

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: February 6, 2007

Consent []

Regular [x]

Public Hearing []

Submitted By: Water Utilities Department

Submitted For: Water Utilities Department

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: on preliminary reading and to advertise for Public Hearing on March 13, 2007, an Ordinance of the Board of County Commissioners of Palm Beach County, Florida, establishing rates, fees, and charges for potable water, wastewater, and reclaimed water services; providing for indexing; providing for inclusion in the Water Utilities Department's Uniform Policies and Procedures Manual; providing for repeal of laws in conflict; providing for severability; providing for inclusion in the Code of Laws and Ordinances; and providing for an effective date.

Summary: The Water Utilities Department (WUD) is recommending various increases in its rates, fees, and charges based on a rate study recently completed by the WUD's rate consultants, Environmental Financial Group, Inc. and Howard C. Osterman, Inc. Although connection fees, guaranteed revenue fees, and miscellaneous fees were increased effective January 1, 2006, there has been no increase in monthly on-line rates (base facility fees and commodity fees) since October 1, 1997. Adjustments to the Department's rate structure are necessary to comply with the Department's bond requirements, to maintain adequate reserves, to operate the utility in a fiscally sound manner, and to spread the costs fairly and reasonably based on customer demand. Without a rate increase, WUD will be unable to keep pace with inflation and will encounter serious cash shortages within the next two years.

(Countywide)

(MJ)

Background and Justification: Severe price inflation, un-funded regulatory mandates, the need to adequately fund future renewal and replacements, and the need to improve hurricane preparedness have created the need for these increases. Since 1997, WUD has been able to maintain its current on-line rates without any increases by prudent investment in technology, improving the efficiency of operations, and taking advantage of growth-related economies of scale. As a result, WUD has been able to offer the highest-quality water and wastewater services to its residential customers at the lowest cost of any utility in the County (based on 6,000 gallons of consumption per month).

However, in the past seven years, growth-adjusted costs for energy have risen by 97%, fuel by 241%, chemicals by 27%, pipe and concrete by 30%, and employee health and life insurance by 182%. Total expenses adjusted for growth for the same period have risen nearly 48%, resulting in a \$4.2 million operating loss in FY2006. Additional costs included \$3.5 million to harden WUD's facilities and an additional \$2 million for hurricane preparedness **(continued on page 3)**

Attachments:

1. Proposed Ordinance
2. Rate Study
3. Public Meeting Schedule

Recommended By: _____

Department Director

1/29/07
Date

Approved By: _____

Assistant County Administrator

2/2/07
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2007	2008	2009	2010	2011
Capital Expenditures	0	0	0	0	0
External Revenues	(\$5,900,000)	(\$16,000,000)	(\$16,320,000)	(\$16,800,000)	(\$17,300,000)
Program Income (County)	0	0	0	0	0
In-Kind Match County	0	0	0	0	0
NET FISCAL IMPACT	(\$5,900,000)	(\$16,000,000)	(\$16,320,000)	(\$16,800,000)	(\$17,300,000)
# ADDITIONAL FTE POSITIONS (Cumulative)	0	0	0	0	0

Budget Account No.: **Fund** **Agency** **Org.** **Object**

Is Item Included in Current Budget? Yes___ No x

Reporting Category N/A

Recommended Sources of Funds/Summary of Fiscal Impact:

Projected additional revenue is based on implementation of the rate increases on April 1, 2007, except for the reclaimed water increases which will take effect October 1, 2007. Indexing is expected to generate approximately 3% of additional revenue during FY2009 and beyond.

C. Department Fiscal Review: Delura M West

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

Elizabeth B. Bress 1/31/07
OFMB

(Handwritten initials and dates: 1-31-07, 1/31/07, 1/31/07)

Ann-L. Jacoby 2/1/07
Contract Development & Control

Legal sufficiency:

W. W. W. 2/1/07
Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

Background and Justification (continued from page 1): to help insure that customers are provided uninterrupted service in the event of a major storm.

WUD's rate consultants reviewed WUD's revenue requirements, analyzed expenses, performed statistical analyses of potable water demands and wastewater flows for the past seven years, evaluated ERC (Equivalent Residential Connection) equivalencies, and identified the cost of each service provided. The goal of the study was to determine the appropriate charges based on the cost of each service and apply them fairly and reasonably based on the demand for such services. As a result, the consultants and the Department are recommending increases in certain connection fees based on an adjustment to ERC equivalencies, increases in on-line base facility fees and commodity fees (except those in the Royal Palm Beach area, which are fixed by contract), increases in installation fees (to provide for the additional cost of radio-read meters), and a decrease in wastewater only fees. For the first time, commodity fees for non-residential customers will have a two-tier structure to encourage conservation and fairly distribute the cost based on an average non-residential customer's meter size. An additional tier is also being added to the residential commodity rates for usage exceeding 25,000 gallons per month.

In order to minimize the amount of the proposed rate increase, WUD has imposed a 5% reduction on the current operating budget, reviewed and reduced its 7-year capital program by approximately \$40 million, and established targeted cash reserves at \$60 million, the minimum benchmark for AAA-rated water utilities of WUD's size.

Under the proposed rate schedule, residential customers using 2,000 gallons per month will see an increase in their bills for combined service from \$18.95 to \$22.30. The increase for residential customers using 6,000 gallons per month will be from \$30.05 to \$35.50, and for 7,000 gallons per month, the increase will be from \$33.85 to \$40.10. Residential customers consuming 30,000 gallons per month will see an increase from \$121.25 to \$154.65, due to the additional conservation tier. In most cases, customers may be able to offset some or most of the increase through conservation efforts. Non-residential (commercial) customers will experience a significant increase in their monthly bills if their monthly usage exceeds 125% of the average consumption for that customer's meter size.

The study also recommends that reclaimed water users begin to pay a commodity fee (\$0.15 per 1,000 gallons) to encourage conservation and to absorb some of the effluent disposal costs previously borne by wastewater customers. The commodity fee will be partially offset by a reduction in the monthly base facility fee for reclaimed water.

The recommended implementation date for the rate changes is April 1, 2007, except for the reclaimed water commodity fee, which will be implemented effective October 1, 2007. In order to cover future inflation, to insure appropriate funding for renewal and replacement, and to maintain adequate reserves, the rate consultants and WUD are recommending that guaranteed revenue fees, base facility fees, and commodity fees be indexed annually beginning on October 1, 2008, based on 75% of the Consumer Price Index-Water and Sewerage Maintenance.

The recommended rates, fees, and charges have been reviewed and approved by the Water Utilities Advisory Board, and several public meetings have been scheduled to discuss the proposed rates, fees, and charges.

ORDINANCE NO. 07 -

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, ESTABLISHING RATES, FEES, AND CHARGES FOR POTABLE WATER, WASTEWATER, AND RECLAIMED WATER SERVICES; PROVIDING FOR INDEXING; PROVIDING FOR INCLUSION IN THE WATER UTILITIES DEPARTMENT'S UNIFORM POLICIES AND PROCEDURES MANUAL; PROVIDING FOR REPEAL OF LAWS IN CONFLICT; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE OF LAWS AND ORDINANCES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners, through its Water Utilities Department, provides potable water, wastewater, and reclaimed water services to approximately 460,000 citizens of Palm Beach County; and

WHEREAS, the Water Utilities Department operates as an enterprise fund of the County and therefore must recover the costs of operation through rates, fees, and charges for services rendered; and

WHEREAS, Section 153.11, Florida Statutes, requires that such rates, fees and charges shall be so fixed and revised as to provide funds, with other funds available for such purposes, sufficient at all times to pay the cost of maintaining, repairing and operating the system or systems including the reserves for such purposes and for replacements and depreciation and necessary extensions, to pay the principal of and the interest on the water revenue bonds and/or sewer revenue bonds as the same shall become due and the reserves therefor, and to provide a margin of safety for making such payments; and

WHEREAS, such rates, fees and charges shall be just and equitable and may be based or computed upon the quantity of water consumed and/or upon the number and size of sewer connections or upon the number and kind of plumbing fixtures in use in the premises connected with the sewer system or upon the number or average number of persons residing or working in or otherwise connected with such premises or upon any other factor affecting the use of the facilities furnished or upon any combination of the foregoing factors; and

WHEREAS, Section 163.31801, Florida Statutes, requires that the calculation of impact fees be based on the most recent and localized data; and

WHEREAS, Water Utilities revenue bond covenants require the County to establish and maintain rates and collect such fees, rentals or other charges for services and facilities and to revise same from time to time whenever necessary, in order to meet debt service and debt service reserve requirements; and

WHEREAS, the Water Utilities Department has completed a comprehensive rate study to determine the fair and reasonable rates, fees, and charges to be paid by new and existing potable water, wastewater, and reclaimed water customers based on their respective demands for such services; and

WHEREAS, in order to meet the ratemaking requirements set forth above, certain fees shall be automatically adjusted each year based on an amount equal to seventy-five percent (75%) of the prior year's (measured July to July) Consumer Price Index, all Urban

Consumers, Water and Sewerage Maintenance, published by the U.S. Department of Labor, Bureau of Labor Statistics; and

WHEREAS, the Water Utilities Advisory Board has approved the revised rate structure.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:

SECTION 1. ADOPTION OF RATES, FEES, AND CHARGES.

The schedule of rates, fees, and charges shown at Exhibit "A", which is attached hereto and incorporated herein, is hereby adopted. The rates, fees, and charges set forth in Exhibit "A" shall become effective on April 1, 2007, except for revised reclaimed water base facility fees and commodity fees, which shall become effective October 1, 2007.

SECTION 2. INDEXING AUTHORIZED.

Beginning on October 1, 2008, and annually thereafter, the guaranteed revenue fees, base facility fees, and commodity fees included in Exhibit "A", except for base facility fees and commodity fees charged in the Village of Royal Palm Beach, shall be adjusted by an amount equal to seventy-five percent (75%) of the prior year's (measured July to July) Consumer Price Index, all Urban Consumers, Water and Sewerage Maintenance, published by the U.S. Department of Labor, Bureau of Labor Statistics. The rates resulting from the application of the index shall be rounded to the nearest cent.

SECTION 3. INCLUSION IN THE WATER UTILITIES DEPARTMENT'S UNIFORM POLICIES AND PROCEDURES MANUAL.

The schedule of rates, fees, and charges shown at Exhibit "A" shall be included in the Water Utilities Department's Uniform Policies and Procedures (UPAP) Manual and made available for public inspection during normal business hours. The UPAP shall be revised annually to incorporate the rates adjusted by the indexing authorized by Section 2 of this Ordinance.

SECTION 4. REPEAL OF LAWS IN CONFLICT.

All local laws and ordinances in conflict with any provisions of this Ordinance are hereby repealed to the extent of such conflict.

SECTION 5. SEVERABILITY.

If any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for any reason held by the Court to be unconstitutional, inoperative, or void, such holding shall not affect the remainder of this Ordinance.

SECTION 6. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.

The provisions of this Ordinance shall become and be made a part of the Code of Laws and Ordinances of Palm Beach County, Florida. The sections of this Ordinance may be renumbered or re-lettered to accomplish such, and the word "ordinance" may be changed to "section", "article", or other appropriate word.

SECTION 7. EFFECTIVE DATE.

The provisions of this Ordinance shall become effective upon filing with the Department of State.

APPROVED and ADOPTED by the Board of County Commissioners of Palm Beach

County, Florida, on this the _____ day of _____, 2007.

SHARON H. BOCK, CLERK
AND COMPTROLLER

PALM BEACH COUNTY, FLORIDA, BY ITS
BOARD OF COUNTY COMMISSIONERS

By: _____
Deputy Clerk

By: _____
Addie L. Greene, Chairperson

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

By: _____
County Attorney

EFFECTIVE DATE: Filed with the Department of State on the _____ day of _____,
2007.

EXHIBIT "A" **RATES, FEES, AND CHARGES**

GENERAL

All fees identified herein may also be subject to a Franchise Fee, with said Franchise Fee to be added to the standard fees listed.

ERC AND ERIC EQUIVALENCIES

ERC EQUIVALENCIES

The number of ERCs for a project is determined using the following factors:

Type of Service	ERC Equivalency Factor
Residential – per meter	
Single-Family	
5/8" X 3/4"	1.00
1"	2.90
1 1/2"	4.50
2"	9.80
Multi-Family per Dwelling Unit for All Meter Sizes	.70
Unmetered Wastewater Only	By Department Analysis
Non-Residential – per meter	
5/8" X 3/4"	1.50
1"	5.80
1-1/2"	10.00
2"	16.25
3"	43.70
4"	66.80
6"	By Department Analysis
Unmetered Wastewater Only	By Department Analysis

ERIC EQUIVALENCIES

The number of ERICs for a project is determined using the following factors:

Type of Service	ERIC Equivalency Factor	Projected Average Usage in Gallons per Day
Residential – per meter		
5/8" X 3/4"	1.0	750
Non-Residential and/or Master Metered Projects – per meter		
5/8" X 3/4"	1.5	1,125
1"	8.0	6,000
1 1/2"	20.0	15,000
2"	43.0	32,200
3"	94.0	70,500
4"	257.0	192,600
6"	549.0	411,700
8"	976.0	732,000
10"	1,520.0	1,140,000

PLAN REVIEW AND INSPECTION FEES

CONSTRUCTION PLAN REVIEW FEE

Payable at the time of plan submission for potable water, reclaimed water and/or wastewater projects

- Residential - \$50.00 per dwelling unit for individual or combined service with a \$750.00 minimum.
- Non-Residential - \$50.00 per ERC based on meter size for individual or combined service with a \$750.00 minimum.

CONSTRUCTION INSPECTION FEE

Four percent (4%) of total estimated cost as provided by the developer and approved by the Department for all potable water, reclaimed water and/or wastewater construction improvements with a \$500.00 minimum for Residential and Non-Residential projects. The inspection fees for "Department required" oversized facilities shall be based on construction cost estimates for the "Development required" facilities, subject to minimum sizes as specified in Chapter 3 of the Uniform Policies and Procedures Manual. This fee is due prior to the pre-construction conference. If the actual construction cost values stated on the "Attachment to the Bill of Sale" exceed the Engineer's cost estimate by \$25,000 or more, then additional construction inspection fees equal to four percent (4%) of the difference between the Engineer's cost estimate and the actual construction values must be paid to the Department prior to any water meters being released.

SERVICE INITIATION FEES

Service Initiation Fees shall include all applicable Guaranteed Revenue Fees, Connection Fees, Service Installation Fees, Fireline Connection Fees and Franchise Fees.

GUARANTEED REVENUE FEES:

An amount equal to sixty (60) months of Guaranteed Revenue Fees is due at the time of service initiation.

Mandatory Agreement Payment per ERC (equal to 12 months):

Potable Water	\$140.76
Reclaimed Water	\$0.00
Wastewater	\$197.52
Combined Potable Water & Wastewater	\$338.28

Guaranteed Revenue Monthly Fee per ERC:

Potable Water	\$11.73
Reclaimed Water	\$0.00
Wastewater	\$16.46
Combined Potable Water & Wastewater	\$28.19

CONNECTION FEES:

TYPE OF SERVICE	POTABLE WATER	WASTEWATER	COMBINED POTABLE WATER & WASTEWATER	RECLAIMED WATER
Residential				
Single Family				
5/8 x 3/4"	\$1,425	\$2,000	\$3,425	\$0
1"	\$4,130	\$5,800	\$9,930	\$0
1 1/2"	\$6,410	\$9,000	\$15,410	\$0
2"	\$13,970	\$19,600	\$33,570	\$0
Multi-Family				
Per dwelling unit	\$1,000	\$1,400	\$2,400	\$0
Non-Residential				
5/8 x 3/4"	\$2,140	\$3,000	\$5,140	\$0
1"	\$8,270	\$11,600	\$19,870	\$0
1 1/2"	\$14,250	\$20,000	\$34,250	\$0
2"	\$23,160	\$32,500	\$55,660	\$0
3"	\$62,270	\$87,400	\$149,670	\$0
4"	\$95,190	\$133,600	\$228,790	\$0
6"	Based on usage	Based on usage	Based on usage	\$0

SERVICE INSTALLATION FEES

If a Property Owner requests to have a water meter installed, and the site is not ready for meter installation, the work area will be tagged and the reason for not installing the meter shall be indicated. The Department will return a second time for installation at no charge. If the site still is not ready, a trip fee must be paid prior to each subsequent visit to the site.

Potable Water Service Installation Fees

Meter Size	Meter Drop Fee	Service Installation Fee Without Tap	Service Installation Fee With Tap
5/8" X 3/4"	\$280	\$425	\$2,200
1"	\$340	\$560	\$2,600
1 1/2"	\$670	\$1,500	\$3,200
2"	\$1,580	\$2,200	\$4,300
3"*	\$2,100	**	**
4"*	\$3,150	**	**
6"*	\$5,600	**	**

Reclaimed Water Service Installation Fees

Meter Size	Meter Drop Fee	Service Installation Fee Without Tap	Service Installation Fee With Tap
5/8" X 3/4"	\$280	\$425	\$2,200
1"	\$340	\$560	\$2,600
1 1/2"	\$670	\$1,500	\$3,200
2"	\$1,580	\$2,200	\$4,300
3"*	\$2,100	**	**
4"*	\$3,150	**	**
6"*	\$5,600	**	**

* Installation of compound meters requires an additional \$150 meter drop fee.

** All services 3" and larger are to be provided and installed by the Customer at the Customer's sole expense; however, the Department will assess a Meter Drop Fee and install the meter. A road crossing fee of \$375 per improved travel lane will be assessed in addition to the above fees for service lines 2" and smaller.

Wastewater Service Installation Fees-At Cost

FIRE SPRINKLER SYSTEM CONNECTION FEES

Customer Class	Typical Backflow Prevention Assembly Size	Fire Line Connection Fee
Single Family or Duplex Residential (NFPA Type 13d)	N/A	None
Multi-Family Residential* (NFPA Type 13r)	All Sizes	\$12,400
Non-Residential** (NFPA Type 13r)	4 inches or smaller	\$23,160
Non-Residential** (NFPA Type 13r)	6 inches	\$57,000
Non-Residential** (NFPA Type 13r)	>6 inches	\$90,700

* For billing purposes, the connection fee applies for each fire line connection to PBCWUD's potable water system.

** For billing purposes, the connection fee is based on the size of the backflow prevention assembly.

ACCOUNT DEPOSITS

Potable Water Meter Size (inches)	Account Deposit for Individual or Combined Service
5/8" x 3/4"	\$60.00
1"	\$175.00
1-1/2"	300.00
2"	\$500.00
3"	\$900.00
4"	\$1,400.00
6"	\$3,000.00
8"	\$4,000.00
Wastewater Only	\$60.00
Reclaimed Water Only	\$60.00
5/8" x 3/4" Hydrant Meter	\$200.00
3" Hydrant Meter	\$1,000.00

PRETREATMENT FEES

INDUSTRIAL WASTEWATER DISCHARGE PERMIT FEE

Significant Industrial Users (SIU) will be billed \$300 on an annual basis for an Industrial Wastewater Discharge Permit Fee. Other Industrial Users requiring an Industrial Wastewater Discharge Permit will be billed \$300 on an annual basis.

OGI FEE

All facilities having an OGI will be billed \$300 per account on an annual basis.

MONTHLY INDUSTRIAL WASTE SURCHARGE (IWS)

An IWS shall be billed to and paid by IUs exceeding discharge standards as calculated below. The IWS shall not exceed the total charge for water and wastewater base facility fees and commodity fees for the month in which the IWS is charged.

IWS CALCULATION

$$\text{IWS} = 8.34(V)[\$0.45^1 (\text{B.O.D. } 400) + \$0.18^2 (\text{SS } 400) + \$1.46^3 (\text{OG } -120)]$$

Industrial Waste Surcharge in dollars per month

8.34 = Conversion factor of 1 milligram per liter (mg/L) = 8.345 lbs/million gallons

V = Volume in million gallons per month based on metered water

B.O.D. = Biochemical Oxygen Demand - 5 days @ 20° Celsius (C), in mg/L

SS = Suspended Solids of industrial waste in mg/L

OG = Oil and Grease in mg/L

¹ = Capital and operating costs per mg/L per million gallons for B.O.D. greater than 400 mg/L

² = Capital and operating costs per mg/L per million gallons of suspended solids greater than 400 mg/L

³ = Capital and operating costs per mg/L per million gallons of oil and grease greater than 100 mg/L

MONTHLY CUSTOMER FEES

RESIDENTIAL

Type of Fee	Potable Water	Wastewater	Combined Potable Water & Wastewater	Reclaimed Water
Monthly Customer Account Fee ¹	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Monthly Base Facility Fee:				
Multi-Family (per dwelling unit)	\$ 6.30	\$ 9.50	\$ 15.80	
Single-Family (per meter)				
5/8" X 3/4"	\$ 6.30	\$ 9.50	\$ 15.80	
1"	\$ 18.50	\$ 28.00	\$ 46.50	
1 1/2"	\$ 28.75	\$ 43.00	\$ 71.75	
2"	\$ 62.25	\$ 94.00	\$ 156.25	
Potable Water & Wastewater Commodity Fee per 1,000 gallons:				
0-4	\$.85	\$ 1.15	\$ 2.00	
5-10	\$ 1.90	\$ 2.70	\$ 4.60	
11-25	\$4.75	\$ 0.00	\$ 4.75	
Over 25	\$5.90	\$ 0.00	\$ 5.90	
Monthly Fire Line Base Facility Fee per size of backflow device:				
2"	\$ 9.40			
3"	\$17.70			
4"	\$29.50			
6"	\$59.00			
8" and above	\$94.40			
Monthly Reclaimed Water Base Facility Fee through 9/30/2007:				
5/8" x 3/4"				\$ 5.00
1"				\$ 10.00
1 1/2 "				\$120.00
2"				\$160.00
Commodity Fee per 1,000 gallons				\$0.00
Monthly Reclaimed Water Base Facility Fee after 9/30/2007:				
5/8" x 3/4"				\$2.50
Commodity Fee per 1,000 gallons				\$0.15
Monthly Un-metered Wastewater Fee assessed per ERC ²		\$ 18.10		

- 1 Potable Water or Wastewater Customers will not be assessed with additional Customer Account Fees for the addition of Reclaimed Water Service.
- 2 Includes monthly Base Facility and Commodity Fees.

NON-RESIDENTIAL

Type of Service	Potable Water	Wastewater	Combined Potable Water & Wastewater	Reclaimed Water
Monthly Customer Account Fee ¹	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Monthly Base Facility Fee: 5/8" x 3/4" 1" 1-1/2" 2" 3" 4" 6" and larger based upon projected water usage	\$ 13.75 \$ 52.00 \$ 84.00 \$144.00 \$385.00 \$595.00	\$ 20.00 \$ 76.50 \$ 125.00 \$224.00 \$575.00 \$880.00	\$ 33.75 \$ 128.50 \$ 209.00 \$ 368.00 \$ 960.00 \$1,475.00	
Potable Water and Wastewater Commodity Fee per 1,000 gallons based on meter size: 5/8" x 3/4" 0-14,000 gallons Over 14,000 gallons 1" 0-57,000 gallons Over 57,000 gallons 1-1/2" 0-94,000 gallons Over 94,000 gallons 2" 0-138,000 gallons Over 138,000 gallons 3" 0-557,000 gallons Over 557,000 gallons 4" and above 0-675,000 gallons Over 675,000 gallons	\$1.00 \$2.70 \$1.00 \$2.70 \$1.00 \$2.70 \$1.00 \$2.70 \$1.00 \$2.70 \$1.00 \$2.70 \$1.00 \$2.70 \$1.00 \$2.70	\$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35 \$1.35	\$2.35 \$4.05 \$2.35 \$4.05 \$2.35 \$4.05 \$2.35 \$4.05 \$2.35 \$4.05 \$2.35 \$4.05 \$2.35 \$4.05 \$2.35 \$4.05	
Monthly Fire Line Base Facility Fee per size of backflow device: 2" 3" 4" 6" 8" and above	\$9.40 \$17.70 \$29.50 \$59.00 \$94.40			
Monthly Reclaimed Water Base Facility Fee through 9/30/2007: 5/8" x 3/4" 1" 1 1/2" 2" 3" 4" 6" 8" 10" Commodity Fee Per 1,000 gallons Monthly Reclaimed Water Base Facility Fee after 9/30/2007: 5/8" x 3/4" 1" 1 1/2" 2" 3" 4" 6" 8" 10" Commodity Fee Per 1,000 gallons				\$ 5.00 \$ 10.00 \$ 120.00 \$ 160.00 \$ 350.00 \$ 1,000.00 \$ 2,000.00 \$ 2,500.00 \$ 3,000.00 \$0.00 \$ 4.00 \$ 20.00 \$ 50.00 \$ 108.00 \$ 235.00 \$ 643.00 \$ 1,373.00 \$ 2,440.00 \$ 3,800.00 \$ 0.15
Monthly Un-metered Wastewater Fee assessed per ERC ²		\$ 18.10		

¹ Potable Water or Wastewater Customers will not be assessed with additional Customer Account Fees for the addition of Reclaimed Water service.

² Includes monthly Base Facility and Commodity Fees.

VILLAGE OF ROYAL PALM BEACH FEES:

Type of Fee	Potable Water	Wastewater	Combined Potable Water & Wastewater
Monthly Customer Account Fee	\$ 0.00	\$ 0.00	\$ 0.00
Monthly Base Facility Fee			
Residential:			
Single Family (per meter)	\$ 13.25	\$ 15.71	\$ 28.96
Multi-Family (per unit)	\$ 9.91	\$ 11.81	\$ 21.72
Commercial:			
5/8" x 3/4"	\$ 17.31	\$ 20.70	\$ 38.01
1"	\$ 62.31	\$ 74.40	\$ 136.71
1-1/2"	\$ 99.33	\$ 118.69	\$ 218.02
2"	\$225.24	\$269.49	\$ 494.73
3"	\$795.01	\$950.76	\$ 1,745.77
4"	\$1,242.52	\$1,469.84	\$ 2,712.36
Fire Lines:			
4"	\$22.00		
6"	\$37.00		
8"	\$56.00		
10"	\$87.00		
Potable Water & Wastewater Commodity Fee per 1,000 gallons:	\$ 1.96	\$ 1.73	\$ 3.69
Conservation Charge: 150% of the gallonage rate per 1,000 gallons of usage for all gallons of usage in excess of the authorized number of gallons per month Customer Class-Authorized Gallons per Month:			
Single Family (per meter)	15,000 gal.		
Multi-Family (per unit)	11,250 gal.		
Commercial (by meter size):			
5/8" or 3/4"	18,000 gal.		
1"	69,000 gal.		
1 1/2"	100,000 gal.		
2 "	255,000 gal.		
3"	765,000 gal.		
4"	1,410,000 gal.		

MISCELLANEOUS FEES

FEE	AMOUNT
Account Activation (New Account)	\$20.00
Account Reactivation	\$10.00
Delinquent Account Reactivation Calls received between 7:00 a.m. and 6:00 p.m. Monday through Friday excluding County holidays for same-day service	\$35.00
Calls received outside above hours for same-day service	\$60.00
Account Deactivation Calls received between 7:00 a.m. and 6:00 p.m. Monday through Friday excluding County holidays for same-day service	No Charge
Calls received outside above hours for same-day service	\$60.00
Meter Re-read at Customer Request (Correct Original Reading)	\$20.00
Meter Re-read at Customer request (Incorrect Original Reading)	No Charge
Meter Calibration (Flow Test)	
5/8' X 3/4' meter ¹	\$70.00
1" meter ¹	\$100.00
1 1/2" meter ¹	\$150.00
2' meter or larger ¹	At Cost
Relocation of Meter Box and/or Accessories at Customer request	At Cost
Dishonored Check	\$25 or 5% of the face amount of the check, whichever is larger, not to exceed \$200, or the actual cost of collection incurred by the Department, whichever is greater.
Past Due Fee	0.5% of the past due balance if such amount is greater than \$5.00 plus an administrative and general fee of \$5.00.
Downsizing of the Meter 1" downsized to 5/8' x 3/4" ² All others ²	\$250.00 At Cost
Upsizing of the Meter	Current Service Initiation Fees for the upsized meter, less a credit for connection fees and guaranteed revenue fees for the original meter.
Meter Replacement	Meter Drop Fee
Administrative Hearing Fee (Refunded if Customer is granted any additional relief)	\$15.00
Accidental Damage to Department Property	At Cost
Initial Backflow Certification	\$40.00
Trip Fee	\$35.00
Unauthorized Connection or Use	Subject to civil proceedings and fines in accordance with Section 812.14, Florida Statutes, or as otherwise provided by law.

¹ No charge if meter found to be inaccurate

² The Account Deposit difference will be credited to the Customer's account. Service Initiation Fees paid for the larger meter will not be refunded.



**PALM BEACH COUNTY
WATER UTILITIES DEPARTMENT
2007 Comprehensive Rate Study**

FINAL REPORT

January 2007

Conducted by
ENVIRONMENTAL FINANCIAL GROUP, INC.

In association with
HOWARD C. OSTERMAN, INC.

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ENVIRONMENTAL FINANCIAL GROUP

26 January 2007

Ms. Debra West, Director, Finance & Administration
Palm Beach County Water Utilities Department
8100 Forest Hill Blvd.
P.O. Box 16097
West Palm Beach, FL 33416

Re: 2007 Comprehensive Rate Study


Dear Ms. West:

Environmental Financial Group, Inc. (EFG), in association with Howard C. Osterman, Inc. (Osterman), is pleased to provide to the Palm Beach County Water Utilities Department (Department) this report presenting an analysis potable water, wastewater and reclaimed water rates, fees and charges.

The goal of this study is to assess the adequacy of existing rates, fees and charges to recover the cost of providing potable water, wastewater and reclaimed water service to Department customers. We hope that our recommendations provide a comprehensive rate program of rates, fees and charges for the Department's current service area.

Please call me at 1-612-872-0510 or Mr. Osterman at 1-561-630-6990 if you have any questions. Thank you.

Very Truly Yours,
ENVIRONMENTAL FINANCIAL GROUP, INC.


Scott E. Harder, President

HOWARD C. OSTERMAN, INC.


Howard C. Osterman, President

Cc: Bevin Beaudet
Leisha Pica
Fred Jenkins
Guy Eggertsson

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EXECUTIVE SUMMARY

This report documents the assumptions, analyses, conclusions and recommendations of the 2007 Comprehensive Water and Wastewater Rate Study. The study sets forth potable water, reclaimed water and wastewater rates recommended to be levied by the Palm Beach County Water Utilities Department (Department) to its retail customers.

In conducting this study, the following were accomplished.

- Reviewed financial results for fiscal year (FY) 2005-6.
- Reviewed budget requirements for FY 2006-7.
- Prepared a financial forecast through FY 2008-9.
- Determined the cost of service to Department potable water, wastewater, and reclaimed water customers.
- Developed a rate design to raise sufficient revenue and encourage conservation.
- Developed a plan to index online user fees.

This study was authorized as a Consultant Service Authorization between Palm Beach County and Mathews Consulting, Inc. (Mathews). Environmental Financial Group, Inc. (EFG) and Howard C. Osterman, Inc. conducted the evaluation working as sub-consultants to Mathews.

Scope and Limitations

The rates that were developed include the following:

- Potable water Fees (Refer to Tables 3-1, 3-2, and 3-3)
- Wastewater Fees (Refer to Tables 3-4 and 3-5)
- Reclaimed Water Fees (Refer to Tables 4-1 and 4-2)
- Connection Fees (Refer to Table 5-1)
- Service Installation Fees (Refer to Tables 5-4, 5-5, and 5-6)
- Fire Line Fees (Refer to Table 5-7)

The scope of the analysis included meetings and interviews with Department staff; a statistical analysis of historical water demands, reclaimed water demands and wastewater flows; an analysis of cash balances, debt service schedules and historical cost trends; and a cost of service analysis for all Department customers. Department revenue requirements were a primary consideration in developing the recommendations included in this report.

No audit was conducted of the Department's financial records or statements; rather, EFG relied on financial statements and reports audited by others. EFG relied on cost information reported in Department budget documents and financial statements.

Guiding Principles

The following key assumptions were made in the conduct of this study:

- Revenue requirements to be recovered through user fees should be based on FY 2006-7 budgeted operating and capital expenses.
- Rates should be uniform across the Department's service area in accordance with the cost of service.
- Capital asset renewal and replacement needs should be fully funded in accordance with the Department's capital improvement plan.
- Rates sufficient to address projected expenses through fiscal year ending 30 September 2009.
- Promote and extend conservation to all Department customers.

Summary Conclusions and Recommendations

Based on the analyses documented in this study report, the following conclusions may be drawn.

- The Department experienced a \$4 million operating deficit in FY 2005-6.
- Due to increased storm-related expenses; higher oil, electricity, and chemical costs; and increased debt service expenses; the Department's FY 2006-7 budget increased by \$12 million.
- The Department currently has an insufficient provision for the current year renewal and replacement of capital assets. This trend is projected to continue over the next several years and may be exacerbated as the utility systems and infrastructure continue to age.

In response to these conclusions, over the course of this study the Department developed an operating strategy to address these concerns. The recommendations included in this

Study report are predicated on the implementation of this strategy. It included the following:

- Reduce the 6-year capital improvement plan by \$40 million.
- Impose an immediate, across-the-board 5 percent reduction in the operating expenses.
- Evaluate the need for an interim line of credit until permanent financing in FY 2010-11 when debt service is reduced.
- Restore cash balances in accordance with credit quality benchmark.
- Address continuing operating expense increases by considering indexing online user fees each year in accordance with a published inflation index.

Section 1 of this report sets forth target revenue requirements from rates. Section 2 couples the results from Section 1 with the results of a statistical analysis of water and wastewater usage to determine the cost of service to various customer classes. Section 3 presents recommended rate design changes to address cost of service results and promote water conservation. Section 4 presents reclaimed water rates. Section 5 presents miscellaneous fee increases.

TABLE 1-1 presents operating needs for FY 2005-6 through FY 2008-9. Note that revenue requirements in FY 2006-7 increased due to debt service payments, operating expenses and renewal and replacement requirements. The debt service payment increase is due to additional payment obligations related to the 2006 bond issue. The need for additional operating revenue may be exacerbated by fewer new connections in the future and decreasing interest income. The FY 2006-7 need is offset somewhat by new revenue from Royal Palm Beach customers and planned additional bulk water sales.

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SECTION 1: REVENUE REQUIREMENTS

The first step in the work of this Study was to determine the annual revenue requirements from rates for the target year.

Financial Status

Based on the analyses documented in this study report, the following conclusions may be drawn.

- The Department experienced a \$4 million operating deficit in FY 2005-6.
- Due to increased operating expenses, largely storm-related expenses and higher oil, electricity, and chemical costs, the Department's FY 2006-7 operating budget increased by \$12 million.
- The Department currently has an insufficient provision for the current year renewal and replacement of capital assets. This trend is projected to continue.

Operational Strategy

In response to these conclusions, over the course of this Study the Department developed an operating strategy to address these concerns. This strategy included the following:

- Reduce the 6-year capital improvement plan by \$40 million.
- Impose an immediate, across-the-board 5 percent reduction in the FY 2006-7 operating expense budget.
- Evaluate the need for a temporary line of credit until permanent financing is arranged in 2010-11 following an reduction in debt service payment on existing outstanding bonds.
- Bolster cash balances in accordance with credit quality benchmarks. This is an additional measure to protect the Department's AAA bond rating. This is an important consideration when planning future bond issues.
- Index online user fees each year in accordance with a published inflation measure.

TABLE 1-1 presents operating needs for FY 2005-6 through FY 2008-9. Note that revenue requirements in FY 2006-7 increased due to debt service payments, operating expenses and renewal and replacement requirements. The debt service payment increase is due to additional debt service payment obligations related to the 2006 bond issue. The need for

additional operating revenue is increased as a result of fewer new connections and decreasing interest income. The FY 2006-7 need is offset somewhat by new revenue from Royal Palm Beach customers and planned additional bulk water sales.

TABLE 1-1: Revenue Requirements for FY 2005-6 through FY 2008-9 (Existing Rates)

	2005-6	2006-7	2007-8	2008-9
REVENUE REQUIREMENTS				
Operating Expense	68,563,065	76,716,893	79,018,400	81,388,952
Debt Service	16,116,940	22,438,000	23,181,000	24,400,000
Debt Service Coverage	1,611,694	2,243,800	2,318,100	2,440,000
Provision for R&R	<u>14,725,940</u>	<u>17,350,000</u>	<u>17,440,000</u>	<u>17,050,000</u>
GROSS REQUIREMENTS	101,017,639	118,748,693	121,957,500	125,278,952
LESS OTHER REVENUES				
Guaranteed Revenues	8,112,000	6,800,000	6,800,000	6,800,000
Interest Income	4,918,000	4,819,000	2,453,000	1,994,000
New Bulk Svc	650,000	1,300,000	1,300,000	1,300,000
RPB	3,700,000	8,800,000	8,800,000	8,800,000
Reclaimed Water Svc	432,000	432,000	532,000	532,000
New Customer Revenue	-	1,748,000	3,667,800	5,587,800
Other	<u>676,886</u>	<u>680,000</u>	<u>680,000</u>	<u>680,000</u>
TOTAL	18,488,886	24,579,000	24,232,800	25,693,800
NET ON-LINE REQUIREMENTS	82,528,753	94,169,693	97,724,700	99,585,152
			18.4%*	**

FY 2005-6 results based on unaudited results.

* - Revenue enhancement required, full year basis.

** - FY 2008-9 increases in operating expenses offset by recommended indexing.

TABLE 1-2 presents forecasted cash flows for FY 2006-7 through FY 2008-9.

TABLE 1-2: Cash Flow Projections (Recommended Rates)

	Current Year 2006-7	Planning Period	
		Year 1 2007-8	Year 2 2008-9
Cash Flows from Operating Activities			
Cash received from customers	\$96,570,000	\$110,843,000	\$117,097,000
Cash disbursements for operations	<u>76,716,893</u>	<u>79,018,400</u>	<u>81,388,952</u>
Net cash provided by operating activities	19,853,107	31,824,600	35,708,048
Cash Flows From Capital and Financing:			
Capital expenditures	\$(137,310,000)	\$(80,895,000)	\$(47,950,000)
Connection Fees	13,600,000	13,600,000	13,600,000
Debt Service	(22,438,000)	(23,181,000)	(24,400,000)
Guaranteed Revenues	6,800,000	6,800,000	6,800,000
Interim or Permanent Financing	-	30,000,000	30,000,000
Machinery and Equipment Purchases	(3,000,000)	(3,000,000)	(3,000,000)
Bond fees and amortizations	(297,500)	(178,100)	(171,000)
Special assessment payments	2,000,000	4,830,000	3,769,000
Grants and Other	<u>10,690,000</u>	<u>45,690,000</u>	<u>824,000</u>
Net cash used by capital and financing	(129,955,500)	(6,334,100)	(20,528,000)
Cash flows from investing activities:			
Interest income	\$4,819,000	\$2,453,000	\$1,994,000
Net cash provided by investing activities	\$4,819,000	\$2,453,000	\$1,994,000
Net increase (decrease) in cash	(105,283,393)	27,943,500	17,174,048
Beginning Cash	124,263,000	18,979,607	46,923,108
Ending Cash	\$18,979,607	\$46,923,108	\$64,097,156

Assumes indexing of on-line rates beginning October 2008.

Assumes grants for Lake Region WTP and other projects. If grants are not forthcoming, it is assumed that additional interim borrowing will be needed.

Assumes \$60 million in interim financing beginning in FY 2007-8.

TABLE 1-3 presents forecasted debt service coverage for FY 2006-7 through FY 2008-9.

TABLE 1-3: Forecasted Debt Service Coverage

	Historical 2005-6	Current 2006-7	Year 1 2007-8	Year 2 2008-9
Operating Revenue:				
Charges for services	\$86,490,000	\$96,570,000	\$110,843,000	\$117,097,000
Other operating revenue	<u>6,052,000</u>	<u>6,800,000</u>	<u>6,800,000</u>	<u>6,800,000</u>
Total operating revenue	92,542,000	103,370,000	117,643,000	123,897,000
Total operating expenses excluding depreciation and equity interest in joint venture	68,563,065	76,716,893	79,018,400	81,388,952
Net operating income	23,978,935	26,653,107	38,624,600	42,508,048
Non-operating:				
Guaranteed revenue	8,112,000	6,800,000	6,800,000	6,800,000
Interest income	4,918,000	4,819,000	2,453,000	1,994,000
Engineering fees	(400,000)	(400,000)	(400,000)	(400,000)
Miscellaneous	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Total non-operating	12,810,000	11,399,000	9,033,000	8,574,000
Net revenues	36,788,935	38,052,107	47,657,600	51,082,048
Connection fees available for debt service	8,675,000	6,524,000	6,565,000	6,573,000
Net revenues and connection fees	\$45,463,935	\$44,576,107	\$54,222,600	\$57,655,048
Long Term Debt Service	\$16,116,940	\$22,438,000	\$22,581,000	\$22,600,000
Interest on Interim Financing	<u>\$-</u>	<u>\$-</u>	<u>\$600,000</u>	<u>\$1,800,000</u>
Total Debt Service	\$16,116,940	\$22,438,000	\$23,181,000	\$24,400,000
Coverage:				
Excluding available connection fees	2.28	1.70	2.06	2.09
Including available connection fees	2.82	1.99	2.34	2.36

Notes:

Assumes indexing of on-line rates at 3% per year beginning October 2008.

Operating expenses assumed to increase 4 percent per year.

Assumes growth of 4,000 customers per year through the forecast period.

SECTION 2: COST OF SERVICE

This section of the report sets forth the results of a statistical analysis of customer water usage and wastewater flows and loads. This analysis forms the basis for judging the cost of service to each category of customer. In turn, these results are used in the rate design process set forth in Section 4.

Allocation Basis

One of the following criteria was applied to each expense category to determine an appropriate allocation between water and wastewater functions. These are described below.

Pro Rata. Certain expense categories were deemed to be allocable between water and wastewater functions on the basis of the overall percentage of operating expenses allocated to water and wastewater. These categories include Administration and Support Services. Plant Administration expenses were allocated on the basis of pro rata shares of plant operations and maintenance line items.

Itemized. Certain expense categories were allocated between water and wastewater functions on the basis of a sub-allocation of specific expense line items within that category. For instance, Testing Laboratory expenses were allocated based on the types and quantities of tests conducted on wastewater and those conducted on raw and treated water.

ERCs. Certain expense categories were deemed to be allocable between water and wastewater functions on the basis of the number of bills prepared or system-wide equivalent residential connections (or ERCs) that receive water and wastewater service. There is a slightly greater number of ERCs that receive water service than wastewater service.

CIP. Certain expense categories were allocated between water and wastewater functions on the basis of the relative total dollar amounts reflected in the current capital improvement program (or CIP). Such expenses are deemed to vary directly with the cost of various capital projects being undertaken by the Department.

Assets. System-wide General Maintenance expense was allocated between water and wastewater functions on the basis of the book value of fixed assets. This was deemed to be the best estimate of the value of plant-in-service that, in turn, is an indicator of the amount of maintenance conducted.

Water or Wastewater. Certain expense categories were deemed to be allocable entirely to either water or wastewater functions.

Equivalent Miles. Certain expense categories were allocated between water and wastewater functions on the basis of the total miles of water and wastewater pipelines. Such expenses vary directly with the miles of pipeline in service.

Bonded Projects. Debt service expense was allocated between water and wastewater functions on the basis of the total dollar amount of projected reflected in the outstanding bonds financed through Department revenues.

On the basis of these allocations, TABLE 2-1 presents a detailed allocation of budgeted FY 2007 operating and capital expenses between water and wastewater functions. A total of 49% of operating expenses was deemed allocable to water service and 51% to wastewater service. Including capital expenses, a total of 51% of operating expenses was deemed allocable to water service and 49% to wastewater service.

Equivalent Residential Connections

Based on a statistical analysis of water usage for the various classes of customers, Table 2-2 presents recommended adjustments to ERC equivalencies. One ERC is equal to 250 gallons per day, or 7,500 gallons per month, and is defined as the usage attributable to a single family residential customer. This factor is confirmed by the statistical analysis. The recommended ERC equivalencies set forth in Table 2-2 have been used to develop recommended water and wastewater base facility fees and connection fees.

Large Residential Parcels

As part of this Study, a comprehensive statistical analysis of residential parcel attributes was undertaken to test the existing of correlations with high water use. Using data provided by the Palm Beach County Property Appraiser's office, the following property attributes were tested against average historical water usage.

- Number of bathrooms
- Number of stories
- Land value
- Market value
- Total ad valorem and non-ad valorem value
- Value of improvements
- Net square footage under air

The analysis indicated the presence of a strong positive statistical correlation between water usage and the net square footage of dwelling space under air. That is, water usage tended to be higher in homes with higher "net square footage under air." Further, a significant percentage of such parcels in excess of 4,800 square feet exhibited water usage greater than three times the average usage for a single family residential customer, or in excess of 21,000 gallons per month. This suggests that such customers ought to be required to install a 1 inch meter. Otherwise, it would be inequitable to other residential water customers since a smaller 5/8 inch meter and its related rates, fees and charges do not reflect the significantly higher demand.

It is recommended that the Department establish a requirement that new residential "estate class" customers, defined as dwellings with net square footage under air in excess of 4,800 square feet, be required to install a minimum 1 inch meter.

TABLE 2-1: Allocation of Expenses between Water and Wastewater Services

	Budgeted FY 2007	Allocation Basis	Percent Water	Percent Wastewater	Water Allocation	Wastewater Allocation
Administration	7,082,797	Pro Rata	49%	51%	3,464,270	3,618,527
Support services	775,526	Pro Rata	49%	51%	379,318	396,208
Materials management	941,396	Equal Shares	50%	50%	470,698	470,698
Treatment Plants administration	1,014,325	Itemized	27%	73%	278,465	735,860
Development Improvements	1,107,527	CIP	63%	37%	697,742	409,785
Engineering administration	1,025,393	CIP	63%	37%	645,998	379,395
Capital projects engineering	1,924,244	CIP	63%	37%	1,212,274	711,970
Special assessments coordination	186,346	ERCs	51%	49%	95,036	91,310
Regulatory compliance and safety	864,464	Itemized	46%	54%	397,653	466,811
Testing laboratory	1,728,275	Itemized	34%	66%	587,614	1,140,662
Landscape & Grounds Maintenance	2,744,937	Itemized	34%	66%	933,279	1,811,658
Lines and LS administration	622,189	Equiv Miles	57%	43%	354,648	267,541
Line crews - south	3,777,332	Equiv Miles	57%	43%	2,153,079	1,624,253
Lift stations - south	3,226,641	Wastewater	0%	100%	-	3,226,641
Line crews - north	4,501,860	Equiv Miles	57%	43%	2,566,060	1,935,800
Special projects crew	705,670	Itemized	57%	43%	402,232	303,438
WTP #8	4,316,743	Water	100%	0%	4,316,743	-
WTP #9	4,563,042	Water	100%	0%	4,563,042	-
WTP #3	4,088,334	Water	100%	0%	4,088,334	-
WTP #2	2,877,269	Water	100%	0%	2,877,269	-
WTP Royal Palm Beach	1,276,199	Water	100%	0%	1,276,199	-
PS #229	207,100	Wastewater	0%	100%	-	207,100
PS #236	121,400	Wastewater	0%	100%	-	121,400
PS #241	28,350	Wastewater	0%	100%	-	28,350
Lift stations - north	3,705,170	Wastewater	0%	100%	-	3,705,170
ECRWWT	3,282,000	Wastewater	0%	100%	-	3,282,000
SRWRF	7,757,634	Wastewater	0%	100%	-	7,757,634
RPB Wastewater	1,129,960	Wastewater	0%	100%	-	1,129,960
Contract management	500,623	ERCs	51%	49%	255,318	245,305
Applications management	4,727,907	ERCs	51%	49%	2,411,233	2,316,674
Accounting	489,696	ERCs	51%	49%	249,745	239,951
Customer service field	5,751,550	ERCs	51%	49%	2,933,291	2,818,260
Customer service center	3,702,626	ERCs	51%	49%	1,888,339	1,814,287
Disaster Expenditures	-	Assets	56%	44%	-	-
SUBTOTAL	80,754,525				39,497,877 49%	41,256,648 51%
Debt Service	15,823,000	Bonded Projects	39%	61%	6,170,970	9,652,030
Non-Operating Expenses	367,000	Equal Shares	50%	50%	183,500	183,500
Machinery & Equipment	4,815,000	Equal Shares	50%	50%	2,407,500	2,407,500
Revenue Offsets	(11,788,000)	Equal Shares	50%	50%	(5,894,000)	(5,894,000)
Provision for Capital & Reserves	<u>25,068,000</u>	CIP	63%	37%	<u>15,792,840</u>	<u>9,275,160</u>
SUBTOTAL	34,285,000				18,660,810 54%	15,624,190 46%
TOTAL	115,039,525				58,158,687 51%	56,880,838 49%

(Based on budgeted expense information for FY 2006-7.)

TABLE 2-2: Equivalent Residential Connection (ERC) Equivalencies

Type of Service	Existing ERC Equivalency Factor	Recommended ERC Equivalency Factor
<u>Single Family Residential</u>		
5/8" X 3/4"	1.00	1.00
1"	2.90	2.90
1-1/2"	4.50	4.50
2"	9.80	9.80
<u>Multi-Family Residential</u>		
Per Dwelling Unit for All Meter Sizes	0.70	0.70
Unmetered Wastewater Only	By Department Analysis	By Department Analysis
<u>Non-Residential – per meter</u>		
5/8" X 3/4"	1.45	1.50
1"	5.80	5.80
1-1/2"	8.70	10.00
2"	16.25	16.25
3"	40.00	43.70
4"	63.65	66.80
6"	By Department Analysis	By Department Analysis
Unmetered Wastewater Only	By Department Analysis	By Department Analysis

Based on a statistical analysis of historical water usage for each customer class and meter size.

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SECTION 3: RATE DESIGN

This section of the report sets forth a recommended rate structure that reflects the cost of providing service to each customer class and encourages all customers to conserve water. Schedules on the following pages present existing fees, recommended fees, and changes represented by such recommendations.

The lowest block recognizes the “lifeline” aspect of water service. These are domestic uses that are virtually non-discretionary. Middle blocks recognize the value of the service when used for discretionary purposes such as normal lawn sprinkling and other external uses of water. The significant increase in the cost of upper blocks reflects a “luxury” use of the commodity in connection with exotics and large estates.

Table 3-1 presents recommended water base facility fees developed in accordance with this philosophy. The Customer Account Fee was deemed adequate to recover the cost of preparing and processing bills and was, therefore, not increased. Commercial base facility fees reflect the changes in ERC equivalencies where appropriate.

TABLE 3-1: Recommended Monthly Potable Water Base Facility Fees

	Existing	Recommended	\$ Increase
Customer Account Fee	\$ 2.50	\$ 2.50	\$ 0.00
Residential			
Multi-Family	\$ 5.15	\$ 6.30	\$ 1.15
Single Family - 5/8x3/4	5.15	6.30	1.15
Single Family - 1	14.95	18.50	3.55
Single Family - 1-1/2	23.20	28.75	5.55
Single Family - 2	50.40	62.25	11.85
Commercial			
5/8x 3/4 inch	10.65	13.75	3.10
1 inch	42.65	52.00	9.35
1-1/2 inch	63.95	84.00	20.05
2 inch	119.45	144.00	24.55
3 inch	294.00	385.00	91.00
4 inch	467.85	595.00	127.15
6 inch	Dept	Dept	

Table 3-2 presents existing and recommended residential water commodity fees. It is recommended that a new block be established in accordance with the water demand and conservation philosophy described above. To that end, the schedule set forth in Table 3-2

includes a new rate block that addresses luxury uses in excess of 25,000 gallons per month. Table 3-3 presents existing and recommended commercial water commodity fees. This schedule sets forth a new conservation block affecting commercial customers that use in excess of 125 percent of the average consumption for his/her meter size. Usage in excess of that threshold is charged at the higher rate. This addresses the undersizing of meters that has often occurred in the past.

TABLE 3-2: Recommended Residential Potable Water Commodity Fees (\$ per 1000 gallons)

Min Gals	Max Gals	Existing	Recommended	\$ Increase
0	4000	\$0.75	\$0.85	\$0.10
4000	10000	\$1.60	\$1.90	\$0.30
10,000	25,000	\$3.80	\$4.75	\$0.95
Greater than 25,000		\$3.80	\$5.90	\$2.10

TABLE 3-3: Recommended Commercial Potable Water Commodity Fees (\$ per 1000 gallons)

Min Gals	Max Gals	Existing	Recommended	\$ Increase
5/8 inch				
0	14,000	\$ 0.85	\$ 1.00	\$ 0.15
14,000		0.85	2.70	1.85
1 inch				
0	57,000	0.85	1.00	0.15
>57,000		0.85	2.70	1.85
1-1/2 inch				
0	94,000	0.85	1.00	0.15
>94,000		0.85	2.70	1.85
2 inch				
0	138,000	0.85	1.00	0.15
>138,000	0	0.85	2.70	1.85
3 inch				
0	557,000	0.85	1.00	0.15
>557,000		0.85	2.70	1.85
4 inch				
0	675,000	0.85	1.00	0.15
>675,000		0.85	2.70	1.85

Table 3-4 presents recommended wastewater base facility fees developed in accordance with this philosophy. Commercial wastewater base facility fees reflect the changes in ERC equivalencies where appropriate. Table 3-5 presents existing and recommended commercial wastewater commodity fees.

TABLE 3-4: Recommended Wastewater Base Facility Fees

	Existing	Recommended	\$ Increase
Customer Account Fee	\$ 2.50	\$ 2.50	\$ 0.00
Residential			
Multi-Family	7.80	9.50	1.70
Single Family - 5/8x3/4	7.80	9.50	1.70
Single Family - 1	22.60	28.00	5.40
Single Family - 1-1/2	35.10	43.00	7.90
Single Family - 2	76.50	94.00	17.50
Commercial			
5/8x 3/4 inch	16.20	20.00	3.80
1 inch	64.65	76.50	11.85
1-1/2 inch	97.00	125.00	28.00
2 inch	181.20	224.00	42.80
3 inch	446.00	575.00	129.00
4 inch	709.70	880.00	170.30
6 inch	Dept	Dept	

TABLE 3-5: Recommended Wastewater Commodity Fees

Min Gals	Max Gals	Existing	Recommended	\$ Increase	%
Residential					
0	4000	\$ 1.00	\$ 1.15	\$ 0.15	15%
4000	10,000	2.20	2.70	0.50	23%
Greater than 10,000		0.00	0.00		
Commercial					
		\$ 1.10	\$ 1.35	\$ 0.25	23%

User Fee Indexing

Table 3-6 presents the Consumer Price Index – Water and Sewer Maintenance series for 1996 through 2006, utilized as being the most accurate expression of the movement of water and sewer operations and maintenance costs. We are recommending the adoption of this index designed to gradually match increases in revenue sufficient to offset corresponding increases in operating expenses. Based on a review of past Department actual operating cost increases, this index would have offset over 90 percent of such increases since 1999.

Such an indexing program is designed to keep the system in balance with the general rate of inflation, thereby avoiding dramatic rate adjustments that would otherwise result in price “shock” to the consumer. It should be noted however, that such indexing does not provide funds for capital improvements. It is recommended that the Department continue to diligently monitor the relationship between growth in operating expenses and indexed operating revenue.

TABLE 3-6: Consumer Price Index – Water and Sewer Maintenance

Year	Index	Percent Increase	75% of Percent Increase
1996	204.5		
1997	210.0	2.7%	2.0%
1998	217.3	3.5%	2.6%
1999	222.0	2.2%	1.7%
2000	227.5	2.5%	1.9%
2001	234.6	3.1%	2.3%
2002	242.5	3.4%	2.6%
2003	251.7	3.8%	2.9%
2004	268.1	6.5%	4.9%
2005	283.4	5.7%	4.3%
2006	297.2	4.9%	3.8%

Published by the U.S. Bureau of Labor Statistics. All urban consumers/U.S. city average, not seasonally adjusted.
Series ID = CUUR0000SEHG01. (1982-84 = 100.00) <http://data.bls.gov/cgi-bin/dsrv?cu>

SECTION 4: RECLAIMED WATER RATES

This section of the report sets forth conclusions and recommendations related to the Department's reclaimed water rates.

As water reuse became a popular and alternate method of disposal, environmental considerations prompted wastewater effluent to be treated so that it qualified for land application. Utilities continued to believe, however, that the value of reclaimed water lie in being able to dispose of an unwanted product, rather than viewing it as a valuable commodity. Accordingly, reclaimed water was often given away or heavily subsidized and sold at very low prices to induce customers to dispose of the product through irrigation.

Over time, water withdrawal permitting has become more restrictive. Accordingly, reclaimed water has come to be viewed as a commodity of real value since an adequate supply of water from the shallow aquifer was either not available or it was extremely difficult to obtain a permit. However, end users were given the opportunity to choose whether or not to use reclaimed water and usually declined its use since it was more expensive than pumping from surficial sources. The South Florida Water Management District has recently indicated that returning wastewater effluent to the environment was essential to recharging the source from which potable water was drawn. Utilities are now judged on the percentage of wastewater effluent returned to the environment and, failing an aggressive reuse policy, may be penalized when they seek water through the withdrawal permitting process for potable water.

It is recommended that the Department create a third independent utility service with a rate structure and cost of service approach similar to that utilized in potable water service. Since the Department has sold reclaimed water to a limited number of customers in exchange for a nominal base facility fee (with no commodity fee) any significant change would be disruptive to the program. Accordingly, it is recommended that the Department allow for a gradual phase-in over a term of years.

Table 4-1 presents a schedule of existing and recommended equivalent residential irrigation connections (ERIC). Table 4-2 presents recommended reclaimed water base facility and commodity fees.

Table 4-3 presents a comparison of recommended Department rates with those of neighboring utilities.

TABLE 4-1: Recommended Equivalent Residential Irrigation Connections (ERICs)

	Existing ERIC	Existing gpd	Existing ERIC	Indicated gpd	Recommended ERIC	Source
<u>Residential</u>						
5/8"	1	500	1.0	750	1	Ratio of ERICs
<u>Non-Residential</u>						
5/8"	2	1,000	1.5	1,125	1.5	Ratio of ERICs
1"	10	5,000	5.8	6,000	8.0	Ratio of ERICs
1-1/2"	20	10,000	10.0	15,000	20.0	Ratio of ERICs
2"	50	25,000		32,200	43.0	RW customer data
3"	200	100,000		70,500	94.0	RW customer data
4"	1,200	600,000		192,600	257.0	RW customer data
6"	2,400	1,200,000		411,700	549.0	RW customer data
8"	n/a			732,000	976.0	Ratio of pipe area
10"	n/a			1,140,000	1,520.0	Ratio of pipe area

RW refers to reclaimed water. RW commercial customer data based on metered or estimated flows from existing RW customers.

TABLE 4-2: Recommended Reclaimed Water Base Facility and Commodity Fees

Meter Size	Existing Fee	Recommended Fee	Change
Residential			
Monthly Customer Account Fee	\$ 2.50	\$ 2.50	\$ 0.00
Monthly Base Facility Fee			
5/8 x 3/4"	\$ 5.00	\$ 2.50	- \$ 2.50
1"	10.00	*	*
1 1/2"	120.00	*	*
2"	160.00	*	*
Commodity Fee, per 1,000 gallons:	None	\$ 0.15	+ \$0.15
Non-Residential			
Monthly Customer Account Fee	\$ 2.50	\$ 2.50	\$ 0.00
Monthly Base Facility Fee			
5/8 x 3/4"	\$ 5.00	\$ 4.00	-\$1.00
1"	10.00	20.00	10.00
1 1/2"	120.00	50.00	-70.00
2"	160.00	108.00	-52.00
3"	350.00	235.00	-115.00
4"	1,000.00	643.00	-357.00
6"	2,000.00	1,373.00	-627.00
8"	None	2,440.00	n/a
10"	None	3,800.00	n/a
Commodity Fee, per 1,000 gallons:	None	\$ 0.15	+ \$ 0.15

* Residential customers requiring 1, 1-1/2, or 2 inch meters will be charged in accordance with the non-residential class.

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SECTION 5: MISCELLANEOUS FEES

This section of the report presents an analysis of miscellaneous fees. It includes a description of their purpose, existing fees and annual revenues, analysis methodology, and recommended fees.

Connection Fees

A Connection Fee is a one-time fee paid by new customers upon connection to the Department's water and wastewater systems. It reflects the cost to design and construct system capacity for use by new customers. Table 5-1 presents cost of service adjustments required to conform with the statistical analysis of water demands for each meter size.

TABLE 5-1: Connection Fees (New Customers Only)

Customer Class	Proposed Potable Water	Proposed Wastewater	Proposed Combined	Existing	Change
<u>Single Family</u> (per dwelling unit)					
5/8 x 3/4"	\$ 1,425	\$ 2,000	\$ 3,425	\$ 3,425	\$ 0
1"	4,130	5,800	9,930	9,930	0
1-1/2"	6,410	9,000	15,410	15,410	0
2"	13,970	19,600	33,570	33,570	0
<u>Multi-Family</u> (per dwelling unit)					
	1,000	1,400	2,400	2,400	0
<u>Non-Residential</u>					
5/8 x 3/4"	\$2,140	\$ 3,000	\$ 5,140	\$ 4,970	\$ 170
1"	8,270	11,600	19,870	19,870	0
1-1/2"	14,250	20,000	34,250	29,800	4,450
2"	23,160	32,500	55,660	55,660	0
3"	62,270	87,400	149,670	137,000	12,670
4"	95,190	133,600	228,790	218,000	10,790

Schedule reflects new ERC equivalencies and does not involve a change in the per ERC connection fee amount.

Service Installation Fees

Table 5-2 below presents existing potable water Service Installation Fees and Table 5-3 presents existing reclaimed water Service Installation Fees. Such fees are established as a meter drop fee, service installation without a meter tap, and service installation with a meter tap.

TABLE 5-2: Existing Potable Water Service Installation Fees

Meter Size	Meter Drop Fee	Service Install without Tap	Service Install with Tap
5/8" X 3/4"	\$ 135	\$ 410	\$ 2,000
1"	195	550	2,500
1-1/2"	520	1,430	3,000
2"	1,430	2,080	4,000
3"	1,950	*	*
4"	3,000	*	*
6"	5,460	*	*

* -- Services for meters 3 inches and larger are installed by the customer. The Department will assess a Meter Drop Fee and install the meter.

TABLE 5-3: Existing Reclaimed Water Service Installation Fees

Meter Size	Amount per Installation	Partial Service Meter Installation Fee	Full Service Meter Installation Fee
5/8" X 3/4"	\$ 30	\$ 315	\$ 1,300
1"	75	420	1,400
1-1/2"	200	1,100	1,700
2"	350	1,200	2,000
3"	550	*	*
4"	1,000	*	*
6"	2,000	*	*

The Department's water Service Installation Fees are based on meter size and level of service required (meter drop only service installation without a tap service installation with a tap). The existing structure is easy to administer and relates directly to the cost of providing the service. There is a \$20.00 Service Fee per trip that is charged after two "not ready" trips.

Tables 5-4, 5-5 and 5-6 presents recommended Service Installation Fees for both potable water and reclaimed water. The underlying structure and fee basis are recommended to stay the same, with increased unit fees and applicable minimums. These fees have been updated to reflect the higher cost of radio-read meters. Such meters will be installed on new installations throughout the service area.

TABLE 5-4: Recommended Service Installation Fees (Meter Drop)

Meter Size	Existing Fee per Installation	Recommended Fee	Change
5/8" X 3/4"	\$ 135	\$ 280	\$ 145
1"	195	340	145
1-1/2"	520	670	150
2"	1,430	1,580	150
3"	1,950	2,100	150
4"	3,000	3,150	150
6"	5,460	5,600	140

Notes: Based on 2007 pricing for Neptune series radio-read meters.
* - Installation of compound meters result in \$150.00 additional Meter Drop Fee.
** - All services 3" and larger are to be provided and installed by the Customer at the Customer's sole expense; however, the Department will assess a Meter Drop Fee and install the meter.

TABLE 5-5: Recommended Service Installation Fees (Service Install w/o Tap)

Meter Size	Existing Fee per Installation	Recommended Fee	Change
5/8" X 3/4"	\$ 410	\$ 425	\$ 15
1"	550	560	10
1-1/2"	1,430	1,500	70
2"	2,080	2,200	120
3"	*	*	n/a
4"	*	*	n/a
6"	*	*	n/a

Notes: Based on 2007 pricing for Neptune series radio-read meters.
* - Installation of compound meters result in \$150.00 additional Meter Drop Fee.
** - All services 3" and larger are to be provided and installed by the Customer at the Customer's sole expense; however, the Department will assess a Meter Drop Fee and install the meter.

TABLE 5-6: Recommended Service Installation Fees (Service Install w/ Tap)

Meter Size	Existing Fee per Installation	Recommended Fee	Change
5/8" X 3/4"	\$ 2,000	\$ 2,200	\$ 200
1"	2,500	2,600	100
1-1/2"	3,000	3,200	200
2"	4,000	4,300	300
3"	*	*	n/a
4"	*	*	n/a
6"	*	*	n/a

Notes: Based on 2007 pricing for Neptune series radio-read meters.
* - Installation of compound meters result in \$150.00 additional Meter Drop Fee.
** - All services 3" and larger are to be provided and installed by the Customer at the Customer's sole expense; however, the Department will assess a Meter Drop Fee and install the meter.

Fire Line Base Facility Fees

Table 5-7 presents existing and recommended Fire Line Base Facility Fees. These have been increased 18 percent in accordance with the overall level of rate increase indicated. Fire Line Connection Fees were recently implemented, offsetting the cost needed to be recovered through the base facility fees.

TABLE 5-7: Fire Line Base Facility Fees

Meiter Size	Existing Monthly Fee	Recommended Monthly Fee
2"	\$ 8.00	\$ 9.40
3"	15.00	17.70
4"	25.00	29.50
6"	50.00	59.00
≥8"	80.00	94.40

APPENDIX A: MONTHLY BILLS AT VARYING WATER DEMANDS

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		CAC		Water		Wastewater		Total		\$	% tot							
				Existing	Proposed	Existing	Proposed	Existing	Proposed									
SINGLE FAMILY RESIDENTIAL 5/8 INCH METER																		
	-	\$	2.50	\$	5.15	\$	6.30	\$	7.80	\$	9.50	\$	15.45	\$	18.30	\$	2.85	18.4%
	1,000	\$	2.50	\$	5.90	\$	7.15	\$	8.80	\$	10.65	\$	17.20	\$	20.30	\$	3.10	18.0%
	2,000	\$	2.50	\$	6.65	\$	8.00	\$	9.80	\$	11.80	\$	18.95	\$	22.30	\$	3.35	17.7%
	3,000	\$	2.50	\$	7.40	\$	8.85	\$	10.80	\$	12.95	\$	20.70	\$	24.30	\$	3.60	17.4%
	4,000	\$	2.50	\$	8.15	\$	9.70	\$	11.80	\$	14.10	\$	22.45	\$	26.30	\$	3.85	17.1%
	5,000	\$	2.50	\$	9.75	\$	11.60	\$	14.00	\$	16.80	\$	26.25	\$	30.90	\$	4.65	17.7%
	6,000	\$	2.50	\$	11.35	\$	13.50	\$	16.20	\$	19.50	\$	30.05	\$	35.50	\$	5.45	18.1%
avg	7,000	\$	2.50	\$	12.95	\$	15.40	\$	18.40	\$	22.20	\$	33.85	\$	40.10	\$	6.25	18.5%
	8,000	\$	2.50	\$	14.55	\$	17.30	\$	20.60	\$	24.90	\$	37.65	\$	44.70	\$	7.05	18.7%
	9,000	\$	2.50	\$	16.15	\$	19.20	\$	22.80	\$	27.60	\$	41.45	\$	49.30	\$	7.85	18.9%
	10,000	\$	2.50	\$	17.75	\$	21.10	\$	25.00	\$	30.30	\$	45.25	\$	53.90	\$	8.65	19.1%
	11,000	\$	2.50	\$	21.55	\$	25.85	\$	25.00	\$	30.30	\$	49.05	\$	58.65	\$	9.60	19.6%
	12,000	\$	2.50	\$	25.35	\$	30.60	\$	25.00	\$	30.30	\$	52.85	\$	63.40	\$	10.55	20.0%
	13,000	\$	2.50	\$	29.15	\$	35.35	\$	25.00	\$	30.30	\$	56.65	\$	68.15	\$	11.50	20.3%
	14,000	\$	2.50	\$	32.95	\$	40.10	\$	25.00	\$	30.30	\$	60.45	\$	72.90	\$	12.45	20.6%
	15,000	\$	2.50	\$	36.75	\$	44.85	\$	25.00	\$	30.30	\$	64.25	\$	77.65	\$	13.40	20.9%
	16,000	\$	2.50	\$	40.55	\$	49.60	\$	25.00	\$	30.30	\$	68.05	\$	82.40	\$	14.35	21.1%
	17,000	\$	2.50	\$	44.35	\$	54.35	\$	25.00	\$	30.30	\$	71.85	\$	87.15	\$	15.30	21.3%
	18,000	\$	2.50	\$	48.15	\$	59.10	\$	25.00	\$	30.30	\$	75.65	\$	91.90	\$	16.25	21.5%
	19,000	\$	2.50	\$	51.95	\$	63.85	\$	25.00	\$	30.30	\$	79.45	\$	96.65	\$	17.20	21.6%
	20,000	\$	2.50	\$	55.75	\$	68.60	\$	25.00	\$	30.30	\$	83.25	\$	101.40	\$	18.15	21.8%
	21,000	\$	2.50	\$	59.55	\$	73.35	\$	25.00	\$	30.30	\$	87.05	\$	106.15	\$	19.10	21.9%
	22,000	\$	2.50	\$	63.35	\$	78.10	\$	25.00	\$	30.30	\$	90.85	\$	110.90	\$	20.05	22.1%
	23,000	\$	2.50	\$	67.15	\$	82.85	\$	25.00	\$	30.30	\$	94.65	\$	115.65	\$	21.00	22.2%
	24,000	\$	2.50	\$	70.95	\$	87.60	\$	25.00	\$	30.30	\$	98.45	\$	120.40	\$	21.95	22.3%
	25,000	\$	2.50	\$	74.75	\$	92.35	\$	25.00	\$	30.30	\$	102.25	\$	125.15	\$	22.90	22.4%
	26,000	\$	2.50	\$	78.55	\$	98.25	\$	25.00	\$	30.30	\$	106.05	\$	131.05	\$	25.00	23.6%
	27,000	\$	2.50	\$	82.35	\$	104.15	\$	25.00	\$	30.30	\$	109.85	\$	136.95	\$	27.10	24.7%
	28,000	\$	2.50	\$	86.15	\$	110.05	\$	25.00	\$	30.30	\$	113.65	\$	142.85	\$	29.20	25.7%
	29,000	\$	2.50	\$	89.95	\$	115.95	\$	25.00	\$	30.30	\$	117.45	\$	148.75	\$	31.30	26.6%
	30,000	\$	2.50	\$	93.75	\$	121.85	\$	25.00	\$	30.30	\$	121.25	\$	154.65	\$	33.40	27.5%
	31,000	\$	2.50	\$	97.55	\$	127.75	\$	25.00	\$	30.30	\$	125.05	\$	160.55	\$	35.50	28.4%
	32,000	\$	2.50	\$	101.35	\$	133.65	\$	25.00	\$	30.30	\$	128.85	\$	166.45	\$	37.60	29.2%
	33,000	\$	2.50	\$	105.15	\$	139.55	\$	25.00	\$	30.30	\$	132.65	\$	172.35	\$	39.70	29.9%
	34,000	\$	2.50	\$	108.95	\$	145.45	\$	25.00	\$	30.30	\$	136.45	\$	178.25	\$	41.80	30.6%
	35,000	\$	2.50	\$	112.75	\$	151.35	\$	25.00	\$	30.30	\$	140.25	\$	184.15	\$	43.90	31.3%
	36,000	\$	2.50	\$	116.55	\$	157.25	\$	25.00	\$	30.30	\$	144.05	\$	190.05	\$	46.00	31.9%
	37,000	\$	2.50	\$	120.35	\$	163.15	\$	25.00	\$	30.30	\$	147.85	\$	195.95	\$	48.10	32.5%
	38,000	\$	2.50	\$	124.15	\$	169.05	\$	25.00	\$	30.30	\$	151.65	\$	201.85	\$	50.20	33.1%
	39,000	\$	2.50	\$	127.95	\$	174.95	\$	25.00	\$	30.30	\$	155.45	\$	207.75	\$	52.30	33.6%
	40,000	\$	2.50	\$	131.75	\$	180.85	\$	25.00	\$	30.30	\$	159.25	\$	213.65	\$	54.40	34.2%

		Water				Wastewater				Total				%				
		Existing		Proposed		Existing		Proposed		Existing		Proposed		\$				
COMMERCIAL 5/8 INCH METER																		
	-	\$	2.50	\$	10.65	\$	13.75	\$	16.20	\$	20.00	\$	29.35	\$	36.25	\$	6.90	23.5%
	2,000	\$	2.50	\$	12.35	\$	15.75	\$	18.40	\$	22.70	\$	33.25	\$	40.95	\$	7.70	23.2%
	4,000	\$	2.50	\$	14.05	\$	17.75	\$	20.60	\$	25.40	\$	37.15	\$	45.65	\$	8.50	22.9%
	6,000	\$	2.50	\$	15.75	\$	19.75	\$	22.80	\$	28.10	\$	41.05	\$	50.35	\$	9.30	22.7%
	8,000	\$	2.50	\$	17.45	\$	21.75	\$	25.00	\$	30.80	\$	44.95	\$	55.05	\$	10.10	22.5%
avg	11,000	\$	2.50	\$	20.00	\$	24.75	\$	28.30	\$	34.85	\$	50.80	\$	62.10	\$	11.30	22.2%
	12,000	\$	2.50	\$	20.85	\$	25.75	\$	29.40	\$	36.20	\$	52.75	\$	64.45	\$	11.70	22.2%
	13,000	\$	2.50	\$	21.70	\$	26.75	\$	30.50	\$	37.55	\$	54.70	\$	66.80	\$	12.10	22.1%
	14,000	\$	2.50	\$	22.55	\$	27.75	\$	31.60	\$	38.90	\$	56.65	\$	69.15	\$	12.50	22.1%
	15,000	\$	2.50	\$	23.40	\$	30.45	\$	32.70	\$	40.25	\$	58.60	\$	73.20	\$	14.60	24.9%
	16,000	\$	2.50	\$	24.25	\$	33.15	\$	33.80	\$	41.60	\$	60.55	\$	77.25	\$	16.70	27.6%
	17,000	\$	2.50	\$	25.10	\$	35.85	\$	34.90	\$	42.95	\$	62.50	\$	81.30	\$	18.80	30.1%
	18,000	\$	2.50	\$	25.95	\$	38.55	\$	36.00	\$	44.30	\$	64.45	\$	85.35	\$	20.90	32.4%
	19,000	\$	2.50	\$	26.80	\$	41.25	\$	37.10	\$	45.65	\$	66.40	\$	89.40	\$	23.00	34.6%
	20,000	\$	2.50	\$	27.65	\$	43.95	\$	38.20	\$	47.00	\$	68.35	\$	93.45	\$	25.10	36.7%
	25,000	\$	2.50	\$	31.90	\$	57.45	\$	43.70	\$	53.75	\$	78.10	\$	113.70	\$	35.60	45.6%
	30,000	\$	2.50	\$	36.15	\$	70.95	\$	49.20	\$	60.50	\$	87.85	\$	133.95	\$	46.10	52.5%
	35,000	\$	2.50	\$	40.40	\$	84.45	\$	54.70	\$	67.25	\$	97.60	\$	154.20	\$	56.60	58.0%
	40,000	\$	2.50	\$	44.65	\$	97.95	\$	60.20	\$	74.00	\$	107.35	\$	174.45	\$	67.10	62.5%
	45,000	\$	2.50	\$	48.90	\$	111.45	\$	65.70	\$	80.75	\$	117.10	\$	194.70	\$	77.60	66.3%
	50,000	\$	2.50	\$	53.15	\$	124.95	\$	71.20	\$	87.50	\$	126.85	\$	214.95	\$	88.10	69.5%

		Water		Wastewater		Total				%								
		Existing	Proposed	Existing	Proposed	Existing	Proposed	\$										
COMMERCIAL 1 INCH METER																		
	-	\$	2.50	\$	42.65	\$	52.00	\$	64.65	\$	76.50	\$	109.80	\$	131.00	\$	21.20	19.3%
	15,000	\$	2.50	\$	55.40	\$	67.00	\$	81.15	\$	96.75	\$	139.05	\$	166.25	\$	27.20	19.6%
	20,000	\$	2.50	\$	59.65	\$	72.00	\$	86.65	\$	103.50	\$	148.80	\$	178.00	\$	29.20	19.6%
	25,000	\$	2.50	\$	63.90	\$	77.00	\$	92.15	\$	110.25	\$	158.55	\$	189.75	\$	31.20	19.7%
	30,000	\$	2.50	\$	68.15	\$	82.00	\$	97.65	\$	117.00	\$	168.30	\$	201.50	\$	33.20	19.7%
avg	45,000	\$	2.50	\$	80.90	\$	97.00	\$	114.15	\$	137.25	\$	197.55	\$	236.75	\$	39.20	19.8%
	50,000	\$	2.50	\$	85.15	\$	102.00	\$	119.65	\$	144.00	\$	207.30	\$	248.50	\$	41.20	19.9%
	55,000	\$	2.50	\$	89.40	\$	107.00	\$	125.15	\$	150.75	\$	217.05	\$	260.25	\$	43.20	19.9%
	60,000	\$	2.50	\$	93.65	\$	117.10	\$	130.65	\$	157.50	\$	226.80	\$	277.10	\$	50.30	22.2%
	65,000	\$	2.50	\$	97.90	\$	130.60	\$	136.15	\$	164.25	\$	236.55	\$	297.35	\$	60.80	25.7%
	70,000	\$	2.50	\$	102.15	\$	144.10	\$	141.65	\$	171.00	\$	246.30	\$	317.60	\$	71.30	28.9%
	75,000	\$	2.50	\$	106.40	\$	157.60	\$	147.15	\$	177.75	\$	256.05	\$	337.85	\$	81.80	31.9%
	80,000	\$	2.50	\$	110.65	\$	171.10	\$	152.65	\$	184.50	\$	265.80	\$	358.10	\$	92.30	34.7%
	85,000	\$	2.50	\$	114.90	\$	184.60	\$	158.15	\$	191.25	\$	275.55	\$	378.35	\$	102.80	37.3%
	90,000	\$	2.50	\$	119.15	\$	198.10	\$	163.65	\$	198.00	\$	285.30	\$	398.60	\$	113.30	39.7%
	95,000	\$	2.50	\$	123.40	\$	211.60	\$	169.15	\$	204.75	\$	295.05	\$	418.85	\$	123.80	42.0%
	100,000	\$	2.50	\$	127.65	\$	225.10	\$	174.65	\$	211.50	\$	304.80	\$	439.10	\$	134.30	44.1%
	105,000	\$	2.50	\$	131.90	\$	238.60	\$	180.15	\$	218.25	\$	314.55	\$	459.35	\$	144.80	46.0%
	110,000	\$	2.50	\$	136.15	\$	252.10	\$	185.65	\$	225.00	\$	324.30	\$	479.60	\$	155.30	47.9%
	115,000	\$	2.50	\$	140.40	\$	265.60	\$	191.15	\$	231.75	\$	334.05	\$	499.85	\$	165.80	49.6%
	120,000	\$	2.50	\$	144.65	\$	279.10	\$	196.65	\$	238.50	\$	343.80	\$	520.10	\$	176.30	51.3%
	125,000	\$	2.50	\$	148.90	\$	292.60	\$	202.15	\$	245.25	\$	353.55	\$	540.35	\$	186.80	52.8%
	150,000	\$	2.50	\$	170.15	\$	360.10	\$	229.65	\$	279.00	\$	402.30	\$	641.60	\$	239.30	59.5%
	175,000	\$	2.50	\$	191.40	\$	427.60	\$	257.15	\$	312.75	\$	451.05	\$	742.85	\$	291.80	64.7%
	200,000	\$	2.50	\$	212.65	\$	495.10	\$	284.65	\$	346.50	\$	499.80	\$	844.10	\$	344.30	68.9%

												%		
		Water				Wastewater				Total				
		Existing		Proposed		Existing		Proposed		Existing		Proposed	\$	
COMMERCIAL 1-1/2 INCH METER														

		Water			Wastewater			Total			%
		Existing	Proposed		Existing	Proposed		Existing	Proposed	\$	
COMMERCIAL 2 INCH METER											
	-	\$	2.50	\$ 119.45	\$ 144.00	\$ 181.20	\$ 224.00	\$ 303.15	\$ 370.50	\$ 67.35	22.2%
	25,000	\$	2.50	\$ 140.70	\$ 169.00	\$ 208.70	\$ 257.75	\$ 351.90	\$ 429.25	\$ 77.35	22.0%
	50,000	\$	2.50	\$ 161.95	\$ 194.00	\$ 236.20	\$ 291.50	\$ 400.65	\$ 488.00	\$ 87.35	21.8%
	75,000	\$	2.50	\$ 183.20	\$ 219.00	\$ 263.70	\$ 325.25	\$ 449.40	\$ 546.75	\$ 97.35	21.7%
	100,000	\$	2.50	\$ 204.45	\$ 244.00	\$ 291.20	\$ 359.00	\$ 498.15	\$ 605.50	\$ 107.35	21.5%
avg	110,000	\$	2.50	\$ 212.95	\$ 254.00	\$ 302.20	\$ 372.50	\$ 517.65	\$ 629.00	\$ 111.35	21.5%
	120,000	\$	2.50	\$ 221.45	\$ 264.00	\$ 313.20	\$ 386.00	\$ 537.15	\$ 652.50	\$ 115.35	21.5%
	130,000	\$	2.50	\$ 229.95	\$ 274.00	\$ 324.20	\$ 399.50	\$ 556.65	\$ 676.00	\$ 119.35	21.4%
	140,000	\$	2.50	\$ 238.45	\$ 287.40	\$ 335.20	\$ 413.00	\$ 576.15	\$ 702.90	\$ 126.75	22.0%
	150,000	\$	2.50	\$ 246.95	\$ 314.40	\$ 346.20	\$ 426.50	\$ 595.65	\$ 743.40	\$ 147.75	24.8%
	175,000	\$	2.50	\$ 268.20	\$ 381.90	\$ 373.70	\$ 460.25	\$ 644.40	\$ 844.65	\$ 200.25	31.1%
	200,000	\$	2.50	\$ 289.45	\$ 449.40	\$ 401.20	\$ 494.00	\$ 693.15	\$ 945.90	\$ 252.75	36.5%
	225,000	\$	2.50	\$ 310.70	\$ 516.90	\$ 428.70	\$ 527.75	\$ 741.90	\$ 1,047.15	\$ 305.25	41.1%
	250,000	\$	2.50	\$ 331.95	\$ 584.40	\$ 456.20	\$ 561.50	\$ 790.65	\$ 1,148.40	\$ 357.75	45.2%
	275,000	\$	2.50	\$ 353.20	\$ 651.90	\$ 483.70	\$ 595.25	\$ 839.40	\$ 1,249.65	\$ 410.25	48.9%
	300,000	\$	2.50	\$ 374.45	\$ 719.40	\$ 511.20	\$ 629.00	\$ 888.15	\$ 1,350.90	\$ 462.75	52.1%
	325,000	\$	2.50	\$ 395.70	\$ 786.90	\$ 538.70	\$ 662.75	\$ 936.90	\$ 1,452.15	\$ 515.25	55.0%
	350,000	\$	2.50	\$ 416.95	\$ 854.40	\$ 566.20	\$ 696.50	\$ 985.65	\$ 1,553.40	\$ 567.75	57.6%
	375,000	\$	2.50	\$ 438.20	\$ 921.90	\$ 593.70	\$ 730.25	\$ 1,034.40	\$ 1,654.65	\$ 620.25	60.0%
	400,000	\$	2.50	\$ 459.45	\$ 989.40	\$ 621.20	\$ 764.00	\$ 1,083.15	\$ 1,755.90	\$ 672.75	62.1%
	425,000	\$	2.50	\$ 480.70	\$ 1,056.90	\$ 648.70	\$ 797.75	\$ 1,131.90	\$ 1,857.15	\$ 725.25	64.1%
	450,000	\$	2.50	\$ 501.95	\$ 1,124.40	\$ 676.20	\$ 831.50	\$ 1,180.65	\$ 1,958.40	\$ 777.75	65.9%

		Water		Wastewater		Total				%								
		Existing	Proposed	Existing	Proposed	Existing	Proposed	\$										
COMMERCIAL 3 INCH METER																		
	-	\$	2.50	\$	294.00	\$	385.00	\$	446.00	\$	575.00	\$	742.50	\$	962.50	\$	220.00	29.6%
	100,000	\$	2.50	\$	379.00	\$	485.00	\$	556.00	\$	710.00	\$	937.50	\$	1,197.50	\$	260.00	27.7%
	200,000	\$	2.50	\$	464.00	\$	585.00	\$	666.00	\$	845.00	\$	1,132.50	\$	1,432.50	\$	300.00	26.5%
	300,000	\$	2.50	\$	549.00	\$	685.00	\$	776.00	\$	980.00	\$	1,327.50	\$	1,667.50	\$	340.00	25.6%
	400,000	\$	2.50	\$	634.00	\$	785.00	\$	886.00	\$	1,115.00	\$	1,522.50	\$	1,902.50	\$	380.00	25.0%
avg	445,000	\$	2.50	\$	672.25	\$	830.00	\$	935.50	\$	1,175.75	\$	1,610.25	\$	2,008.25	\$	398.00	24.7%
	500,000	\$	2.50	\$	719.00	\$	885.00	\$	996.00	\$	1,250.00	\$	1,717.50	\$	2,137.50	\$	420.00	24.5%
	600,000	\$	2.50	\$	804.00	\$	1,058.10	\$	1,106.00	\$	1,385.00	\$	1,912.50	\$	2,445.60	\$	533.10	27.9%
	700,000	\$	2.50	\$	889.00	\$	1,328.10	\$	1,216.00	\$	1,520.00	\$	2,107.50	\$	2,850.60	\$	743.10	35.3%
	800,000	\$	2.50	\$	974.00	\$	1,598.10	\$	1,326.00	\$	1,655.00	\$	2,302.50	\$	3,255.60	\$	953.10	41.4%
	900,000	\$	2.50	\$	1,059.00	\$	1,868.10	\$	1,436.00	\$	1,790.00	\$	2,497.50	\$	3,660.60	\$	1,163.10	46.6%
	1,000,000	\$	2.50	\$	1,144.00	\$	2,138.10	\$	1,546.00	\$	1,925.00	\$	2,692.50	\$	4,065.60	\$	1,373.10	51.0%
	1,100,000	\$	2.50	\$	1,229.00	\$	2,408.10	\$	1,656.00	\$	2,060.00	\$	2,887.50	\$	4,470.60	\$	1,583.10	54.8%
	1,200,000	\$	2.50	\$	1,314.00	\$	2,678.10	\$	1,766.00	\$	2,195.00	\$	3,082.50	\$	4,875.60	\$	1,793.10	58.2%
	1,300,000	\$	2.50	\$	1,399.00	\$	2,948.10	\$	1,876.00	\$	2,330.00	\$	3,277.50	\$	5,280.60	\$	2,003.10	61.1%
	1,400,000	\$	2.50	\$	1,484.00	\$	3,218.10	\$	1,986.00	\$	2,465.00	\$	3,472.50	\$	5,685.60	\$	2,213.10	63.7%
	1,500,000	\$	2.50	\$	1,569.00	\$	3,488.10	\$	2,096.00	\$	2,600.00	\$	3,667.50	\$	6,090.60	\$	2,423.10	66.1%
	1,600,000	\$	2.50	\$	1,654.00	\$	3,758.10	\$	2,206.00	\$	2,735.00	\$	3,862.50	\$	6,495.60	\$	2,633.10	68.2%
	1,700,000	\$	2.50	\$	1,739.00	\$	4,028.10	\$	2,316.00	\$	2,870.00	\$	4,057.50	\$	6,900.60	\$	2,843.10	70.1%
	1,800,000	\$	2.50	\$	1,824.00	\$	4,298.10	\$	2,426.00	\$	3,005.00	\$	4,252.50	\$	7,305.60	\$	3,053.10	71.8%

		Water		Wastewater		Total			%
		Existing	Proposed	Existing	Proposed	Existing	Proposed	\$	
COMMERCIAL 4 INCH METER									
	-	\$ 2.50	\$ 467.85	\$ 595.00	\$ 709.70	\$ 880.00	\$ 1,180.05	\$ 1,477.50	\$ 297.45 25.2%
	100,000	\$ 2.50	\$ 552.85	\$ 695.00	\$ 819.70	\$ 1,015.00	\$ 1,375.05	\$ 1,712.50	\$ 337.45 24.5%
	200,000	\$ 2.50	\$ 637.85	\$ 795.00	\$ 929.70	\$ 1,150.00	\$ 1,570.05	\$ 1,947.50	\$ 377.45 24.0%
	300,000	\$ 2.50	\$ 722.85	\$ 895.00	\$ 1,039.70	\$ 1,285.00	\$ 1,765.05	\$ 2,182.50	\$ 417.45 23.7%
	400,000	\$ 2.50	\$ 807.85	\$ 995.00	\$ 1,149.70	\$ 1,420.00	\$ 1,960.05	\$ 2,417.50	\$ 457.45 23.3%
avg	540,000	\$ 2.50	\$ 926.85	\$ 1,135.00	\$ 1,303.70	\$ 1,609.00	\$ 2,233.05	\$ 2,746.50	\$ 513.45 23.0%
	600,000	\$ 2.50	\$ 977.85	\$ 1,195.00	\$ 1,369.70	\$ 1,690.00	\$ 2,350.05	\$ 2,887.50	\$ 537.45 22.9%
	700,000	\$ 2.50	\$ 1,062.85	\$ 1,337.50	\$ 1,479.70	\$ 1,825.00	\$ 2,545.05	\$ 3,165.00	\$ 619.95 24.4%
	800,000	\$ 2.50	\$ 1,147.85	\$ 1,607.50	\$ 1,589.70	\$ 1,960.00	\$ 2,740.05	\$ 3,570.00	\$ 829.95 30.3%
	900,000	\$ 2.50	\$ 1,232.85	\$ 1,877.50	\$ 1,699.70	\$ 2,095.00	\$ 2,935.05	\$ 3,975.00	\$ 1,039.95 35.4%
	1,000,000	\$ 2.50	\$ 1,317.85	\$ 2,147.50	\$ 1,809.70	\$ 2,230.00	\$ 3,130.05	\$ 4,380.00	\$ 1,249.95 39.9%
	1,100,000	\$ 2.50	\$ 1,402.85	\$ 2,417.50	\$ 1,919.70	\$ 2,365.00	\$ 3,325.05	\$ 4,785.00	\$ 1,459.95 43.9%
	1,200,000	\$ 2.50	\$ 1,487.85	\$ 2,687.50	\$ 2,029.70	\$ 2,500.00	\$ 3,520.05	\$ 5,190.00	\$ 1,669.95 47.4%
	1,300,000	\$ 2.50	\$ 1,572.85	\$ 2,957.50	\$ 2,139.70	\$ 2,635.00	\$ 3,715.05	\$ 5,595.00	\$ 1,879.95 50.6%
	1,400,000	\$ 2.50	\$ 1,657.85	\$ 3,227.50	\$ 2,249.70	\$ 2,770.00	\$ 3,910.05	\$ 6,000.00	\$ 2,089.95 53.5%
	1,500,000	\$ 2.50	\$ 1,742.85	\$ 3,497.50	\$ 2,359.70	\$ 2,905.00	\$ 4,105.05	\$ 6,405.00	\$ 2,299.95 56.0%
	1,600,000	\$ 2.50	\$ 1,827.85	\$ 3,767.50	\$ 2,469.70	\$ 3,040.00	\$ 4,300.05	\$ 6,810.00	\$ 2,509.95 58.4%
	1,700,000	\$ 2.50	\$ 1,912.85	\$ 4,037.50	\$ 2,579.70	\$ 3,175.00	\$ 4,495.05	\$ 7,215.00	\$ 2,719.95 60.5%
	1,800,000	\$ 2.50	\$ 1,997.85	\$ 4,307.50	\$ 2,689.70	\$ 3,310.00	\$ 4,690.05	\$ 7,620.00	\$ 2,929.95 62.5%
	1,900,000	\$ 2.50	\$ 2,082.85	\$ 4,577.50	\$ 2,799.70	\$ 3,445.00	\$ 4,885.05	\$ 8,025.00	\$ 3,139.95 64.3%
	2,000,000	\$ 2.50	\$ 2,167.85	\$ 4,847.50	\$ 2,909.70	\$ 3,580.00	\$ 5,080.05	\$ 8,430.00	\$ 3,349.95 65.9%
	2,100,000	\$ 2.50	\$ 2,252.85	\$ 5,117.50	\$ 3,019.70	\$ 3,715.00	\$ 5,275.05	\$ 8,835.00	\$ 3,559.95 67.5%
	2,200,000	\$ 2.50	\$ 2,337.85	\$ 5,387.50	\$ 3,129.70	\$ 3,850.00	\$ 5,470.05	\$ 9,240.00	\$ 3,769.95 68.9%
	2,300,000	\$ 2.50	\$ 2,422.85	\$ 5,657.50	\$ 3,239.70	\$ 3,985.00	\$ 5,665.05	\$ 9,645.00	\$ 3,979.95 70.3%
	2,400,000	\$ 2.50	\$ 2,507.85	\$ 5,927.50	\$ 3,349.70	\$ 4,120.00	\$ 5,860.05	\$ 10,050.00	\$ 4,189.95 71.5%
	2,500,000	\$ 2.50	\$ 2,592.85	\$ 6,197.50	\$ 3,459.70	\$ 4,255.00	\$ 6,055.05	\$ 10,455.00	\$ 4,399.95 72.7%
	2,600,000	\$ 2.50	\$ 2,677.85	\$ 6,467.50	\$ 3,569.70	\$ 4,390.00	\$ 6,250.05	\$ 10,860.00	\$ 4,609.95 73.8%
	2,700,000	\$ 2.50	\$ 2,762.85	\$ 6,737.50	\$ 3,679.70	\$ 4,525.00	\$ 6,445.05	\$ 11,265.00	\$ 4,819.95 74.8%

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Public Meeting Schedule

Palm Beach County

Water Utilities Department

**Proposed Water/Sewer/Reclaimed
Water Rate Increase**

Meeting #1 - February 20, 2007

7:00 pm - 9:00 pm

Park Vista High School

7900 Jog Rd., Lake Worth, FL 33467

Meeting #2 - February 21, 2007

7:00 pm - 9:00 pm

Spanish River High School

5100 Jog Rd., Boca Raton, FL 33496

Meeting #3 - February 22, 2007

7:00 pm - 9:00 pm

Okeeheelee Middle School

2200 Pinehurst Dr., Greenacres, FL 33413

Meeting #4 February 20, 2007

Reclaimed Water Customers only

9:30 am - 11:00 am

Palm Beach County Water Utilities

Southern Region Operations Center

13026 Jog Rd., Delray Beach, FL 33437

Meeting #5 February 21, 2007

Developers only

9:30 am - 11:00 am

Palm Beach County Water Utilities

Southern Region Operations Center

13026 Jog Rd., Delray Beach, FL 33437