

**AGENDA ITEM REPORT**

DATE: May 2, 2023
DEPARTMENT: Utilities
REQUESTER: Pamela Keyes
TITLE: Direct to Public Hearing: Resolution to Adopt Adjusted Utility Rate Schedule

I. MOTION REQUESTED

- A) Select Rate Adjustments based on the 2023 Lee County Utilities Water and Wastewater Revenue Sufficiency Study, dated March 23, 2023.
 B) Direct to a public hearing for June 20, 2023, to adopt a Resolution approving a new water and wastewater services rate schedule for Lee County Utilities to be implemented on July 1, 2023.

II. ITEM SUMMARY

Authorizes staff to schedule a Public Hearing to adopt the Lee County Utilities revised rate schedule for water and wastewater services by Resolution on June 20, 2023, at 9:30 AM to be implemented July 1, 2023. Adopts one of two options for water, sewer, and reclaimed water rate adjustments proposed during an April 4, 2023 BoCC Work Session: 1) a five-year rate increase of 8% annually, **or** 2) a five-year tapered rate increase of 12%, 9%, 7%, 5%, and 4% annually. Both options meet current bond covenants and allow LCU to finance needed Capital Improvement Projects.

III. BACKGROUND AND IMPLICATIONS OF ACTIONA) Board Action and Other History

On November 12, 2002, Lee County Board of County Commissioners (BoCC) approved Ordinance 02-32, establishing procedures for adopting future rates, charges, and fees for the Lee County water and sewer system.

On July 9, 2002, Lee County (BoCC) approved by Resolution 02-07-44, a one-time rate increase to commence on October 1, 2002.

On August 14, 2007, Lee County BoCC approved by Resolution 07-08-70, a one-time rate increase of 25% to both water and sewer rates to commence October 1, 2007.

The existing rates for Lee County Utilities (LCU) were adopted by Resolution No. 11-08-26 on August 9, 2011, and effective October 1, 2011. The BoCC approved a four (4) year increase commencing on October 1, 2011, Fiscal Year (FY) 2012, and the last increase started on October 1, 2014 (FY2015). The approved increases were 7%, 7%, 3%, and 3%, respectively.

B) Policy IssuesC) BoCC GoalsD) Analysis

Lee County Utilities staff work with Raftelis Financial Consultants, Inc. annually to complete a Revenue Sufficiency Study to review the enterprise's financial strength and ability to meet bond covenants and provide proposed rate adjustments to cover expenses for the operations, major maintenance, and the Utilities Capital Improvement Program.

An overview of the 2023 Lee County Utilities Water and Wastewater Revenue Sufficiency Study (study attached) was presented to the BoCC during the April 4, 2023 Work Session. Three rate adjustment options were offered for consideration and the BoCC directed staff to narrow the options to the two shown below. Both options will sustain current bond covenants and allow LCU to finance its CIP needs, including significant capacity enhancement projects needed for population growth and increased demand.

Based on the average residential household usage of 5,000 gallons of water per month, the estimated monthly average bill for water and sewer services will increase as follows:

	Existing	2023	2024	2025	2026	2027
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5-Year 8% Flat Increase	\$78.64	8%	8%	8%	8%	8%
Monthly Average Bill Increase		\$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
5-Year Tapered Increase	\$78.64	12%	9%	7%	5%	4% Annual Indexing
Monthly Average Bill Increase		\$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

E) Options

IV. FINANCIAL INFORMATION

A)	Current year dollar amount of item:	No funding required.
B)	Is this item approved in the current budget?	N/A
C)	Is this a revenue or expense item?	N/A
D)	Is this Discretionary or Mandatory?	Discretionary
E)	Will this item impact future budgets? If yes, please include reasons in III(D) above.	No
F)	Fund: Program: Project: Account Strings:	
G)	Fund Type?	Enterprise
H)	Comments:	

V. RECOMMENDATION

Approve

VI. TIMING/IMPLEMENTATION

The notice of Public Hearing will be advertised for ten days after approval to direct to Public Hearing.

VII. FOLLOW UP

ATTACHMENTS:

Description	Upload Date	Type
2023 Rev Suffic Forecast Rpt (Final)	4/18/2023	Backup Material

REVIEWERS:

Department	Reviewer	Action	Date
Utilities	Keyes, Pamela	Approved	4/19/2023 - 10:47 AM
Budget Services	Guttery, Angela	Approved	4/21/2023 - 2:10 PM
Budget Services	Winton, Peter	Approved	4/24/2023 - 9:00 AM
County Attorney	Swindle, Amanda	Approved	4/24/2023 - 10:35 AM
County Manager	Salyer, Glen	Approved	4/25/2023 - 2:54 PM