



# Town of Highland Beach, Florida

2020 REVENUE SUFFICIENCY AND RATE STUDY  
FOR THE  
WATER AND WASTEWATER UTILITY SYSTEM

DECEMBER 1, 2020

# Agenda

- Changes Made to the Rate Design
- Presentation of Findings and Observations
- Rate Design
- Summary of Recommendations

# Changes Made to the Rate Design

- Allocated Expenses between base (fixed) and variable expenses
  - Water – used Base/Extra Capacity (peak) Relationships
  - Water – Based on Finished Water Demands per MORs filed with FDEP
  - Wastewater – Volumetric costs – Wastewater Purchases / all other costs recovered in Base Charge
- Water – Expanded volumetric tiers from 20,000 to 30,000 gallons.
- Sewer – Adjusted the Bi-Monthly Billing Cap from 20,000 to 30,000 gallons
  - Applicable Only to Residential Customer Classes
  - Based on first tier of water usage.

# Current Rates and Structure

Current Rate Structure	Fiscal Year 2021
Water	
Flat Charge – Per Unit	\$34.60
Usage Charge per Unit (per 1,000 gallons)	
Single-Family and Commercial	
0 - 19,000 Gallons	\$2.48
19,001 - 49,000 Gallons	\$4.31
Above 49,000 Gallons	\$5.30
Multi-Family	
0 - 13,000 Gallons	\$2.48
13,001 - 23,000 Gallons	\$2.99
Above 23,000 Gallons	\$5.30

Current Rate Structure	Fiscal Year 2021
Wastewater	
Flat Charge – Per Unit	\$45.35
Usage Charge per Unit	n/a

# Rate Design – Existing vs. Alternative Rate Structures - Water

Current Rate Structure		Fiscal Year 2021	Initial Rate Structure	Fiscal Year 2021	Revised Rate Structure	Fiscal Year 2021
Flat Charge – Per Unit		\$34.60	Flat Charge – Per Unit	\$38.23	Flat Charge – Per Unit	\$39.25
Usage Charge per Unit (per 1,000 gallons)			Usage Charge per Unit (per 1,000 gallons)		Usage Charge per Unit (per 1,000 gallons)	
Residential and Commercial			<b><i>Residential, Commercial, and Multi-Family Customer Classes</i></b>		<b><i>Residential, Commercial, and Multi-Family Customer Classes</i></b>	
0-19,000 Gals	\$2.48		0-20,000 Gals	\$2.74	0-30,000 Gals	\$2.76
19,001-49,000 Gals	\$4.31		20,001-40,000 Gals	\$4.03	30,001-60,000 Gals	\$4.21
Above 49,000 Gals	\$5.30		40,001-60,000 Gals	\$5.47	60,001-90,000 Gals	\$5.76
Multi-Family			Above 60,000 Gals	\$6.91	Above 90,000 Gals	\$7.31
0-13,000 Gals	\$2.48					
13,001-23,000 Gals	\$2.99					
Above 23,000 Gals	\$5.30					
			Irrigation Rate Structure	Fiscal Year 2021	Irrigation Rate Structure	Fiscal Year 2021
			Flat Charge – Per Unit	\$38.23	Flat Charge – Per Unit	\$39.25
			0-40,000 Gals	\$4.03	0-60,000 Gals	\$4.21
			40,001-60,000 Gals	\$5.47	60,001-90,000 Gals	\$5.76
			Above 60,000 Gals	\$6.91	Above 90,000 Gals	\$7.31

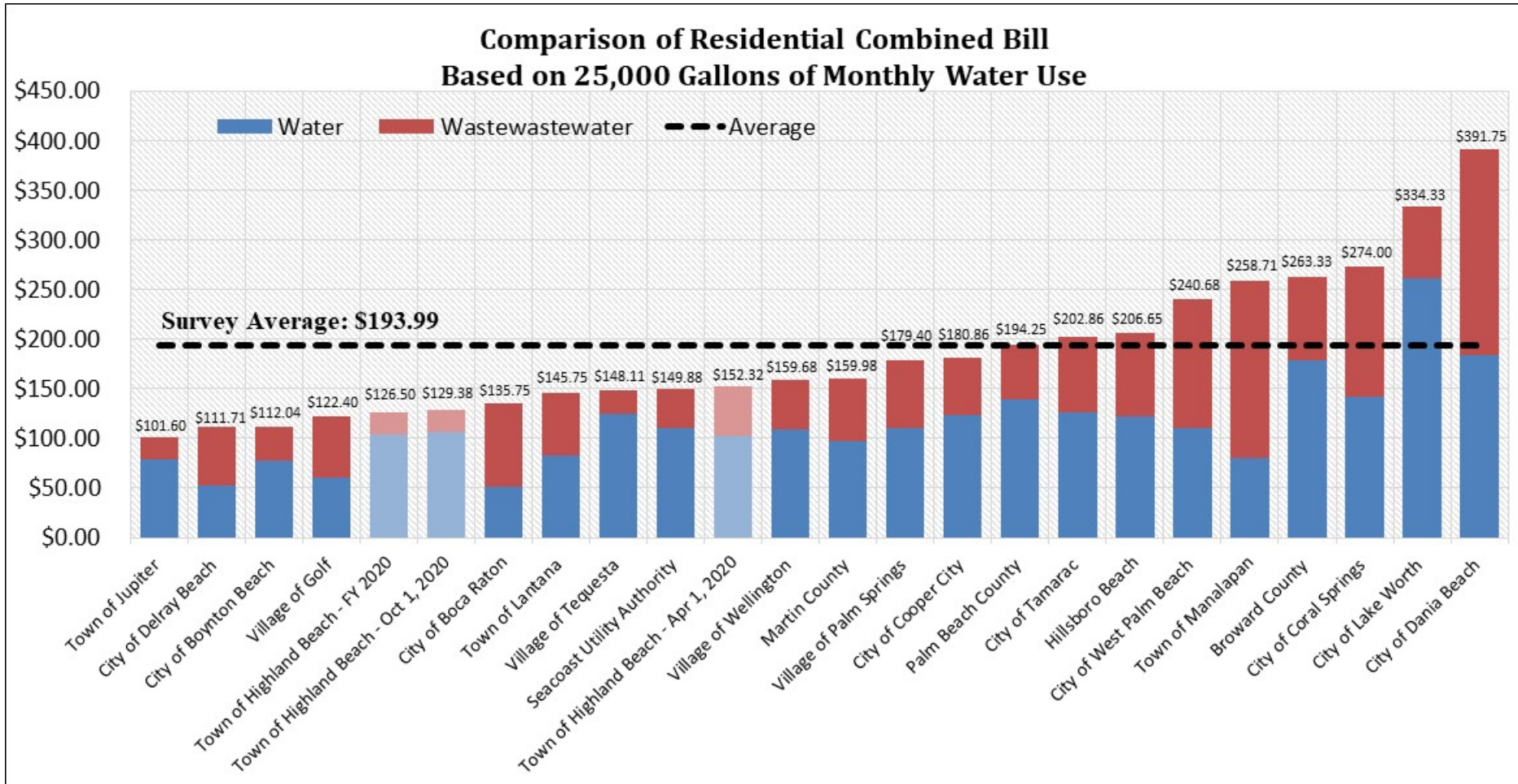
# Rate Design – Existing vs. Alternative Rate Structures - Wastewater

Current Rate Structure	Fiscal Year 2021	Initial Rate Structure	Fiscal Year 2021	Revised Rate Structure	Fiscal Year 2021
All Customer Classes		<i>All Customer Classes</i>		<i>All Customer Classes</i>	
Flat Charge – Per Unit	\$45.35	Flat Charge – Per Unit	\$28.30	Flat Charge – Per Unit	\$28.77
Usage Charge	n/a	Usage Charge per Unit (per 1,000 gallons)		Usage Charge per Unit (per 1,000 gallons)	
		Residential Service – Up to 20,000 Gallons (Bi-Monthly)	\$2.43	Residential Service – Up to 30,000 Gallons (Bi-Monthly)	\$2.32
		Commercial Service – All Gallons	\$2.43	Commercial Service – All Gallons	\$2.32

# Customer Sample Bills

- Please See Excel Sheet

# Monthly Water and Wastewater User Rates Remain Competitive





# Results of Rate Adjustment Implementation

- Allows Town to Fully Fund Capital Plan – Including Wastewater Collection System Piping Rehabilitation
  - Promotes Favorable Credit - Provides Ability to Issue Debt
- Allows Town to Transfer Debt Repayment to Enterprise Fund
- Promotes Favorable Credit - Provides Ability to Issue Debt
- Promotes a Strong Fiscal Position
  - Improves Revenue Margins (\$ Available for Debt / Capital)
  - Provides Recurring Funds for RR Capital Funding (Capital Re-investment – Depreciation Equivalent)
  - Maintains Favorable Cash Liquidity Position – Reduces Financial Risk
  - Rates Projected to Remain Competitive for Fiscal Year 2021

# Rate Recommendations

- Consider Preparation of a Rate Resolution which Provides the Following:
  - Adopt Proposed 5-year Utility Rate Plan
  - Adopt New Water and Wastewater Rate Structure
- Continue to Monitor Financial and Rate Position and Adjust Plan Accordingly

# Questions and Discussion



# Rate Design – Advantages / Disadvantages

## Current Rate Structure

Advantages	Disadvantages
Promotes Rate Stability Due, in part, to Flat Wastewater Charge (not vary by flow)	Differences between Single-Family and Per-Unit Multi-family Water Usage Charges and Blocks may not be Fair
Customers are Used to Rate Structure	Flat Sewer Rate Customers do not Benefit from Low-Use
Application of Rate Adjustments will Result in all Customers Receiving Same % Increase	Purchased Wastewater is a Volumetric and Rates not Consistent with Cost Incurred

## Alternative Rate Structure

Advantages	Disadvantages
Promotes equability – customers pay based on flow contribution	Rate Shift Will Cause Some Customers to Receive Higher than Average Increase
All Water and Wastewater Customers Pay Same Rate Structure per Unit	Reduced Revenue Stability due to Introduction of Sewer Flow Charge / Higher Conservation Rates
Provides a Stronger Water Conservation Signal to Excessive Use Customers – Links to Essential / Discretionary / Excessive Use	Customers not Familiar with Rate Structure – May Result in Customer Use Changes
Water Rate Blocks Linked to LOS = 350 gallons per day (indoor use) – Sewer Links to Essential (Indoor) Use Block	