



CITY COMMISSION ORDINANCE/RESOLUTION

TITLE: Resolution 24-26 (Utilities)

DATE: August 27, 2024

DESCRIPTION: A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF COOPER CITY, FLORIDA, AMENDING STORMWATER MANAGEMENT UTILITY SYSTEM SCHEDULE OF RATES AS PROVIDED FOR IN CHAPTER 19, ENTITLED "UTILITIES," ARTICLE IV, ENTITLED "STORMWATER MANAGEMENT UTILITY," SECTION 19-156, ENTITLED "SCHEDULE OF RATES;" PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

CITY MANAGER RECOMMENDATION:

The City Manager Recommends the adoption of Resolution 24-26, to approve and authorize the amendment to the Stormwater management utility system schedule of rates of Ordinance No. 04-10-1, as provided for in Article IV of Chapter 19 of the municipal code of ordinances.

BACKGROUND OF ITEM:

At the September 8, 2020, Commission meeting, the City Commission authorized a Stormwater Utility Rate Study to be performed by Raftelis, a Financial Rate Consultant. The Commission subsequently accepted the findings of the study. The City currently charges Stormwater Utility fees through monthly water and sewer utility bills, which fund the construction, operation, and maintenance of Stormwater management systems. The current Stormwater utility fees were established by the City Commission in 2021 and have been in place since Fiscal Year 2021/2022.

The Stormwater is financed by a monthly rate per equivalent residential unit (ERU), defined as 1,750 square feet of impervious area. Most residential single-family properties in Cooper City are considered one ERU. These fees are part of the monthly utility bill that also includes charges for water, wastewater, recycling, Stormwater, and sanitation services provided by the City.

City staff engaged Hazen and Sawyer, P.C. (Hazen), the Consultants' Competitive Negotiation Act (CCNA) selected consulting firm for Treatment Plant improvements, to compare the City's Stormwater rate with similar utilities and recommend updates based on the latest cost of service data. The recent inflation rates have significantly exceeded the 2.5% annual rates projected by Raftelis in their 2020 rate study. The U.S. Consumer Price Index (CPI) increased by 15.28% from May 2021 through February 2024, averaging 5.0% annually, double the originally projected rate.

Hazen recommends adjusting the Stormwater rate for FY 2025, as detailed in Section 3 of their memorandum attached. Given the 15.28% CPI increase versus the previously projected 2.5% annual inflation rate by Raftelis, an increase in the Stormwater Rate from \$5.58 to \$6.43 per ERU (a 15.2329% increase) appears reasonable and balanced.

Hazen also recommends that the City budget \$75,000 for an updated Stormwater utility system cost of service and rate study to guide rate-making decisions after FY 2025. This study should be prepared following the completion of the City’s Stormwater modeling and master planning efforts to ensure that the Stormwater rates reflect the City’s future Stormwater Management plans. To support these initiatives, the City should budget \$250,000 for the Stormwater Modeling and master plan, bringing the total recommended budget for these projects and the rate study to \$325,000. The recommended rate schedule based on Adjustments to include U.S. inflation from May 2021 through February 2024 is specified below and in the attached proposed Resolution.

Cooper City provides the full range of stormwater management services to its customers where City-owned roadways are dedicated, and these customers are referred to as “Direct Benefitting Customers.” The customers served by a private stormwater system, where roadways are not dedicated and are owned by a Homeowner’s Association are receiving indirect benefits, whereas stormwater benefits are received only beyond the locally owned and managed streets.

Customer Type	Monthly Rate	Monthly Rate
	Direct Benefit	Indirect Benefit
Single-Family Residential	\$6.43	\$1.18
Duplex (per unit)	\$3.16	\$0.60
Condo/Muni-Family (per unit)	\$1.60	\$0.33
Commercial (per 1,750 sq. ft.)	\$6.43	\$1.18
Industrial (per 1,750 sq. ft.)	\$6.43	\$1.18
Institutional (per 1,750 sq. ft.)	\$6.43	\$1.18

It is recommended that the Commission proceed with approving the proposed rate increase and allocate the necessary funds for the proposed studies and plans.

ANALYSIS:

The proposed rate increase and budget allocations are necessary to maintain the City’s Stormwater infrastructure and services. The 15.2329% rate increase is justified by the significant deviation between projected and actual inflation rates, and the additional funds will support ongoing and future capital improvements. Moreover, the recommended budgeting for a new cost-of-service study and master planning will provide a data-driven basis for future rate adjustments, ensuring the City’s Stormwater utility remains financially sustainable and effective in managing Stormwater challenges.

Additionally, a total budget of \$325,000 is recommended for a new Stormwater utility system cost of service and rate study (\$75,000) and the completion of the City's Stormwater modeling and master planning efforts (\$250,000). This investment would facilitate data-driven decision-making for future rate adjustments and infrastructure improvements, ensuring the long-term financial stability and effectiveness of the City's Stormwater management system. These aforementioned items are not in the current budget.


FISCAL IMPACT:

This rate increase is expected to generate an additional \$85,237.98 in annual revenue, addressing the discrepancy caused by higher-than-anticipated inflation rates. This increase brings the annual budgeted revenue to \$644,803.00. The adjustment ensures adequate funding for the City's Stormwater Management operations, which have been impacted by inflation significantly exceeding the 2.5% annual rate projected in the 2020 study.

<u>General Ledger Acct. Number</u>	<u>Budgeted Amount</u>	<u>Requested Amount</u>	<u>Remaining Amount</u>
440-000-343905-343	\$644,803.00	\$644,803.00	N/A

ATTACHMENTS:

1. Proposed Resolution 24-26
2. Hazen and Sawyer Stormwater Rate Assessment Memorandum

Workflow History 			
User	Task	Action	Date/Time
Allen, Tedra	NEW ITEM: Not Yet Routed	*FINANCIAL IMPACT: Forward ...	08/08/24 05:58 PM
Williams, Irwin	Assigned to Finance Director	COMPLETE: Forward to City At...	08/09/24 10:03 AM
Horowitz, Jacob	Assigned to Attorney	COMPLETE: Forward to City M...	08/09/24 10:33 AM
Rey, Alex	Assigned to City Manager	COMPLETE: Forward to City Cl...	08/13/24 12:54 PM
Allen, Tedra	Assigned to City Clerk	APPROVE ITEM: End Workflow	08/13/24 03:19 PM
Allen, Tedra	END WORKFLOW - APPROVED		08/13/24 03:20 PM