



Legislation Text

File #: ORD 2018-007, Version: 1

AGENDA ITEM REPORT

TITLE:

AN ORDINANCE AMENDING CHAPTER 20 OF THE CODE OF ORDINANCES, "UTILITIES," BY AMENDING ARTICLE V, "RATES AND CHARGES," BY AMENDING SECTION 20-82, "SCHEDULE OF RATES, FEES AND CHARGES," BY AMENDING SUBSECTION 20-82(9), "AUTOMATIC ANNUAL RATE ADJUSTMENT," TO POSTPONE THE EFFECTIVE DATE OF THE AUTOMATIC ANNUAL ADJUSTMENT FOR WATER AND WASTEWATER CHARGES UNTIL APRIL 1, 2019.
(SECOND READING)(PUBLIC HEARING)

BACKGROUND:

This item was approved on First Reading at the February 22, 2018, City Commission Meeting.

On March 9, 2017, the City Commission approved the current water and wastewater rate structure, which allows for an automatic annual adjustment on April 1 of each year of the greater of 2.5 percent or inflation based on the consumer price index (CPI) published by the Bureau of Labor Statistics for the Miami-Fort Lauderdale Metropolitan Area. This Ordinance will postpone the effective date of the automatic annual adjustment until April 1, 2019, and provide for future waivers of the automatic increase, if approved by resolution of the City Commission, when an annual review shows that the Water and Wastewater Fund is financially stable and is able to meet ongoing obligations for the year the waiver is exercised.

DISCUSSION:

The current water and wastewater rate structure was designed to ensure current and future rates are sufficient to cover operating and capital costs. As of today, the Water and Wastewater Fund remains financially stable and is able to meet current obligations, mainly due to previous rate adjustments, coupled with savings in operating and capital costs. As such, the Finance and Administrative Services Department is recommending that the City Commission postpone the effective date of the automatic annual increase until April 1, 2019. Ongoing monitoring of the Fund will ensure future financial stability.

RECOMMENDATION:

Staff recommends approval of this Ordinance.

FISCAL IMPACT:

REVENUES: \$ (270,000)

EXPENDITURES: \$ 0

BUDGETED? Yes

NOTES: 41-V34331, Water Sales - \$(160,000) and 41-V34351, Wastewater Sales - \$(110,000).