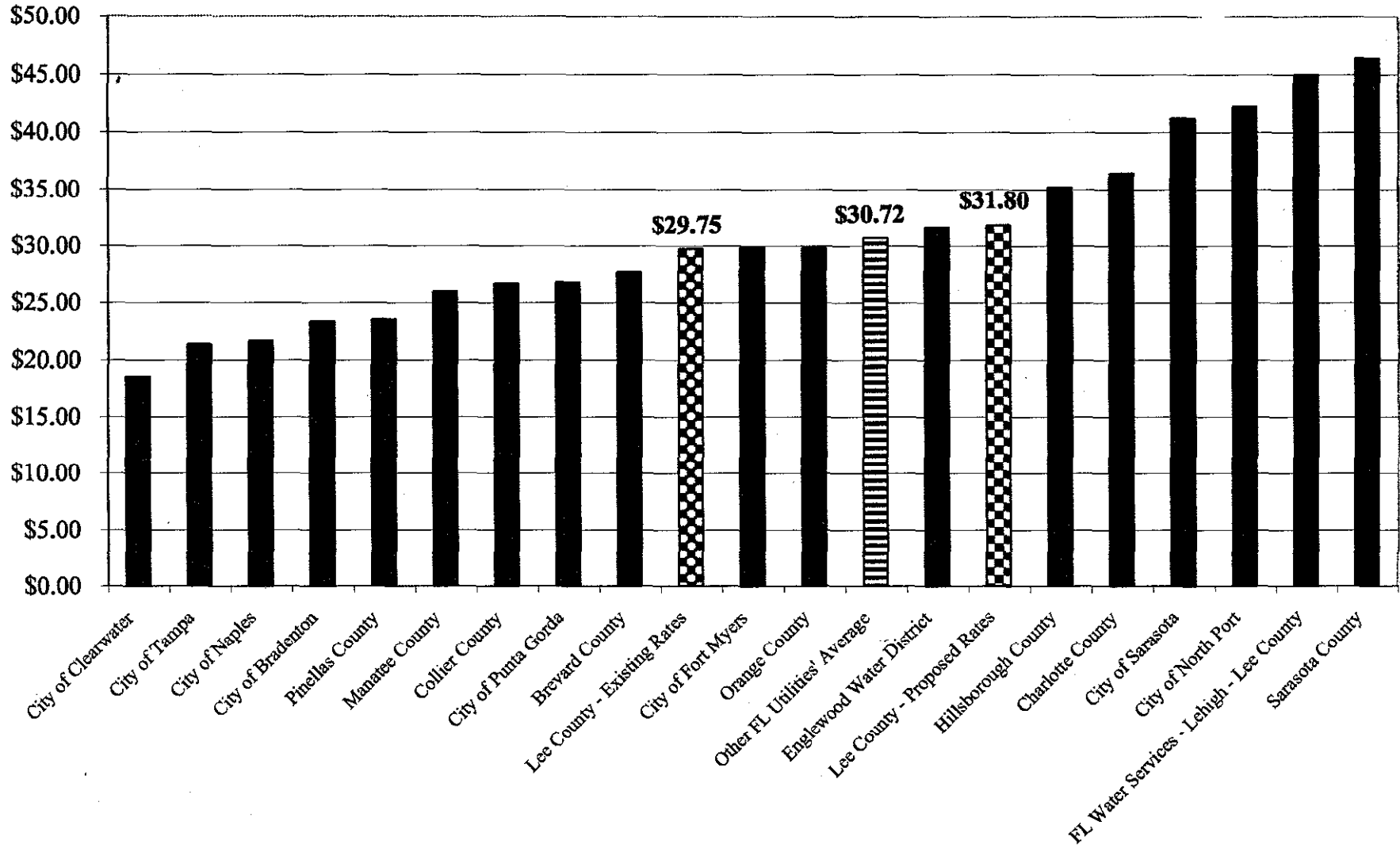


Figure ES-3
Comparison of Typical Monthly Residential Bills for Combined Water and Wastewater Service -
5/8" or 3/4" Meter With Usage of 5,000 Gallons

