

CITY OF COCONUT CREEK BUSINESS IMPACT ESTIMATE

1. Summary of Ordinance No. 2025-007: Amendment to the Automatic Annual Rate Adjustment for Water and Wastewater Utility Rates

Ordinance No. 2025-007 proposes to revise the City's existing method for automatically adjusting water and wastewater utility rates. Currently, rates increase annually on April 1 by the greater of two and one-half percent (2.5%) or the Consumer Price Index (CPI) for the Miami-Fort Lauderdale area, as published by the U.S. Bureau of Labor Statistics.

The City of Coconut Creek does not operate its own water or wastewater facilities and instead contracts with Broward County Water and Wastewater Services (BCWWS) for all treatment and transmission services. These contractual costs represent a substantial portion of the City's utility fund operating expenses.

For Fiscal Year 2025, the CPI increase was two and eight-tenths percent (2.8%); however, BCWWS approved an average nine percent (9%) fee increase. To align more closely with actual cost increases and maintain the financial health of the Water and Wastewater Fund, the ordinance proposes to revise the rate adjustment formula.

Key Changes Proposed:

- Adjustment Date: Change from April 1 to June 1 of each year.
- Adjustment Formula: Update to apply the greatest of the following:
 - two and one-half percent (2.5%);
 - CPI for the Miami-Fort Lauderdale area; or
 - The annual fee increase imposed by BCWWS for the prior fiscal year.
- Discretionary Waiver: Allow the City Commission to waive the automatic adjustment, in whole or in part, based on the financial position of the Water and Wastewater Fund.

2. Estimate of the Direct Economic Impact of the proposed ordinance on private, for-profit businesses in the City:

a. An estimate of direct compliance costs that businesses may reasonably incur if the ordinance is enacted.

Businesses will not incur any compliance costs beyond paying the revised water and wastewater rates. There are no new administrative, reporting, or infrastructure requirements imposed by this ordinance.

The aggregated estimated financial impact on commercial customers citywide ranges from approximately \$108,000 to \$388,600 annually, based on anticipated usage and whether the CPI or, in the current year, the nine percent (9%) rate increase is applied. Impacts will vary by meter size and water consumption levels.

Each year, the City reviews the financial status of the Water and Wastewater Fund to determine whether the full rate increase mentioned above is necessary. In some cases, the City has been able to forgo or reduce the approved rate increase. The

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City remains committed to maintaining the integrity of the water and wastewater system while balancing service costs with the needs of the community.

b. Identification of any new charge or fee on businesses subject to the proposed ordinance or for which businesses will be financially responsible.

The ordinance does not introduce any new charges or fees. It solely modifies the method of calculating the existing annual rate adjustment, effective June 1, 2025.

c. An estimate of the City's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

This ordinance is not expected to result in additional regulatory or administrative costs for the City. The proposed rate adjustment would generate approximately \$108,000 to \$388,600 in additional annual revenue from increased payments from commercial users. These revenues are used to fund utility operations and capital needs.

3. A good faith estimate of the number of businesses likely to be impacted by the ordinance.

The City of Coconut Creek has approximately 1,400 businesses, of which 860 hold commercial utility accounts and would be directly impacted by the ordinance.

4. Any additional information the City Commission may determine to be useful.

Maintaining the current adjustment formula (2.5% or CPI) was evaluated but determined to be insufficient to recover the actual cost increases passed through by BCWWS. This amendment ensures the City's utility fund remains financially stable and aligned with actual service costs.

To support business sustainability, the ordinance includes a built-in safeguard allowing the City Commission to waive or reduce the annual adjustment, should economic or operational conditions allow.

NOTE: Pursuant to Section 166.041, F.S., the Business Impact Estimate does not need to be prepared for the following types of ordinances: 1) Ordinances required for compliance with federal or state law or regulation; 2) Ordinances relating to the issuance or refinancing of debt; 3) Ordinances relating to the adoption of budgets or budget amendments including revenue sources necessary to fund the budget; 4) Ordinances required to implement a contract or an agreement, including, but not limited to, any federal, state, local, or private grant, or other financial assistance accepted by the City; 5) Emergency ordinances; 6) Ordinances relating to procurement; or 7) Ordinances enacted to implement the following: a. Development orders and development permits, as those terms are defined in Section 163.3164, and development agreements, as authorized by the Florida Local Government Development Agreement Act under Sections 163.3220-163.3243; b. Comprehensive plan amendments and land development regulation amendments initiated by an application by a private party other than the City; c. Sections 190.005 and 190.046, F.S.; d. Section 553.73, F.S., relating to the Florida Building Code; or e. Section 633.202, F.S., relating to the Florida Fire Prevention Code.