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PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: March 17, 2008 Consent [ ] Regular [ ]  
Public Hearing [x]  
Submitted By: Water Utilities Department  
Submitted For: Water Utilities Department

I. EXECUTIVE BRIEF

**Motion and Title:** Staff recommends motion to adopt: an Ordinance of the Board of County Commissioners of Palm Beach County, Florida, amending Ordinance No. 07-003, providing a revised schedule of rates, fees, and charges for potable water, wastewater, and reclaimed water services; providing for inclusion in the Water Utilities Department's Uniform Policies and Procedures Manual; providing for repeal of laws in conflict; providing for severability; and providing for an effective date.

**Summary:** On April 15, 2008, the Board of County Commissioners (Board) approved an ordinance (Ordinance No. 2008-010) establishing a 15% surcharge on potable water and wastewater fees to offset the fiscal impact resulting from mandatory water restrictions. The ordinance provided that the surcharge would remain in effect until April 30, 2009. Despite receiving \$6.2 million in surcharge revenue, the Water Utilities Department (Department) sustained an operating loss of \$4.9 million for the fiscal year ending September 30, 2008. In order to meet the escalating operating costs, maintain adequate reserves, and provide for adequate debt service coverage, the Department has completed a rate study to determine its revenue requirements. The rate study recommends that the 15% surcharge on the monthly bills be replaced with a rate increase of approximately 11.75%. The rate study also recommends an increase in guaranteed revenue fees, connection fees, deposits, and other miscellaneous fees. For reclaimed water, the Department is recommending a new connection fee for new reclaimed water customers and an increase in the base facility fees and commodity fees. In the past, reclaimed water customers paid no connection fees, and the revenue from reclaimed water service has not covered the cost of the service. Under the revised rates, new reclaimed water customers will pay a connection fee, but will pay lower base facility fees than the existing customers who have not paid connection fees. Countywide (MJ)

**Background and Justification:** Although the Department continues to find ways to reduce its operating budget, rising costs, decreases in water demand, and no significant growth in new customers have continued to impact the financial strength of the Department. Other utilities in the County have experienced similar challenges and most have raised rates accordingly. With the elimination of the 15% surcharge and the 11.75% increase in on-line rates, monthly bills for the Department's customers will still be in the lower third of water and wastewater utilities in the County. (Continued on page 3)

**Attachments:**

1. Ordinance with Exhibit "A"
2. Black-line Version of Exhibit "A"
3. Rate Study
4. Public Meeting Schedule

Recommended By: Bruce Beaulieu 3/9/09  
Department Director Date

Approved By: Simon G. B. Jr. 3/13/09  
Assistant County Administrator Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2009	2010	2011	2012	2013
Capital Expenditures	0	0	0	0	0
External Revenues	(\$6,382,000)	(\$12,477,000)	(\$11,478,000)	(\$12,703,000)	(\$14,023,000)
Operating Expenses	0	0	0	0	0
In-Kind Match County	0	0	0	0	0
<b>NET FISCAL IMPACT</b>	<b>(\$6,382,000)</b>	<b>(\$12,477,000)</b>	<b>(\$11,748,000)</b>	<b>(\$12,703,000)</b>	<b>(\$14,023,000)</b>
# ADDITIONAL FTE POSITIONS (Cumulative)	0	0	0	0	0

**Budget Account No.:** Fund Various Dept Various Unit Various Object Various

Is Item Included in Current Budget? Yes No X

**Reporting Category**

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

The proposed on-line rate increase of 11.75% replaces the current 15% water restriction surcharge. Increase in revenues includes the proposed rate increase plus increases to connection fees and guaranteed revenue fees.

C. Department Fiscal Review: Delva M West

**III. REVIEW COMMENTS**

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

Jim [Signature] 3-13-09  
 3/13/09 OFMB TM 3/13 CN 3/10/09  
Dir. J. Jacoby 3/13/09  
 Contract Development and Control

**B. Legal sufficiency:**

[Signature] 3/16/09  
 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):** Under the proposed schedule, residential customers using 2,000 gallons per month will see a decrease in their bills for combined service from \$26.17 to \$25.49. The decrease for residential customers using 7,000 gallons per month will be from \$47.44 to \$46.15. Non-residential customers will see a similar decrease in their monthly bills. Customer account fees (\$2.50 per month), which were not calculated in the 15% surcharge and not subject to the 11.75% rate increase will no longer be stated separately on the monthly bills, but will be included in the monthly base facility fee.

Connection fees for a single family residence will increase from \$1,425 to \$1,500 for potable water and from \$2,000 to \$2,500 for wastewater. Five years of guaranteed revenue fees will increase by 11.75% from \$1,758 to \$1,964.40 per ERC (for a typical 3/4" x 5/8" meter). Other meter sizes will increase proportionally.

The revised rates also include increases in customer deposits (from \$60 to \$110) for a single family residence and higher deposits for other categories of service. The department has been recently experiencing an increase in bad debt expense. However the revised deposit amount is still significantly lower than most other utilities in the County. Other increases include lane crossing fees for new installations (from \$375 per travel lane to \$600), increases in account activation fees (from \$20 to \$35), account reactivation fees (from \$20 to \$35), meter re-reads (from \$20 to \$35), and administrative hearing fees (from \$20 to \$35). These revised rates are intended to cover the cost of these services.

The rate consultants have recommended that a new fee structure be established for reclaimed water service. In the past, reclaimed water infrastructure was paid for by wastewater customers since the reclaimed water was just another method of effluent disposal and was a cheaper alternative than deep well injection. However, reclaimed water has become a valued commodity, and the Department is recommending that reclaimed water service become more self-sustaining. The recommended rate structure includes a connection fee for new reclaimed water customers to pay for extending reclaimed water facilities. Base facility fees (intended to cover the Department's fixed costs) will have a two-tiered structure, with customers who have paid a connection fee paying a lower month base facility fee. Existing customers, who have not paid connection fees, will have higher base facility fees to help cover the previous costs of the reclaimed facilities. The commodity rate for reclaimed water will increase from \$0.16 per 1,000 gallons to \$0.20 per 1,000 gallons. Reclaimed water customers receiving reclaimed water discharged into lakes will receive a 20% discount from the proposed connection fees, base facility fees, and commodity fees. Under the rate proposal, the Department will still be covering only about 25% of the actual costs of reclaimed water. Potential reclaimed water customers who have executed a reclaimed water agreement prior to April 1, 2009, and who connect on or before April 1, 2010, will be considered existing customers and not be subject to the new connection fees.

The proposed changes to the monthly billing fees for potable water and wastewater service do not affect Royal Palm Beach customers or bulk rate customers, whose rates are set by contract.

The recommended rates, fees, and charges have been reviewed and approved by the Water Utilities Advisory Board, and several public meetings have been held to discuss the proposed changes. A total of eight customers attended the three informational meetings for residential and commercial customers, and four developers attended the special meeting for developers. Attendance at the meeting for reclaimed water customers included one reclaimed water customer and three potential customers.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AMENDING ORDINANCE NO. 07-003, PROVIDING A REVISED SCHEDULE OF RATES, FEES, AND CHARGES FOR POTABLE WATER, WASTEWATER, AND RECLAIMED WATER SERVICES; 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 CAPTIONS; 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 507,000 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 there for, 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**, 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's rate consultants have completed a review of the Department's revenue requirements and have recommended changes to the schedule of rates, fees, and charges, including connection fees, guaranteed revenue fees, and miscellaneous fees in order to meet its operating, financing, and reserve requirements; and

**WHEREAS**, the Water Utilities Advisory Board has approved the proposed rates, fees, and charges.

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

**SECTION 1. AMENDMENT TO ORDINANCE NO. 07-003**

Section 1 of Ordinance No. 07-003 is hereby amended as follows: The revised 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, 2009, and will appear on monthly bills rendered on and after May 1, 2009.

**SECTION 2. 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 3. 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 4. CAPTIONS.**

The captions, section headings, and section designations used in this Ordinance are for convenience only and shall have no effect on the interpretation of the provisions of this Ordinance.

**SECTION 5. 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 \_\_\_\_\_, 2009.

SHARON H. BOCK, CLERK  
AND COMPTROLLER

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

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
John F. Koons, Chairman

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: \_\_\_\_\_  
County Attorney

EFFECTIVE DATE: Filed with the Department of State on the \_\_\_\_\_ day of \_\_\_\_\_, 2009.

## EXHIBIT "A"

### 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.

### 6.1 ERC AND ERIC EQUIVALENCIES

#### 6.1.1 ERC EQUIVALENCIES

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

Type of Service	ERC Equivalency Factor
<b>Residential – per meter</b>	
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
Multi-Family Limited Service	.40
Unmetered Wastewater Only	By Department Analysis
<b>Non-Residential – per meter</b>	
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

#### 6.1.2 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
<b>Residential – per meter</b>		
5/8" X 3/4"	1.0	750
<b>Non-Residential and/or Master Metered Projects – per meter</b>		
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

### 6.2 PLAN REVIEW AND INSPECTION FEES

#### 6.2.1 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.

## 6.2.2 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.

## 6.3 SERVICE INITIATION FEES

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

### 6.3.1 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	\$163.44
Reclaimed Water	\$0.00
Wastewater	\$229.44
Combined Potable Water & Wastewater	\$392.88

#### **Guaranteed Revenue Monthly Fee per ERC:**

Potable Water	\$13.62
Reclaimed Water	\$0.00
Wastewater	\$19.12
Combined Potable Water & Wastewater	\$32.74

**6.3.2 CONNECTION FEES:**

TYPE OF SERVICE	POTABLE WATER	WASTEWATER	COMBINED POTABLE WATER & WASTEWATER	RECLAIMED WATER (1)
<b>Residential</b>				
<b>Single Family</b>				
5/8 x 3/4"	\$1,500	\$2,500	\$4,000	\$450
1"	\$4,350	\$7,250	\$11,600	N/A
1 1/2"	\$6,750	\$11,250	\$18,000	N/A
2"	\$14,700	\$24,500	\$39,200	N/A
<b>Multi-Family</b>				
Per dwelling unit	\$1,050	\$1,750	\$2,800	N/A
Limited service	\$600	\$1,000	\$1,600	
<b>Non-Residential</b>				
5/8 x 3/4"	\$2,250	\$3,750	\$6,000	\$675
1"	\$8,700	\$14,500	\$23,200	\$3,600
1 1/2"	\$15,000	\$25,000	\$40,000	\$9,000
2"	\$24,375	\$40,625	\$65,000	\$19,350
3"	\$65,550	\$109,250	\$174,800	\$42,300
4"	\$100,200	\$167,000	\$267,200	\$115,650
6"	Based on usage	Based on usage	Based on usage	\$247,050
8"	Based on usage	Based on usage	Based on usage	\$439,200
10"	Based on usage	Based on usage	Based on usage	\$684,000

(1) A 20% discount applies to these rates for lake delivery service.

**6.3.3 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 \$600 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

#### 6.3.4 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.

#### 6.4 ACCOUNT DEPOSITS

Potable Water Meter Size (inches)	Account Deposit for Individual or Combined Service
5/8" x 3/4"	\$110.00
1"	\$240.00
1-1/2"	\$400.00
2"	\$675.00
3"	\$1,215.00
4"	\$1,890.00
6"	\$4,050.00
8"	\$5,400.00
Wastewater Only	\$110.00
Reclaimed Water Only	\$110.00
5/8" x 3/4" Hydrant Meter	\$270.00
3" Hydrant Meter	\$1,350.00

## 6.5 PRETREATMENT FEES

### 6.5.1 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.

### 6.5.2 OGI FEE

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

### 6.5.3 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

$$\text{IWS} = 8.34(V)[\$0.45^1 (\text{B.O.D.} - 400) + \$0.18^2 (\text{SS} - 400) + \$1.46^3 (\text{OG} - 100)]$$

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

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

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

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

## 6.6 MONTHLY CUSTOMER FEES

### 6.6.1 RESIDENTIAL

Type of Fee	Potable Water	Wastewater	Combined Potable Water & Wastewater	Reclaimed Water (3)
Monthly Customer Account Fee <sup>1</sup> (Multi-Family Accounts Only)	\$ 2.50	\$ 2.50	\$ 2.50	
Monthly Base Facility Fee: Multi-Family (per dwelling unit)	\$7.32	\$11.03	\$18.35	
Single-Family (per meter) 5/8" X 3/4"	\$9.82	\$11.03	\$20.85	
1"	\$23.99	\$32.52	\$56.51	
1 1/2"	\$35.89	\$49.95	\$85.84	
2"	\$74.81	\$109.19	\$184.00	
Potable Water & Wastewater Commodity Fee per 1,000 gallons:				
0-4	\$ 0.98	\$1.34	\$ 2.32	
5-10	\$ 2.20	\$3.14	\$5.34	
11-25	\$ 5.52	\$ 0.00	\$ 5.52	
Over 25	\$ 6.85	\$ 0.00	\$6.85	
Monthly Fire Line Base Facility Fee per size of backflow device:				
2"	\$10.92			
3"	\$20.56			
4"	\$34.26			
6"	\$68.54			
8" and above	\$109.66			
Monthly Reclaimed Water Base Facility Fee:				
5/8" x 3/4" for Customers who have paid Reclaimed Water Connection Fees				\$2.36
5/8" x 3/4" for Customers who have not paid Reclaimed Water Connection Fees				\$4.80
Commodity Fee per 1,000 gallons				\$0.20
Monthly Un-metered Wastewater Fee assessed per ERC <sup>2</sup>		\$21.31		

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, Customer Account Fee, and Commodity Fees.

3 A 20% discount applies to these rates for lake delivery service.

6.6.2 NON-RESIDENTIAL

Type of Service	Potable Water	Wastewater	Combined Potable Water & Wastewater	Reclaimed Water
Monthly Base Facility Fee:				
5/8" x 3/4"	\$18.47	\$23.23	\$41.70	
1"	\$62.90	\$88.86	\$151.76	
1-1/2"	\$100.07	\$145.20	\$245.27	
2"	\$169.77	\$260.20	\$429.97	
3"	\$449.71	\$667.92	\$1,117.63	
4"	\$693.65	\$1,022.20	\$1,715.85	
6" and larger based upon projected water usage				
Potable Water and Wastewater Commodity Fee per 1,000 gallons based on meter size:				
5/8" x 3/4"				
0-14,000 gallons	\$1.16	\$1.56	\$2.72	
Over 14,000 gallons	\$3.14	\$1.56	\$4.70	
1"				
0-57,000 gallons	\$1.16	\$1.56	\$2.72	
Over 57,000 gallons	\$3.14	\$1.56	\$4.70	
1-1/2"				
0-94,000 gallons	\$1.16	\$1.56	\$2.72	
Over 94,000 gallons	\$3.14	\$1.56	\$4.70	
2"				
0-138,000 gallons	\$1.16	\$1.56	\$2.72	
Over 138,000 gallons	\$3.14	\$1.56	\$4.70	
3"				
0-557,000 gallons	\$1.16	\$1.56	\$2.72	
Over 557,000 gallons	\$3.14	\$1.56	\$4.70	
4"				
0-675,000 gallons	\$1.16	\$1.56	\$2.72	
Over 675,000 gallons	\$3.14	\$1.56	\$4.70	
6" and above				
All usage	\$1.16	\$1.56	\$2.72	
Monthly Fire Line Base Facility Fee per size of backflow device:				
2"	\$10.92			
3"	\$20.56			
4"	\$34.26			
6"	\$68.54			
8" and above	\$109.66			

**NON-RESIDENTIAL (Continued):**

Type of Service		Wastewater		Reclaimed Water (3)
Monthly Reclaimed Water Base Facility Fee - Customers who have not paid Reclaimed Water Connection Fees:				
5/8" x 3/4"				\$7.20
1"				\$38.40
1 1/2"				\$96.00
2"				\$206.40
3"				\$451.20
4"				\$1,233.60
6"				\$2,635.20
8"				\$4,684.80
10"				\$7,296.00
Monthly Reclaimed Water Base Facility Fee - Customers who have paid Reclaimed Water Connection Fees:				
5/8" x 3/4"				\$3.54
1"				\$18.88
1 1/2"				\$47.20
2"				\$101.48
3"				\$221.84
4"				\$606.52
6"				\$1,295.64
8"				\$2,303.36
10"				\$3,587.20
Commodity Fee Per 1,000 gallons				\$0.20
Monthly Un-metered Wastewater Fee assessed per ERC <sup>2</sup>		\$21.31		

- 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, Customer Account Fee and Commodity Fees.
- 3 A 20% discount applies to these rates for lake delivery service.

**6.6.3 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"			
1"	\$ 17.31	\$ 20.70	\$ 38.01
1-1/2"	\$ 62.31	\$ 74.40	\$ 136.71
2"	\$ 99.33	\$ 118.69	\$ 218.02
3"	\$225.24	\$269.49	\$ 494.73
4"	\$795.01	\$950.76	\$ 1,745.77
	\$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.		

#### 6.6.4 OVERSIZE CREDIT/REIMBURSEMENT RATES

The maximum allowable credit/reimbursement provided by the Department is the difference between the Department required oversized pipe and the pipe size required by the Property Owner (or minimum pipe sizes identified in Section 3.3.2), if applicable multiplied by the factors listed below:

##### Oversized Potable and Reclaimed Water Mains

12" and smaller:	\$3.50 per inch diameter per linear foot.
24":	\$4.50 per inch diameter per linear foot.
30":	\$5.00 per inch diameter per linear foot.
36" and larger:	\$5.50 per inch diameter per linear foot.

##### Oversized Wastewater Mains

12" and smaller:	\$4.00 per inch diameter per linear foot.
18":	\$5.25 per inch diameter per linear foot.
20":	\$5.50 per inch diameter per linear foot.
24":	\$6.00 per inch diameter per linear foot.
30":	\$6.25 per inch diameter per linear foot.
36" and larger:	\$6.50 per inch diameter per linear foot.

## 6.7 MISCELLANEOUS FEES

FEE	AMOUNT
Account Activation (New Account)	\$35.00
Account Reactivation	\$35.00
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)	\$35.00
Meter Re-read at Customer request (Incorrect Original Reading)	No Charge
Meter Calibration (Flow Test)	
5/8' X 3/4' meter <sup>1</sup>	\$70.00
1" meter <sup>1</sup>	\$100.00
1 1/2" meter <sup>1</sup>	\$150.00
2' meter or larger <sup>1</sup>	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" <sup>2</sup>	\$250.00
All others <sup>2</sup>	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)	\$35.00
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.

<sup>1</sup> No charge if meter found to be inaccurate

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



## BLACK-LINE EXHIBIT "A"

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.

6.1 ERC AND ERIC EQUIVALENCIES6.1.1 ERC EQUIVALENCIES

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

Type of Service	ERC Equivalency Factor
<b>Residential – per meter</b>	
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
Multi-Family Limited Service	.40
Unmetered Wastewater Only	By Department Analysis
<b>Non-Residential – per meter</b>	
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

6.1.2 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
<b>Residential – per meter</b>		
5/8" X 3/4"	1.0	750
<b>Non-Residential and/or Master Metered Projects – per meter</b>		
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

6.2 PLAN REVIEW AND INSPECTION FEES6.2.1 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.

### 6.2.2 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.

### 6.3 SERVICE INITIATION FEES

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

#### 6.3.1 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	\$146.28	\$163.44
Reclaimed Water		\$0.00
Wastewater	\$205.32	\$229.44
Combined Potable Water & Wastewater	\$351.60	\$392.88

#### **Guaranteed Revenue Monthly Fee per ERC:**

Potable Water	\$12.19	\$13.62
Reclaimed Water		\$0.00
Wastewater	\$17.14	\$19.12
Combined Potable Water & Wastewater	\$29.30	\$32.74

### 6.3.2 CONNECTION FEES:

TYPE OF SERVICE	POTABLE WATER	WASTEWATER	COMBINED POTABLE WATER & WASTEWATER	RECLAIMED WATER (1)
<b>Residential</b>				
<b>Single Family</b>				
5/8 x 3/4"	\$1,425 \$1,500	\$2,000 \$2,500	\$3,425 \$4,000	\$450 \$0
1"	\$4,130 \$4,350	\$5,800 \$7,250	\$9,930 \$11,600	N/A \$0
1 1/2"	\$6,440 \$6,750	\$9,000 \$11,250	\$15,440 \$18,000	N/A \$0
2"	\$13,970 \$14,700	\$19,600 \$24,500	\$33,570 \$39,200	N/A \$0
<b>Multi-Family</b>				
Per dwelling unit	\$1,000 \$1,050	\$1,400 \$1,750	\$2,400 \$2,800	N/A \$0
Limited service	\$600	\$1,000	\$1,600	N/A \$0
<b>Non-Residential</b>				
5/8 x 3/4"	\$2,140 \$2,250	\$3,000 \$3,750	\$5,140 \$6,000	\$675 \$0
1"	\$8,270 \$8,700	\$11,600 \$14,500	\$19,870 \$23,200	\$3,600 \$0
1 1/2"	\$14,250 \$15,000	\$20,000 \$25,000	\$34,250 \$40,000	\$9,000 \$0
2"	\$23,160 \$24,375	\$32,500 \$40,625	\$55,660 \$65,000	\$19,350 \$0
3"	\$62,270 \$65,550	\$87,400 \$109,250	\$149,670 \$174,800	\$42,300 \$0
4"	\$95,190 \$100,200	\$133,600 \$167,000	\$228,790 \$267,200	\$115,650 \$0
6"	Based on usage	Based on usage	Based on usage	\$247,050 \$0
8"	Based on usage	Based on usage	Based on usage	\$439,200
10"	Based on usage	Based on Usage	Based on usage	\$684,000

(1) A 20% discount applies to these rates for lake delivery service.

### 6.3.3 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~~ \$600 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**

**6.3.4 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.

**6.4 ACCOUNT DEPOSITS**

Potable Water Meter Size (inches)	Account Deposit for Individual or Combined Service
5/8" x 3/4"	<del>\$60.00</del> \$110.00
1"	<del>\$175.00</del> \$240.00
1-1/2"	<del>\$300.00</del> \$400.00
2"	<del>\$500.00</del> \$675.00
3"	<del>\$900.00</del> \$1,215.00
4"	<del>\$1,400.00</del> \$1,890.00
6"	<del>\$3,000.00</del> \$4,050.00
8"	<del>\$4,000.00</del> \$5,400.00
Wastewater Only	<del>\$60.00</del> \$110.00
Reclaimed Water Only	<del>\$60.00</del> \$110.00
5/8" x 3/4" Hydrant Meter	<del>\$200.00</del> \$270.00
3" Hydrant Meter	<del>\$1,000.00</del> \$1,350.00

## 6.5 PRETREATMENT FEES

### 6.5.1 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.

### 6.5.2 OGI FEE

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

### 6.5.3 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

$$\text{IWS} = 8.34(V)[\$0.45^1 (\text{B.O.D.} - 400) + \$0.18^2 (\text{SS} - 400) + \$1.46^3 (\text{OG} - 100)]$$

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

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

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

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

**6.6 MONTHLY CUSTOMER FEES**

**6.6.1 RESIDENTIAL**

Type of Fee	Water-Restriction-Surcharge-(3)	Potable Water	Wastewater	Combined Potable Water & Wastewater	Reclaimed Water (3)
Monthly Customer Account Fee <sup>1</sup> (Multi-Family Accounts Only)	N/A	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Monthly Base Facility Fee: Multi-Family (per dwelling unit)	45%	\$ 6.55 <u>\$7.32</u>	\$ 9.87 <u>\$11.03</u>	\$ 16.42 <u>\$18.35</u>	
Single-Family (per meter) 5/8" X 3/4"	45%	\$ 6.55	\$ 9.87	\$ 16.42	
1"	45%	\$9.82 <u>\$19.23</u>	\$11.03 <u>\$29.10</u>	\$20.85 <u>\$48.33</u>	
1 1/2"	45%	\$23.99 <u>\$29.88</u>	\$32.52 <u>\$44.70</u>	\$56.51 <u>\$74.58</u>	
2"	45%	\$35.89 <u>\$64.71</u> <u>\$74.81</u>	\$49.95 <u>\$97.71</u> <u>\$109.19</u>	\$85.84 <u>\$162.42</u> <u>\$184.00</u>	
Potable Water & Wastewater Commodity Fee per 1,000 gallons:					
0-4	45%	\$ .88	\$ 1.20	\$ 2.08	
5-10	45%	\$ .98 <u>\$ 1.97</u>	\$ 1.34 <u>\$ 2.81</u>	\$ 2.32 <u>\$ 4.78</u>	
11-25	45%	\$ 2.20 <u>\$ 4.94</u>	\$ 3.14 <u>\$ 0.00</u>	\$ 5.34 <u>\$ 4.94</u>	
Over 25	45%	\$ 5.52 <u>\$ 6.43</u> <u>\$ 6.85</u>	\$ 0.00	\$ 5.52 <u>\$ 6.43</u> <u>\$ 6.85</u>	
Monthly Fire Line Base Facility Fee per size of backflow device:					
2"	45%	\$ 9.77 <u>\$10.92</u>			
3"	45%	\$18.40 <u>\$20.56</u>			
4"	45%	\$30.66 <u>\$34.26</u>			
6"	45%	\$61.33 <u>\$68.54</u>			
8" and above	45%	\$98.13 <u>\$109.66</u>			
Monthly Reclaimed Water Base Facility Fee:					
5/8" x 3/4" for Customers who have paid Reclaimed Water Connection Fees					\$2.36
5/8" x 3/4" for Customers who have not paid Reclaimed Water Connection Fees	N/A				\$2.60 \$4.80
Commodity Fee per 1,000 gallons	N/A				\$0.16 \$0.20
Monthly Un-metered Wastewater Fee assessed per ERC <sup>2</sup>	N/A		\$ 18.81 <u>\$21.31</u>		

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, Customer Account Fee, and Commodity Fees.

3 A 15% water restriction surcharge will be applicable to these rates and appear as a separate line on the Customer's monthly bill.

3 A 20% discount applies to these rates for lake delivery service.

6.6.2 NON-RESIDENTIAL

Type of Service	Water-Restriction-Surcharge (3)	Potable Water	Wastewater	Combined Potable Water & Wastewater	Reclaimed Water
Monthly Customer Account Fee <sup>1</sup>	N/A	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Monthly Base Facility Fee:					
5/8" x 3/4"	15%	\$ 14.29	\$ 20.79	\$ 35.08	
1"	15%	\$ 18.47	\$ 23.23	\$ 41.70	
1-1/2"	15%	\$ 54.05	\$ 79.52	\$ 133.57	
2"	15%	\$ 62.90	\$ 88.86	\$ 151.76	
3"	15%	\$ 87.34	\$ 129.93	\$ 217.24	
4"	15%	\$ 100.07	\$ 145.20	\$ 245.27	
6" and larger based upon projected water usage		\$ 149.68	\$ 232.84	\$ 382.52	
		\$ 169.77	\$ 260.20	\$ 429.97	
		\$ 400.49	\$ 597.69	\$ 997.88	
		\$ 449.71	\$ 667.92	\$ 1,117.63	
		\$ 618.48	\$ 914.72	\$ 1,533.20	
		\$ 693.65	\$ 1,022.20	\$ 1,715.85	
Potable Water and Wastewater Commodity Fee per 1,000 gallons based on meter size:					
5/8" x 3/4"					
0-14,000 gallons	15%	\$1.04 \$1.16	\$1.40 \$1.56	\$2.44 \$2.72	
Over 14,000 gallons	15%	\$2.84 \$3.14	\$1.40 \$1.56	\$4.24 \$4.70	
1"					
0-57,000 gallons	15%	\$1.04 \$1.16	\$1.40 \$1.56	\$2.44 \$2.72	
Over 57,000 gallons	15%	\$2.84 \$3.14	\$1.40 \$1.56	\$4.24 \$4.70	
1-1/2"					
0-94,000 gallons	15%	\$1.04 \$1.16	\$1.40 \$1.56	\$2.44 \$2.72	
Over 94,000 gallons	15%	\$2.84 \$3.14	\$1.40 \$1.56	\$4.24 \$4.70	
2"					
0-138,000 gallons	15%	\$1.04 \$1.16	\$1.40 \$1.56	\$2.44 \$2.72	
Over 138,000 gallons	15%	\$2.84 \$3.14	\$1.40 \$1.56	\$4.24 \$4.70	
3"					
0-557,000 gallons	15%	\$1.04 \$1.16	\$1.40 \$1.56	\$2.44 \$2.72	
Over 557,000 gallons	15%	\$2.84 \$3.14	\$1.40 \$1.56	\$4.24 \$4.70	
4" and above					
0-675,000 gallons	15%	\$1.04 \$1.16	\$1.40 \$1.56	\$2.44 \$2.72	
Over 675,000 gallons	15%	\$2.84 \$3.14	\$1.40 \$1.56	\$4.24 \$4.70	
6" and above					
All usage		\$1.16	\$1.56	\$2.72	
Monthly Fire Line Base Facility Fee per size of backflow device:					
2"	15%	\$9.77			
3"	15%	\$10.92			
4"	15%	\$18.40			
6"	15%	\$20.56			
8" and above	15%	\$30.66			
		\$34.26			
		\$61.33			
		\$68.54			
		\$98.13			
		\$109.66			

**NON-RESIDENTIAL (Continued):**

Type of Service	Water-Restriction-Surcharge (3)	Potable Water	Wastewater	Combined Potable Water & Wastewater	Reclaimed Water (3)
<u>Monthly Reclaimed Water Base Facility Fee - Customers who have not paid Reclaimed Water Connection Fees:</u>					
5/8" x 3/4"	N/A				\$ 4.16
1"	N/A				\$ 7.20
1 1/2"	N/A				\$ 20.79
2"	N/A				\$ 38.40
3"	N/A				\$ 51.97
4"	N/A				\$ 96.00
6"	N/A				\$ 112.26
8"	N/A				\$ 206.40
10"	N/A				\$ 244.27
					\$ 451.20
					\$ 668.37
					\$ 1,233.60
					\$ 1,427.18
					\$ 2,635.20
					\$ 2,536.28
					\$ 4,684.80
					\$ 3,949.95
					\$ 7,296.00
<u>Monthly Reclaimed Water Base Facility Fee - Customers who have paid Reclaimed Water Connection Fees:</u>					
5/8" x 3/4"					\$ 3.54
1"					\$ 18.88
1 1/2"					\$ 47.20
2"					\$ 101.48
3"					\$ 221.84
4"					\$ 606.52
6"					\$ 1,295.64
8"					\$ 2,303.36
10"					\$ 3,587.20
Commodity Fee Per 1,000 gallons					\$ 0.16
					\$ 0.20
Monthly Un-metered Wastewater Fee assessed per ERC <sup>2</sup>	N/A		\$ 18.81		
			\$ 21.31		

- 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, Customer Account Fee, and Commodity Fees.
- 3 A 15% water restriction surcharge will be applicable to these rates and appear as a separate line on the Customer's monthly bill.
- 3 A 20% discount applies to these rates for lake delivery service.



**6.6.3 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.		

#### 6.6.4 OVERSIZE CREDIT/REIMBURSEMENT RATES

The maximum allowable credit/reimbursement provided by the Department is the difference between the Department required oversized pipe and the pipe size required by the Property Owner (or minimum pipe sizes identified in Section 3.3.2), if applicable multiplied by the factors listed below:

##### Oversized Potable and Reclaimed Water Mains

<u>12" and smaller:</u>	<u>\$3.50 per inch diameter per linear foot.</u>
<u>24":</u>	<u>\$4.50 per inch diameter per linear foot.</u>
<u>30":</u>	<u>\$5.00 per inch diameter per linear foot.</u>
<u>36" and larger:</u>	<u>\$5.50 per inch diameter per linear foot.</u>

##### Oversized Wastewater Mains

<u>12" and smaller:</u>	<u>\$4.00 per inch diameter per linear foot.</u>
<u>18":</u>	<u>\$5.25 per inch diameter per linear foot.</u>
<u>20":</u>	<u>\$5.50 per inch diameter per linear foot.</u>
<u>24":</u>	<u>\$6.00 per inch diameter per linear foot.</u>
<u>30":</u>	<u>\$6.25 per inch diameter per linear foot.</u>
<u>36" and larger:</u>	<u>\$6.50 per inch diameter per linear foot.</u>

## 6.7 MISCELLANEOUS FEES

FEE	AMOUNT
Account Activation (New Account)	\$20.00 \$35.00
Account Reactivation	\$10.00 \$35.00
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 Calls received outside above hours for same-day service	\$35.00 \$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 Calls received outside above hours for same-day service	No Charge \$60.00
Meter Re-read at Customer Request (Correct Original Reading)	\$20.00 \$35.00
Meter Re-read at Customer request (Incorrect Original Reading)	No Charge
Meter Calibration (Flow Test) 5/8' X 3/4" meter <sup>1</sup> 1" meter <sup>1</sup> 1 1/2" meter <sup>1</sup> 2' meter or larger <sup>1</sup>	\$70.00 \$100.00 \$150.00 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" <sup>2</sup> All others <sup>2</sup>	\$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)	\$45.00 \$35.00
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.

<sup>1</sup> No charge if meter found to be inaccurate

<sup>2</sup> 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**

## **2009 UTILITY RATE STUDY REPORT**

### *Agenda Item Summary*



**February 2009**

Developed by:

**ENVIRONMENTAL FINANCIAL GROUP, INC.**

In association with

**Howard C. Osterman, Inc.**

ENVIRONMENTAL FINANCIAL GROUP, INC.  
Howard C. Osterman, Inc.

6 February 2009

Palm Beach County Water Utilities Department  
8100 Forest Hill Blvd., P.O. Box 16097  
West Palm Beach, FL 33416

Attn: Bevin Beaudet, Director

Re: **2009 Rate Study Report –  
Board of County Commissioners Agenda Item Summary**

Dear Mr. Beaudet:

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 of potable water, wastewater and reclaimed water rates, fees and charges.

The goal of the 2009 Rate Study is to assess the adequacy of existing rates, fees and charges for recovering the cost of providing potable water and wastewater, and to then recommend identified changes in the overall level of such rates to successfully recover the required revenue. With regard to reclaimed water service, our recommendations continue the establishment of interim steps ultimately leading to full cost recovery.

**Summary Conclusions and Recommendations**

Particular note should be made of the obligation that rests on the rate consultant to provide a schedule of rates and charges that fully addresses the revenue requirements of the system. We believe that the attached report responds to that task. However it should be noted that over \$40 million of the \$135 million revenue requirement is related to depreciation (renewal and replacement) which has been significantly increased due to the over \$230 million in fixed assets that have been added to the system over the past two years. Since these assets are new, we would agree that it may be reasonable to temporarily defer the accumulation of reserves equal to the newly added portion of fixed asset base for a period of two years. The Staff recommendation embodied in this agenda item reflects this factor, however our roles as rate consultants prohibit it. As such, the schedules included in Exhibit A to this agenda item reflects the Staff recommendation which substitutes a permanent rate increase of 11.75 percent instead of our recommended 15 percent. To avoid confusion, the Staff schedules are

referred to throughout this Agenda Item Summary Report. Detailed consultant recommendations have been removed from this Summary Report for clarity, however they will be reported in our permanent final report.

Based on the analyses documented in this Study report, the following conclusions and recommendations are made.

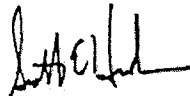
- To fully fund FY2010 revenue requirements will require a rate increase of 15 percent effective April 2009 recognizing that the already adopted index will be available 1 October 2009.
- Aggressively pursue additional operating expense reductions and cost control measures similar to those that have been implemented over the past few years.
- Continue to defer portions of the 5-year capital improvement plan as necessary.
- Work to restore cash balances in accordance with a credit quality benchmarks.

We appreciate the opportunity to assist the Department and Palm Beach County in this important matter. Please call me at 612-872-0510 or Mr. Osterman at 561-630-6990 if you have any questions.

Thank you.

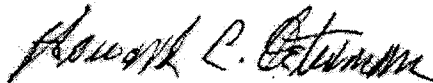
Very Truly Yours,

ENVIRONMENTAL FINANCIAL GROUP, INC.



Scott E. Harder, President

HOWARD C. OSTERMAN, INC.



Howard C. Osterman, President

Cc: Debra West, Water Utilities Department

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## **SECTION 1 | Introduction and Historical Context**

This Agenda Item Summary Report documents the assumptions, analyses, conclusions and recommendations of the **2009 Utility Rate Study**. The Study sets forth potable water, wastewater and reclaimed water rates and connection fees 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:

- Review financial results for fiscal year 2007-8 (FY 2008);
- Assess the overall impact of water restrictions on both consumption and revenue;
- Review budget requirements for FY 2009;
- Prepare a financial forecast through FY 2013; and
- Develop a program of rates to generate sufficient revenue through the end of FY 2010.

### **Authorization**

This study has been prepared under a Consulting Services Authorization between Palm Beach County and Mathews Consulting, Inc. Environmental Financial Group, Inc. is serving as a sub consultant to Mathews and Howard C. Osterman, Inc. is serving as sub consultant to EFG. EFG and Osterman have both served Palm Beach County Water Utilities as rate, financial and business consultants for several years. Neither firm provides investment banking, accounting, or legal services.

### **Scope and Limitations**

The rates that were developed include the following:

- Potable Water Fees (Tables 6.6.1 and 6.6.2 in Black-Line Exhibit A);
- Wastewater Fees (Tables 6.6.1 and 6.6.2 in Black-Line Exhibit A);
- Reclaimed Water Fees (Tables 6.6.1 and 6.6.2 in Black-Line Exhibit A);
- Guaranteed Revenues Fees (Table 6.3.1 in Black-Line Exhibit A)
- Connection Fees (Table 6.3.2 in Black-Line Exhibit A);

In the course of developing the analysis, the consultant team conducted meetings and interviews with Department staff; conducted an analysis of historical water demands, reclaimed water demands and wastewater flows; conducted an analysis of cash balances, debt service schedules and historical cost trends; and conducted 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 attempt was made to examine source documentation beyond published documents. The analyses set forth herein in no way constitute an audit.

This report includes various forward-looking projections of future financial performance and relies on many assumptions and judgments made by the consultants, Water Utilities staff, and others.

### **Historical Context**

From 1998-2007, the Department enjoyed a long period of rate stability, fueled by growth and cash reserves. A rate study was conducted in 2007 and an 18 percent rate increase was implemented in April of that year. Immediately thereafter, the South Florida Water Management District implemented emergency restrictions that extended through April 2008. After a substantial drop in water consumption and related loss of revenue, the Board of County Commissioners adopted a one-year emergency restriction surcharge in March 2008 with an instruction to report back regarding the need for permanent rates in April 2009. The revenue requirements analyzed for this report assumes that the emergency restriction surcharge is discontinued in accordance with the original resolution.

### **Guiding Principles**

The following key assumptions form the basis for this Study:

- Required revenue from user fees are based on budgeted FY 2009 and projected FY 2010 operating and capital expenses thus establishing FY 2010 as the test year for ratemaking purposes. FY 2010 operating expenses are based on a management budget target defined as of February 2009.
- Recommended rates are sufficient to address projected expenses through fiscal year ending September 30, 2010.
- In accordance with existing practices, recommended rates are uniform across the Department's service area in accordance with the cost of service.
- Rates should be sufficient to fulfill bond resolutions requiring excess coverage of principal and interest payments.
- Contractual water sales agreements that are in full force and effect are assumed to generate revenues in accordance with existing schedules and estimates. This includes the permanent purchase of capacity by the City of Lake Worth in 2010 and the completion and startup of the FPL reclaimed water project in 2011.
- It is assumed that the glades cities make full payment of operating and capital charges accordance with the intergovernmental agreements providing for bulk water sales.
- Capital asset renewal and replacement needs are fully funded in accordance with the Department's capital improvement plan.

## Summary Conclusions and Recommendations

Particular note should be made of the ethical obligation that rests on the rate consultant to provide a schedule of rates and charges that fully addresses the revenue requirements of the system. We believe that the attached report responds to that task. However it should be noted that over \$40 million of the \$115 million revenue requirement is related to depreciation (renewal and replacement) which has been significantly increased due to the over \$200 million value of assets added to the system over the past few years. Since these assets are new, we would agree that it may be reasonable to temporarily defer the accumulation of reserves equal to that newly added portion of fixed asset base for a period of two years. Staff and the Commission may wish to consider this factor although our roles as rate consultants prohibit it.

Based on the analyses documented in this Study report, the following conclusions and recommendations are made.

- To fully fund FY2010 revenue requirements, a rate increase of *15 percent* effective April 2009 is needed. This recognizes that the already adopted index will be applied 1 October 2009.
- Aggressively pursue additional operating expense reductions and cost control measures similar to those that have been implemented over the past few years.
- Continue to defer portions of the 5-year capital improvement plan.
- Work to restore cash balances in accordance with a credit quality benchmarks.
- The precipitous increase in depreciation from 2008 to 2009 may indicate some period of time to fully fund this expense in online rates.
- The Department Staff recommended rates do not fully fund depreciation (renewal and replacement of capital assets).

Table 1-1 below summarizes recommended rates.

Section 1 of this report provides an introduction and historical context.

Section 2 sets forth FY 2009 through FY 2013 revenue requirements, including those for the FY 2010 target year.

Section 3 presents recommended water and wastewater rates.

Section 4 presents recommended reclaimed water rates.

Section 5 presents recommended connection fees and guaranteed revenues.

**TABLE 1-1 | Recommended Percentage Rate Increases**

<b>Rate or Fee</b>	<b>Increase</b>	<b>Comment</b>
Customer Account Fee	0.00%	Multi-family residential customers only; single family and non-residential customers will pay this fee as part of their Base Facility Fees
Base Facility Fees	15.00%	Customer Account Fees of \$2.50 per month added in for single family residential and commercial customers
Commodity Fees	15.00%	Across-the-board
Reclaimed Water Fees	50.00%	Split fee for new reclaimed water connection fees
Connection Fees	16.80%	Combined water and wastewater connection fees
Guaranteed Revenues	15.00%	Increased similarly to Base Facility Fees

Consultant recommended program of rates and fees. Staff recommendations are included in BLACK-LINE EXHIBIT A attached to this Agenda Item

## **SECTION 2 | 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 an estimated \$5.25 million operating loss and \$3.3 million net loss in FY 2008 based on unaudited results.
- Unrestricted cash per financial statements in FY 2008 is estimated to be \$39.1 million, below the \$60 million minimum Fitch credit quality benchmark.
- Debt service coverage is estimated to be 1.73x without connection fees and 2.21x with connection fees at FY 2008 year-end.
- Without a rate increase, there is a projected net loss of \$8.8 million in FY 2009, increasing to \$11.6 million in FY 2010.

Tables 2-1, 2-2 and 2-3 present forecasted income, cash and debt service coverage with the recommended 15 percent rate increase in FY 2009 and normal annual indexing.

### **Operational Strategy**

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

- Defer portions of the 6-year capital improvement plan by an additional \$27 million.
- Cut the operating budget by \$13 million throughout FY 2008 and FY 2009.
- Attempt to hold the FY 2010 operating budget to FY 2009 levels.
- 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.

TABLE 2-1 | Forecasted Income: 2009 – 2013

	2008 unaudited	2009 1	2010 2	2011 3	2012 4	2013 5
Customer Account Fee [1]	4,833,580	4,134,271	897,030	897,030	897,030	897,030
BFF Water	21,536,406	24,505,061	29,802,983	30,952,564	32,089,590	33,320,375
BFF Wastewater	28,002,981	31,748,114	36,102,775	34,823,355	36,151,566	37,597,838
Water Commodity [2]	27,624,839	28,749,082	32,176,465	33,311,339	34,595,389	36,010,542
Wastewater Commodity [3]	19,253,554	20,035,492	22,419,319	23,208,651	24,101,739	25,086,012
Reclaimed Water	729,698	1,137,727	1,180,392	1,220,230	1,256,837	1,294,542
Contractual	1,636,623	3,724,921	4,859,775	7,032,869	8,369,154	9,772,299
Contractual LR Wholesale	916,960	3,366,327	3,467,317	3,571,337	3,678,477	3,788,831
Restriction Surcharge [4]	6,202,882	9,044,540	0	0	0	0
Meter Sales	660,421	438,900	532,000	665,000	798,000	931,000
Late Fees	1,248,956	1,261,446	1,274,060	1,286,801	1,299,669	1,312,665
Pretreatment Fees	951,754	961,272	970,884	980,593	990,399	1,000,303
Other	1,723,075	1,740,306	1,757,709	1,775,286	1,793,039	1,810,969
<b>Total Operating Revenue</b>	<b>115,321,729</b>	<b>130,847,458</b>	<b>135,440,709</b>	<b>139,725,055</b>	<b>146,020,888</b>	<b>152,822,407</b>
Budgeted Op Exp w/o Depreciation	86,054,452	94,336,000	94,336,000	97,166,080	100,081,062	103,083,494
Equity interest in JV net loss	1,244,075	1,556,000	1,250,000	1,250,000	1,250,000	1,250,000
less Capitalized Engrg Svcs	(2,897,582)	(2,585,600)	(2,714,880)	(2,823,475)	(2,936,414)	(3,053,871)
less Engineering Expenses	(930,808)	(730,300)	(759,512)	(789,892)	(821,488)	(854,348)
Net op exp before deprec	83,470,137	92,576,100	92,111,608	94,802,712	97,573,160	100,425,276
Depreciation	37,105,975	41,579,000	41,954,000	42,954,000	43,629,000	44,004,000
<b>Operating Income (Loss)</b>	<b>(5,254,383)</b>	<b>(3,307,642)</b>	<b>1,375,101</b>	<b>1,968,342</b>	<b>4,818,728</b>	<b>8,393,131</b>
<b>Non-Operating:</b>						
Guaranteed revenue	3,399,215	3,169,000	3,709,452	4,793,307	5,924,528	7,119,308
Interest income	4,959,994	3,796,000	2,618,193	2,990,105	3,679,327	4,500,793
Interest exp (net of cap int)	(5,701,665)	(6,519,000)	(6,425,000)	(5,947,000)	(5,508,000)	(5,029,000)
Engineering fees	522,979	207,300	259,125	310,950	362,775	414,600
Other	(1,184,818)	(22,000)	0	0	0	0
Bond paying agent fees	0	(114,900)	(56,909)	(56,909)	0	0
<b>Total Non-Op Income</b>	<b>1,995,705</b>	<b>516,400</b>	<b>104,861</b>	<b>2,090,453</b>	<b>4,458,630</b>	<b>7,005,701</b>
<b>Net Income</b>	<b>(3,258,678)</b>	<b>(2,791,242)</b>	<b>1,479,962</b>	<b>4,058,796</b>	<b>9,277,358</b>	<b>15,398,832</b>
Operating Margin	27.6%	29.2%	32.0%	32.2%	33.2%	34.3%

TABLE 2-2 | Forecasted Cash Flows: 2009 – 2013

	2008 unaudited	2009 1	2010 2	2011 3	2012 4	2013 5
Cash received from customers [1] [2] [3] [4]	115,321,729	130,847,458	135,440,709	139,725,055	146,020,888	152,822,407
Cash disbursements for operating expenses	83,470,137	92,576,100	92,111,608	94,802,712	97,573,160	100,425,276
<b>Net cash provided by operating activities</b>	<b>31,851,592</b>	<b>38,271,358</b>	<b>43,329,101</b>	<b>44,922,342</b>	<b>48,447,728</b>	<b>52,397,131</b>
<b>Capital Budget</b>	<b>73,689,000</b>	<b>29,970,600</b>	<b>29,834,000</b>	<b>29,945,000</b>	<b>39,927,000</b>	<b>48,803,000</b>
Plus prior year payables and retainage	17,215,667	11,053,350	4,495,590	4,475,100	4,491,750	5,989,050
Less estimated current year payables & retainage	(11,053,350)	(4,495,590)	(4,475,100)	(4,491,750)	(5,989,050)	(7,320,450)
<b>Capital expenditures (cash)</b>	<b>(79,851,317)</b>	<b>(36,528,360)</b>	<b>(29,854,490)</b>	<b>(29,928,350)</b>	<b>(38,429,700)</b>	<b>(47,471,600)</b>
Contributed Capital-developers and customers						
Connection fees	11,708,431	8,449,670	11,067,979	14,388,372	17,956,688	21,787,449
Guaranteed revenue	3,399,215	3,207,782	3,709,452	4,793,307	5,924,528	7,119,308
FPL Reimbursement	298,000	0	0	0	0	0
FPL Reclaimed Capital Fee	0	0	0	1,003,219	1,003,219	1,003,219
KRG Reimbursement	313,103	0	0	0	0	0
Other						
Contributed Capital-other governments						
LR Cities - Bulk Water Service	121,446	504,949	1,406,434	1,422,037	1,438,108	1,454,661
Beeline CDD-reimb	3,800,000	0	0	0	0	0
Beeline CDD-Capacity	1,727,290	0	0	0	0	0
Boynton Beach-Capacity	3,020,000	110,000	110,000	110,000	110,000	110,000
Seacoast-Capacity	55,000	60,500	66,000	71,500	77,000	82,500
Lake Worth Pipeline Reimbursement	0	2,500,000	0	0	0	0
Lake Worth Bulk Water Connection Fees	0	5,980,000	0	0	5,980,000	0
Lake Region Construction Grants	10,500,000	0	0	0	0	0
Transfer HCD-Coconut Road	247,574	0	0	0	0	0
Transfer CCRT-Coconut Road	286,400	0	0	0	0	0
Debt service	(22,583,862)	(22,602,717)	(19,235,879)	(21,901,373)	(16,024,048)	(16,004,748)
Machinery & equipment purchases	(3,500,000)	(2,000,000)	(2,000,000)	(2,728,000)	(2,859,000)	(2,993,000)
ECR R&R contributions	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Capitalized in-house services	(2,897,582)	(2,585,600)	(2,714,880)	(2,823,475)	(2,936,414)	(3,053,871)
Special Assessment principal	87,000	87,000	87,000	87,000	87,000	87,000
<b>Net cash used by capital &amp; rel financing</b>	<b>(74,469,302)</b>	<b>(44,016,776)</b>	<b>(38,558,385)</b>	<b>(36,705,763)</b>	<b>(28,872,619)</b>	<b>(39,079,083)</b>
Interest income	5,000,000	3,796,000	2,618,193	2,990,105	3,679,327	4,500,793
<b>Net cash provided by investing activities</b>	<b>5,000,000</b>	<b>3,796,000</b>	<b>2,618,193</b>	<b>2,990,105</b>	<b>3,679,327</b>	<b>4,500,793</b>
Net increase (decrease) in cash	(37,617,710)	(1,949,417)	7,388,909	11,206,684	23,254,436	17,818,841
Beginning total cash balance	101,327,502	63,709,792	61,760,375	69,149,284	80,355,968	103,610,405
<b>Ending total cash balance</b>	<b>63,709,792</b>	<b>61,760,375</b>	<b>69,149,284</b>	<b>80,355,968</b>	<b>103,610,405</b>	<b>121,429,246</b>
Restricted Cash per financial statements	(24,583,862)	(24,602,717)	(21,235,879)	(23,901,373)	(18,024,048)	(18,004,748)
<b>Unrestricted Cash per financial statements</b>	<b>39,125,930</b>	<b>37,157,658</b>	<b>47,913,405</b>	<b>56,454,595</b>	<b>85,586,357</b>	<b>103,424,498</b>
Less current liabilities and retainage	(11,053,350)	(4,495,590)	(4,475,100)	(4,491,750)	(5,989,050)	(7,320,450)
<b>Cash Reserves available for appropriation</b>	<b>28,072,580</b>	<b>32,662,068</b>	<b>43,438,305</b>	<b>51,962,845</b>	<b>79,597,307</b>	<b>96,104,048</b>

TABLE 2-3 | Forecasted Debt Service Coverage: 2009 – 2013

	2008 unaudited	2009 1	2010 2	2011 3	2012 4	2013 5
Operating Revenue						
Charges for Services [1] [2] [3] [4]	113,598,654	129,107,153	133,683,000	137,949,769	144,227,849	151,011,438
Other	<u>1,723,075</u>	<u>1,740,306</u>	<u>1,757,709</u>	<u>1,775,286</u>	<u>1,793,039</u>	<u>1,810,969</u>
Total	115,321,729	130,847,458	135,440,709	139,725,055	146,020,888	152,822,407
Operating Expenses	83,470,137	92,576,100	92,111,608	94,802,712	97,573,160	100,425,276
Net Operating Income	31,851,592	38,271,358	43,329,101	44,922,342	48,447,728	52,397,131
Non-Operating Revenue (Expense)						
Guaranteed Revenues	3,399,215	3,169,000	3,709,452	4,793,307	5,924,528	7,119,308
Interest Income	4,959,994	3,796,000	2,618,193	2,990,105	3,679,327	4,500,793
Miscellaneous	<u>(1,184,818)</u>	<u>(136,900)</u>	<u>(56,909)</u>	<u>(56,909)</u>	<u>0</u>	<u>0</u>
	7,174,391	6,828,100	6,270,736	7,726,503	9,603,855	11,620,101
Net Revenues Available for Debt Service	39,025,983	45,099,458	49,599,837	52,648,846	58,051,583	64,017,232
Connection Fees Available for Debt Service	10,772,502	8,559,670	9,175,514	10,446,955	7,643,471	7,634,265
Net Revenues and Connection Fees	49,798,485	53,659,128	58,775,351	63,095,801	65,695,054	71,651,497
Long-Term Debt Service	22,583,862	22,602,717	19,235,879	21,901,373	16,024,048	16,004,748
Coverage:						
Excluding Available Connection Fees	1.73	2.00	2.58	2.40	3.62	4.00
Including Available Connection Fees	2.21	2.37	3.06	2.88	4.10	4.48



## **SECTION 3 | Water and Wastewater Rates**

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.

### **Equivalent Residential Connections**

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 usage is confirmed by the statistical analysis. ERC factors for other meter sizes are set forth in Black-Line Exhibit A. These are used to develop recommended water and wastewater base facility fees, guaranteed revenues fees and connection fees.

### **Base Facility Fees**

The lowest price tier recognizes the "lifeline" aspect of water service. These are domestic uses that are virtually non-discretionary. Middle pricing tiers 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 price tiers reflects a "luxury" use of the commodity in connection with exotics and large estates.

The Customer Account Fee was deemed adequate to recover the cost of preparing and processing bills and was, therefore, not increased. However, the Customer Account Fee was discontinued and included in Base Facility Fees for all customer classes except for multi-family residential customers.

## **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 lies 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. 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 its withdrawal was extremely difficult to permit. 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 taken the view that returning wastewater effluent to the environment was essential to recharging the source from which potable water was drawn. Utilities are now judged by regulators 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.

### **Third Utility Service**

In 2007, the Department initiated development of what has become a third independent utility service with a rate structure and cost of service approach similar to that utilized in potable water and wastewater service. Reclaimed water service has become capital intensive, similar to potable water and wastewater service. As of December 2008, the Department has invested \$74 million in reclaimed water assets. This report now recommends that a gradual support to amortize the allocable share of this capital be passed on to both existing and future customers. Existing customers would pay a capital component charge included in their rates, while new customers would pay its share of capital at the time of connection to the system. It is further recommended that, consistent with the gradual approach to the recovery of such capital investment, that 25 percent of such capital be included at this time, with remaining portions added in future years.

It should be noted that our computations, the results of which are included in the recommended rate schedules, finds the capital component of the existing rate to be exactly the same as the capital value reflected in the connection fee paid in advance.

### **Pressure Delivery Service**

Exhibit A presents a schedule of existing equivalent residential irrigation connections (ERIC). Tables 6.6.1 and 6.6.2 in Exhibit A presents staff recommended reclaimed water base facility

and commodity fees for existing customers. Such fees reflect an increase in the recovery of the cost of providing reclaimed water service from customers.

#### **Connection Fees for New Customers**

The Department has recently adopted a level of service related to the use of reclaimed water through a 5/8x3/4-inch meter being equal to 1.0 equivalent residential irrigation connection (ERIC). Larger meters are scaled according to their greater flow values. The base ERIC is equivalent to 750 gallons of use per average day. The capital cost is determined to be \$0.60 per gallon, thus a connection fee of \$0.60 x 750 gallons, or \$450.00 per ERIC, has been established. New customers will be required to pay this sum or the extended sum for larger meters at the time connection to the reclaimed water system is requested.

#### **Lake Delivery Service**

During certain periods of the year, the utility will be unable to deliver the quantity of reclaimed water occasioned by the reduced demands of its customers. In order to avoid the waste of this resource, the same can be returned to the underground water supply if a method of disposal other than deep well can be identified. Some reclaimed water customers may have remaining freeboard in their unlined lakes and ponds that will permit the percolation of untreated reclaimed water back to the water table. In such instances of customer accommodation, a credit of 20 percent applied to both the base facility and commodity fees shall be allowed in the month in which such accommodation occurs.

## SECTION 5 | Connection Fees and Guaranteed Revenues

This section of the Study 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 equivalent system capacity to that assigned to the customer. Table 5-1 presents existing and recommended connection fees for various customer classes and meter sizes. Black-Line Exhibit A sets for a complete schedule of recommended connection fees.

### Water Connection Fee Calculations

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 sets for the development of the recommended potable water connection fees.

**TABLE 5-1 | Potable Water Connection Fees**

	Capacity mgd	Capacity Cost, 2009\$	Total	Percentage Allocations	
				Expansion	Water
Treatment Capacity					
WTP 8	*	\$ 8,820,000	\$ 8,820,000	100%	100%
Lake Region WTP	10.0	\$ 58,500,000	\$ 58,500,000	100%	100%
Pipelines		\$ 9,800,000	\$ 35,000,000	28%	100%
Buildings		\$ 826,000	\$ 5,900,000	28%	50%
General		\$ 2,796,780	\$ 19,977,000	28%	50%
Totals	20.0	\$ 80,742,780			
Unit Cost Gallon		\$ 4.04			
Gallons per ERC (Peak)		360			
Water Connection Fee per ERC		\$ 1,453			
<b>Total, Rounded</b>		<b>\$ 1,500</b>			
Existing		\$ 1,425	5.3%		

### Wastewater Connection Fee Calculations

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 5-2 sets forth the development of wastewater connection fees.

**TABLE 5-2 | Wastewater Connection Fees**

	Capacity mgd	Capacity Cost, 2009\$	Total	Percentage Allocations	
				Expansion	Wastewater
Treatment Capacity					
SRWRF	5.0	\$ 43,999,000	\$ 43,999,000	100%	100%
ECR	6.0	\$ 9,000,000	\$ 9,000,000	100%	100%
Other Plant Improvements					
ECR		\$ 16,410,000	\$ 16,410,000	100%	100%
Deep Well		\$ 266,000	\$ 950,000	28%	100%
Lift Stations		\$ 9,996,000	\$ 35,700,000	28%	100%
Pump Stations		\$ 6,020,000	\$ 21,500,000	28%	100%
New Collection System Piping		\$ 12,400,000	\$ 12,400,000	100%	100%
Sludge Pelletization		\$ 2,436,000	\$ 8,700,000	28%	100%
Systemwide		\$ 3,668,000	\$ 13,100,000	28%	100%
Buildings		\$ 826,000	\$ 5,900,000	28%	50%
General		\$ 2,796,780	\$ 19,977,000	28%	50%
	11.0	\$ 107,817,780			
Unit Cost Gallon		\$ 9.80			
Gallons per ERC (Peak)		250			
Wastewater Connection Fee per ERC		\$ 2,450			
<b>Total, Rounded</b>		<b>\$ 2,500</b>			
Existing		\$ 2,000	25.0%		

**Guaranteed Revenue Fees**

Guaranteed revenues are a method by which new developers reimburse the system for the cost of carrying capacity until the new developer subscribes for the same. It recognizes that the existing customers, through their rates, advance the monies necessary to maintain and support unused capacity making the same available for new developers when they arrive. Guaranteed revenues are calculated utilizing the Base Facility Fee from time to time since such fees is the utility's charge most nearly aligned to the fixed and non-variable cost of operating and maintaining system capacity. Accordingly, when increases occur to the Base Facility Fee, they will automatically occur with Guaranteed Revenues.

Black-line Exhibit A sets forth staff recommended guaranteed revenues.

## **PUBLIC MEETING SCHEDULE**

### **Residential and Commercial Customer Meetings**

#### **Public Meeting I**

Tuesday, February 24, 7:00pm – 8:30pm  
South County Civic Center  
16700 Jog Road  
Delray Beach, FL

#### **Public Meeting II**

Wednesday, February 25, 7:00pm – 8:30pm  
West Boynton Recreation Center  
6000 Northtree Boulevard  
Lake Worth, FL

#### **Public Meeting III**

Thursday, February 26, 7:00pm – 8:30pm  
Okeehchee Middle School Media Center  
2200 Pinehurst Drive  
Greenacres, FL

### **Reclaimed Water Customer Meeting**

Wednesday, February 25, 10:00am – Noon  
Palm Beach County Water Utilities Department  
Southern Region Operations Center  
O&M Training Room  
13026 Jog Road  
Delray Beach, FL

### **Developer Meeting**

Thursday, February 26, 10:00am – Noon  
Palm Beach County Water Utilities Department  
Central Region Operations Center O&M Training Room  
8100 Forest Hill Boulevard  
West Palm Beach, FL