



Legislation Text

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TITLE

Proposed Resolution Adopting Revised Rates, Fees and Charges With 5-Year Phase In for Water and Wastewater Utility Services Provided by Water and Sewer District

BRIEF OVERVIEW

Raftelis, an independent water and wastewater rate consultant, completed a water and wastewater rate study and miscellaneous service fee analysis of the Hernando County Water and Sewer District's (HCUD) water and wastewater rates, fees, miscellaneous charges, and connection fees on March 4, 2024. The study resulted in the following conclusions:

The Raftelis study, which encompassed the five (5) fiscal year period 2025 - 2029, recommends the following:

1. The existing monthly water and wastewater user rates, fees, and miscellaneous charges were established by Resolution 2019-151 for fiscal years 2020 - 2024 and Section 7 of Resolution 2009-121 which established water and wastewater connection fees. The new Resolution adopting revised rates, fees, miscellaneous charges, and connection fees for water and wastewater utility services will repeal these two resolutions.
2. The existing monthly service rates, fees, miscellaneous charges, and connection fees are not projected to be adequate to fund the expenditure and funding needs of the HCUD utility system during the 5-fiscal year period from 2025 through 2029, including the funding of the capital program.
3. The existing water minimum billing charges and consumption charges should be increased to produce the following percentage increases in rate revenues:

Fiscal Year 2025 - 7.0%
Fiscal Year 2026 - 7.0%
Fiscal Year 2027 - 7.0%
Fiscal Year 2028 - 3.5%
Fiscal Year 2029 - 3.5%

4. The Fiscal Year 2025 consumption charges include increased water conservation pricing incentives for higher water use customers. Rates are recommended to be adjusted uniformly for the remainder of the 5-year period.
5. The existing wastewater minimum billing charges and consumption rates should be increased uniformly to produce the following percentage increases in rate revenue:

Fiscal Year 2025 - 3.5%
Fiscal Year 2026 - 3.5%
Fiscal Year 2027 - 3.5%
Fiscal Year 2028 - 3.5%
Fiscal Year 2029 - 3.5%

6. The revisions to all other rates, fees, miscellaneous charges, and connections fees are recommended in the study (attached) and in the new resolution (attached).
7. The increases in the water and wastewater user rates, fees, miscellaneous charges, and connection fees will be effective October 1 of each year.
8. The proposed water and wastewater rates, fees, miscellaneous charges, and connection fees are considered by Raftelis to be necessary to meet the financial requirements of the HCUD utility system, including the maintenance of the rate covenants delineated in the Bond Covenant / Resolution, and to promote the long-term sustainability of the system.

FINANCIAL IMPACT

If the proposed monthly service rates, fees, miscellaneous charges, and connection fees are adopted at the public hearing, the Utilities Department will generate approximately \$6,300,000 in additional revenue in Fiscal Year 2025 and \$45,500,000 from such rates, fees, miscellaneous charges, and connections fees in additional revenue over the remainder of the forecast from the rate phasing program, or a total of approximately \$52,000,000 in five (5) years. These funds will be used for financing the HCUD expenditure requirements, including approximately \$274,000,000 in capital projects.

LEGAL NOTE

The Board is authorized by Section 125.01, F.S., to periodically review and adjust rates for special districts of the County, and specifically by Section 28-246(d), Hernando County Code of Ordinances, to establish and amend water and wastewater rates, fees, miscellaneous charges, and connection fees by resolution after an advertised notice and public hearing.

RECOMMENDATION

It is recommended that the Board conduct a public hearing and adopt the attached resolution approving the proposed five (5) year phase-in of the Water and Wastewater Rates, Fees, Miscellaneous charges, for the Hernando County Water and Sewer District effective October 1, 2024, and approve the proposed connection fees effective August 1, 2024.