
CITY OF OCALA

CITY COUNCIL REPORT

Council Meeting Date: 01/19/21

Subject: Water, Wastewater and Reclaimed Water Rate Adjustments

Submitted By: Rusella Bowes-Johnson

Department: Water & Sewer

STAFF RECOMMENDATION (Motion Ready): Adopt Resolution 2021-10 adopting a new sewage rate schedule pursuant to section 70-301, City Code, a new water rate schedule pursuant to section 70-416, City Code, and new reclaimed water service fees and connection fees pursuant to section 70-358, City Code, effective February 1, 2021

OCALA'S RELEVANT STRATEGIC GOALS: Fiscally Sustainable

PROOF OF PUBLICATION: NA

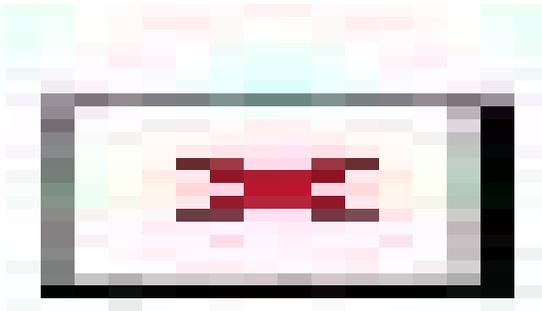
BACKGROUND:

The current water, wastewater and reclaimed water rates and charges have been in effect since January 1, 2019. The Water Resources department worked with Raftelis Financial Consultants, Inc. ("Raftelis") to develop a financial forecast to determine sufficient revenue needs to support system operations and maintenance and identify funding to pay for capital expenditures for system repairs, upgrades and expansions.

FINDINGS AND CONCLUSIONS:

As presented to the Utility Advisory Board on November 18, 2020 and City Council on December 1, 2020, the Water Resources Fund has a need to fund operating reserves and capital improvements. This fund has been able to support operations by holding the line on expenses and delaying certain capital projects. The water and wastewater infrastructure has ongoing needs for system repairs, upgrades and expansions to maintain public health and safety and to meet regulatory requirements.

Currently, the capital improvement projects are being funded from reserves. The rate study analysis determined that it is not sustainable to continue to fund our capital improvement needs for our system with reserves alone. A recommendation of a series of annual 8.0% rate adjustments was presented to City Council. The first-rate adjustment would be effective February 1, 2021 with additional 8.0% increases to follow October 1 of each year for the next four years. Below is an example of a typical residential based on 6,000 monthly gallons under the proposed rates:

**FISCAL IMPACT:**

The existing water and wastewater service rates are only adequate to fund the current operating expenses, existing debt service payments, and the transfer to the General Fund. Based on the identified capital needs, the proposed rate adjustments will provide funding for up to \$27.4 million in critical capital needs, will provide funding for necessary staffing positions to help implement the capital plan, and will maintain adequate reserve fund balances that are consistent with the City's adopted reserve fund policy.

PROCUREMENT REVIEW:

N/A

LEGAL REVIEW:

The resolution has been reviewed and approved by the Assistant City Attorney, Robert W. Batsel, Jr.

ALTERNATIVE:

- Deny
- Table
- Direct Staff Otherwise

SUPPORT MATERIALS:

Table 1 - Water, Wastewater & Reclaimed Water Resolution (PDF)

W&WW Rate Study Report_01.06.2021 (PDF)

Water and Wastewater Presentation on 12.01.2020_(Amended_01.06.2021) (PDF)

RESOLUTION 2021-10

A RESOLUTION OF THE CITY OF OCALA, FLORIDA (“CITY”) CONCERNING CHAPTER 70, “UTILITIES”; SETTING SEWAGE, WATER, AND RECLAIMED WATER RATES AND CHARGES PURSUANT TO SECTION 70-301, “SCHEDULE,” SECTION 70-416, “WATER RATE SCHEDULE,” AND SECTION 70-358, “RECLAIMED WATER SERVICE FEES”; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS:

- A. The City’s current sewer usage rates and charges, potable water rates and charges, and reclaimed water service fees have been in effect since January 1, 2019.
- B. City Council has reviewed the rate study, findings and recommendations presented by Raftelis Financial Consultants, Inc. (“Raftelis”), which was retained to develop a financial forecast to determine sufficient revenue needs to support system operations and maintenance and identify funding needed to pay for capital expenditures for essential system repairs, upgrades and expansions.
- C. City Council agrees with Raftelis’s recommendation to implement a series of annual 8.0% rate adjustments beginning on February 1, 2021, followed by subsequent 8.0% increases occurring on October 1st of each year thereafter for the next four years.
- D. Pursuant to Section 70-301, “Schedule,” changes to sewage usage rates and charges may be set by city council by separate authorizing resolution.
- E. Pursuant to Section 70-416, “Water Rate Schedule,” changes to potable water usage rates and charges may be set by city council by separate authorizing resolution.
- F. Pursuant to Section 70-358, “Reclaimed Water Service Fees,” changes to reclaimed water base rates, consumption rates, connection fees, and service charges may be set by City Council by separate authorizing resolution.
- G. City Council finds that the proposed rate structure is justified by the rate study, fair, uniform, non-discriminatory and reasonable.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA:

Section 1. The schedules included within Sections 70-301, 70-416, and 70-358 of the City’s Code of Ordinances are hereby revised to replace the usage rates, charges and fees set forth therein with the usage rates, charges and fees included in the attached **Table 1**, which is hereby incorporated as if fully set forth herein.

Section 2. This Resolution shall take effect on February 1, 2021.

This resolution adopted this _____ day of _____, 2021.

CITY OF OCALA

By: _____
Ire Bethea, Sr.
President, Ocala City Council

ATTEST:

By: _____
Angel B. Jacobs
City Clerk

Approved as to form and legality:

By: _____
Robert W. Batsel, Jr.
City Attorney