# M E M O R A N D U M

Date: December 15, 2015

**TO:** Dave Bullock, Town Manager

**FROM:** Juan Florensa, Public Works Director

**SUBJECT:** Ordinance 2015-29, Providing for Rate Pass-Through of Manatee County Wholesale Water and Wastewater Rate Increases

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On November 18, 2014, the Manatee County Board of Commissioners enacted Resolution R-14-155 to increase wholesale water and wastewater rates effective on January 1, 2016. Chapter 51, Sections 51.11 and 51.21 of the Town Code provides for the ability to pass-through wholesale rate increases from Manatee County to the Town utility ratepayers.

Staff has worked with Public Resources Management Group, Inc. (PRMG), the Town's utility rate consultants, to analyze the impact of the wholesale water and wastewater increases. PRMG recommends a minor rate increase to reflect the Manatee County rate increase that becomes effective on January 1, 2016. The proposed rate revenue increases are 1.5% for water and 2.2% for wastewater (Combined 1.9%). Based on the pass-through calculations as contained in PRMG's report, customers with different usage levels would have different percentage rate increases. The proposed user rate increases are:

- Monthly water service charge — 12 cent increase
- Water Usage — 7 cent increase per 1,000 gallons
- Monthly wastewater service charge — 18 cent increase
- Wastewater Usage — 18 cent increase per 1,000 gallons

The Town's rates remain very competitive compared to the surrounding region. Attachment No. 1 presents a bar chart comparing regional water rates as of March 2015. A typical monthly bill increase experienced by a utility customer will be

| Current Monthly Utility Bill for 10,000 Gallon Usage | Proposed Monthly Utility Bill for 10,000 Gallon Usage | Equivalent Cost Increase |
|---|---|---|
| $98.07 | $100.33 | $2.26 |

Notification will be provided to ratepayers advising that the new rates will be implemented on January 1, 2016.

Ordinance 2015-29 was presented under Consent Items for Consideration at the November 9, 2015 Workshop. First reading and public hearing was held at the December 7, 2015 Regular Meeting. The Ordinance was forwarded to the January 4, 2015 Regular Meeting for second reading and public hearing. A copy of PRMG's report is provided for your review.

**ORDINANCE 2015-29**

**AN ORDINANCE OF THE TOWN OF LONGBOAT KEY, FLORIDA, ADJUSTING WATER AND WASTEWATER RATES PURSUANT TO CHAPTER 51, CHARGES, RATES AND BILLING OF THE CODE OF ORDINANCES FOR THE TOWN OF LONGBOAT KEY, FLORIDA; AMENDING SECTION 51.11(A) RATES AND CHARGES FOR POTABLE WATER RATES; APPLYING SECTION 51.11(B) THE PURCHASE WATER PASS-THROUGH ADJUSTMENT TO RECOVER FROM THE UTILITY CUSTOMERS OF THE TOWN THE INCREASED COSTS FOR POTABLE WATER IMPOSED BY MANATEE COUNTY; AMENDING SECTION 51.21(A), RATES AND CHARGES FOR WASTEWATER ACCOUNTS; APPLYING SECTION 51.21(B) THE WASTEWATER PASS-THROUGH ADJUSTMENT TO RECOVER FROM THE UTILITY CUSTOMERS OF THE TOWN THE INCREASED COSTS FOR WASTEWATER TREATMENT IMPOSED BY MANATEE COUNTY; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF ALL ORDINANCES IN CONFLICT HEREWITH; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS,** the Town of Longboat Key receives water and wastewater treatment services from Manatee County; and

**WHEREAS,** Manatee County enacted an annual wholesale water and wastewater rate increase through Resolution R-14-155 effective January 1, 2016; and

**WHEREAS,** the Town Commission wishes to maintain the financial condition of the Utility Fund; and

**WHEREAS,** the Town's rate consultant, Public Resource Management Group, Inc. ("PRMG"), has prepared calculations attached hereto and incorporated herein as Exhibit A that proposes certain change to the rate structure charged by the Town to customers in order to pass-through the increased costs from the rate increases enacted by Manatee County; and

**WHEREAS,** the Town of Longboat Key, Town Code, Chapter 51, Sections 51.11(B) and 51.21(B) authorize the Town to pass-through the increased rates enacted by Manatee County to the Town's customers for potable water and wastewater, respectively; and

**WHEREAS**, the Town Commission finds that it is in the best interest of the public to adopt such pass-through rate increases in the manner proposed by PRMG.

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF LONGBOAT KEY, FLORIDA, THAT:**

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified and confirmed.

SECTION 2. Chapter 51, Charges, Rates, and Billing, Section 51.11, Water: Rates and Charges, subsection (A) is amended to read as follows:

51.11 Rates and charges.

Monthly user charges shall include for each potable water account: a) a service charge per equivalent living unit; b) a meter / billing charge per meter; c) a usage charge per metered water use; and d) a purchased water pass-through adjustment usage charge. The rates for all water used through water meters installed shall be due and payable on a monthly basis, commencing the first day of the month, as follows:

(A) Classes of Service.

(1) Residences, apartments, condominiums, mobile homes, hotel/motel, and seasonal furnished rental apartments.

| | ~~Effective 06/01/15~~ | Effective 01/01/16 |
|---|---|---|
| (a) Service charge per month per equivalent living unit | ~~$11.76~~ | $11.88 |
| (b) Meter/billing charge per month per meter | ~~$2.49~~ | $2.49 |
| (c) Usage charge per 1,000 gallons per month per equivalent living unit: | | |
| 0 to 5,000 gallons of usage | ~~$2.32~~ | $2.39 |
| 5,001 to 10,000 gallons of usage | ~~$3.25~~ | $3.32 |
| 10,001 to 15,000 gallons of usage | ~~$4.18~~ | $4.25 |
| 15,001 to 25,000 gallons of usage | ~~$6.03~~ | $6.10 |
| 25,001 to 50,000 gallons of usage | ~~$7.88~~ | $7.95 |
| Over 50,000 gallons of usage | ~~$9.73~~ | $9.80 |

(2) Commercial.

| | ~~Effective 06/01/15~~ | Effective 01/01/16 |
|---|---|---|
| (a) Service charge per month per equivalent living unit | ~~$11.76~~ | $11.88 |
| (b) Meter/billing charge per month per meter | ~~$2.49~~ | $2.49 |
| (c) Usage charge per 1,000 gallons per month per equivalent living unit: | | |
| 0 to 5,000 gallons of usage | ~~$2.32~~ | $2.39 |
| 5,001 to 10,000 gallons of usage | ~~$3.25~~ | $3.32 |
| 10,001 to 15,000 gallons of usage | ~~$4.18~~ | $4.25 |
| 15,001 to 25,000 gallons of usage | ~~$6.03~~ | $6.10 |
| 25,001 to 50,000 gallons of usage | ~~$7.88~~ | $7.95 |
| Over 50,000 gallons of usage | ~~$9.73~~ | $9.80 |

Commercial users shall be classified as to equivalent living units using one unit per 7,000 gallons per month average annual consumption. Combination users, such as a hotel with restaurant, shall be classified by adding to the number of living units the equivalent living units of the restaurant and shops.

(3) Irrigation or Construction Meters.

| | ~~Effective 06/01/15~~ | Effective 01/01/16 |
|---|---|---|
| (a) Service charge per month per equivalent living unit | ~~$11.76~~ | $11.88 |
| (b) Meter/billing charge per month per meter | ~~$2.49~~ | $2.49 |
| (c) Usage charge per 1,000 gallons per month per equivalent living unit: | | |
| 0 to 5,000 gallons of usage | ~~$2.32~~ | $2.39 |
| 5,001 to 10,000 gallons of usage | ~~$3.25~~ | $3.32 |
| 10,001 to 15,000 gallons of usage | ~~$4.18~~ | $4.25 |
| 15,001 to 25,000 gallons of usage | ~~$6.03~~ | $6.10 |
| 25,001 to 50,000 gallons of usage | ~~$7.88~~ | $7.95 |
| Over 50,000 gallons of usage | ~~$9.73~~ | $9.80 |

SECTION 3. Chapter 51, Charges, Rates, and Billing, Section 51.21, Sewers: Rates, and Charges, subsection (A) is amended to read as follows:

51.21 Rates and charges.

Monthly user charges shall include for each wastewater account: a) a service charge per equivalent living unit; and b) a usage charge based on metered water use. The monthly rates and charges for the services and facilities of the Town's wastewater system shall be as follows:

(A) Classes of Service.

(1) Single Family Residences.

| | ~~Effective 06/01/15~~ | Effective 01/01/16 |
|---|---|---|
| (a) Service charge per month per living unit | ~~$15.86~~ | $16.04 |
| (b) Usage charge per 1,000 gallons per living unit of water consumption up to a maximum of 7,000 gallons per living unit per month | ~~$5.73~~ | $5.91 |

(2) All Other Classes.

| | | |
|---|---|---|
| (a) Service charge per month per equivalent living unit | ~~$15.86~~ | $16.04 |
| (b) Usage charge per 1,000 gallons per equivalent living unit of water consumption per month | ~~$5.73~~ | $5.91 |
| (c) Commercial wastewater users will be classified in the same manner as for water classification. | | |

SECTION 4. If any section, subsection, sentence, clause or provision of this Ordinance is held invalid, the remainder of the Ordinance shall not be affected.

SECTION 5. All Ordinances, parts of Ordinances, or Rates in conflict herewith shall be and the same are hereby repealed.

SECTION 6. The rates adopted by this Ordinance shall be reflected on the utility bills issued on or after January 1, 2016.

Passed on first reading the 7th day of December, 2015.

Adopted on second reading and public hearing this ____ day of _____, 2016.

_____
Jack G. Duncan, Mayor

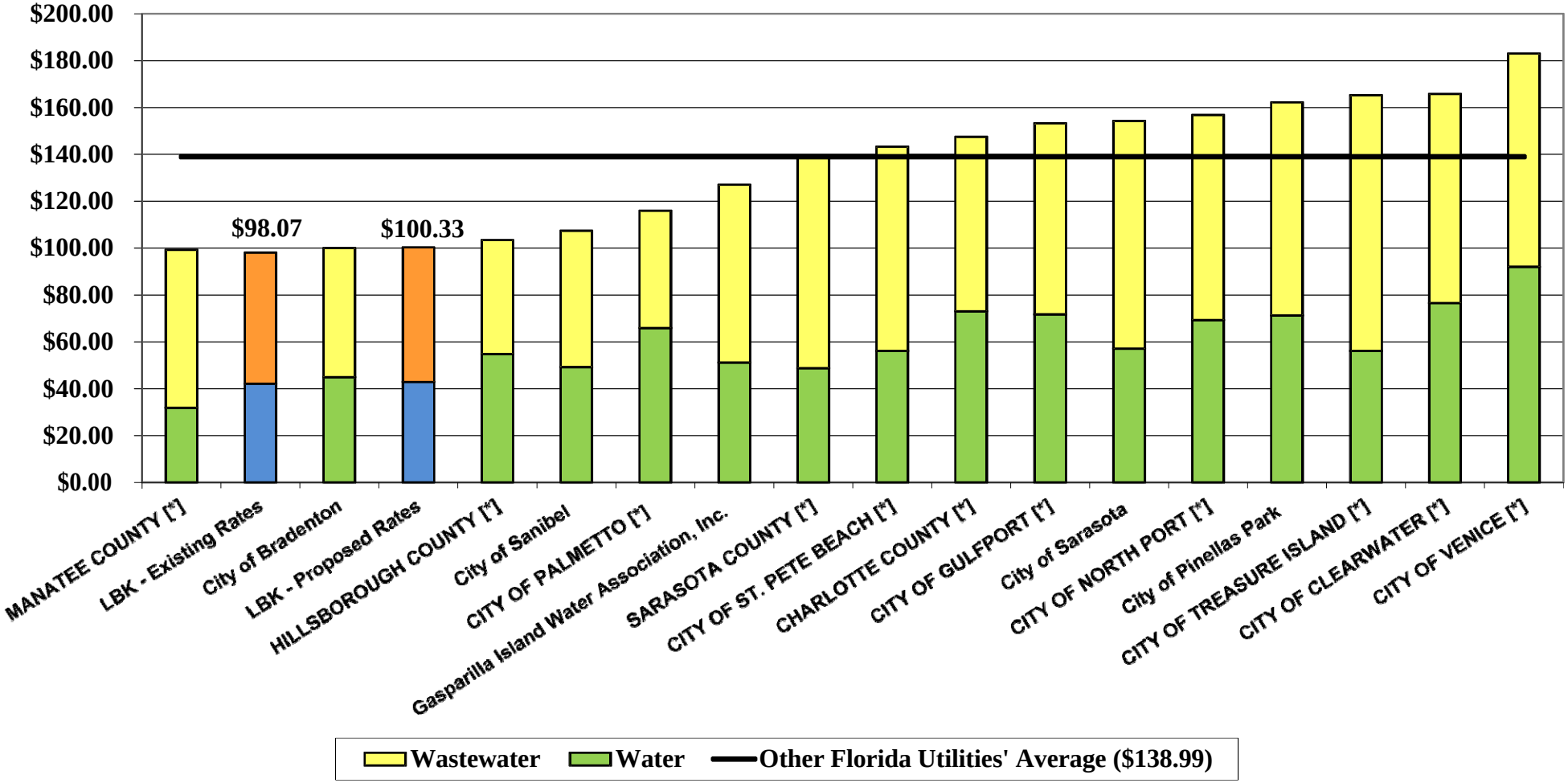
ATTEST:

_____
Trish Granger, Town Clerk

**Bill Comparison Reflects Rates Effective as of October 2015**

**Figure 1**
**Town of Longboat Key, Florida**
**Pass-Through of Manatee County Wholesale Water and Wastewater**
**Rate Increases Effective January 1, 2016**

**Graphical Comparison of Typical Monthly Residential Bills for Combined Water and Wastewater Service at Usage of 10,000 Gallons**




**[*] Utilities in CAPITALIZED letters: i) are involved in rate study; ii) are planning to conduct rate study; or iii) will implement rate revision or price index / pass-through adjustment within twelve months following the comparison preparation date**

RESOLUTION NO. R-14-155

EFFECTIVE JANUARY 1, 2016

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MANATEE COUNTY, FLORIDA, ESTABLISHING REVISED POTABLE WATER, RECLAIMED WATER, AND WASTEWATER RATES, FEES, AND OTHER CHARGES FOR FACILITIES AND SERVICES FURNISHED OR TO BE FURNISHED BY THE MANATEE COUNTY PUBLIC UTILITIES SYSTEM; ESTABLISHING REVISED DIRECT CONNECTION FEES AND CHARGES; ESTABLISHING REVISED SECURITY DEPOSITS; ESTABLISHING REVISED CONNECTION FEES; ESTABLISHING REVISED LINE FEES; ESTABLISHING REVISED LINE EXTENSION FEES AND CHARGES; ESTABLISHING REVISED FIRE SERVICE FEES AND CHARGES; ESTABLISHING REVISED UTILITY INFRASTRUCTURE FEES AND CHARGES; ESTABLISHING REVISED MISCELLANEOUS FEES AND CHARGES; ESTABLISHING REVISED MONTHLY RETAIL CUSTOMER BASE CHARGES; ESTABLISHING REVISED MONTHLY RETAIL QUANTITY RATES; ESTABLISHING REVISED WHOLESALE POTABLE WATER AND WASTEWATER RATES, FEES, AND CHARGES; PROVIDING DIRECTIONS REGARDING CODIFICATION; REPEALING AND SUPERSEDING PRIOR AND CONFLICTING RESOLUTIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Manatee County, a political subdivision of the State of Florida, owns and operates the Manatee County public utilities system pursuant to Section 125.01, Florida Statutes, Chapters 153 and 159, Florida Statutes, Chapter 63-1598, Laws of Florida, as amended, Chapter 2-31, Article IV, Manatee County Code of Ordinances, as amended, and other applicable provisions of law, together with resolutions adopted by the Board of County Commissioners of Manatee County; and

WHEREAS, Section 2-31-103, Manatee County Code of Ordinances, authorizes the county to prescribe, fix, establish and collect fees, rentals or other charges for the facilities and services furnished by the public utilities system on an equitable basis; and

WHEREAS, Sections 2-31-251 through 2-31-269, Manatee County Code of Ordinances, enacted by Ordinance No. 07-62 and amended by Ordinance No. 10-69 and Ordinance No. 14-09, provide for rates, fees, and charges for potable water, reclaimed water, and wastewater facilities and services of the public utilities system; and

WHEREAS, on January 28, 2014, the Board of County Commissioners adopted Resolution No. R-14-15, which established revised rates, fees, and charges for potable water, reclaimed water, and wastewater facilities and services of the public utilities system; and

WHEREAS, Section 2-31-269, Manatee County Code of Ordinances, provides for annual review of the rates, fees, and charges of the public utilities system and

recommendations for changes to such rates, fees, and charges; and

WHEREAS, county staff has recommended changes to certain rates, fees, and other charges for the facilities and services furnished by the public utilities system, including potable water, reclaimed water, and wastewater; and

WHEREAS, the Board of County Commissioners has reviewed the recommended changes and has determined that the revised rates, fees, and charges set forth in this resolution are fair and equitable and necessary to fund the proper operation of the public utilities system; and

WHEREAS, Section 2-31-103, Manatee County Code of Ordinances, provides that fees, rentals or other charges for the facilities and services of the public utilities system, or any revision of such fees, rentals or other charges, shall be fixed and established by resolution adopted by the Board of County Commissioners at a public hearing; and

WHEREAS, Section 2-31-103, Manatee County Code of Ordinances, requires notice of public hearing for such resolution to be published at least once not less than ten (10) days prior to such public hearing in a newspaper of general circulation in the county; and

WHEREAS, Section 2-31-103, Manatee County Code of Ordinances, requires the Board of County Commissioners, at the public hearing, to disclose all purposes for which any increased and/or new fees, rentals or other charges will be used; and

WHEREAS, notice of public hearing to consider Resolution No. R-14-155 was duly published in a newspaper of general circulation in Manatee County; and

WHEREAS, on November 18, 2014, the Board of County Commissioners held a public hearing to consider Resolution No. R-14-155; and

WHEREAS, at the public hearing, the Board of County Commissioners disclosed all purposes for which any increased and/or new rates, fees and charges established in Resolution No. R-14-155 will be used; and

WHEREAS, the Board of County Commissioners finds that it is in the best interest of the county and the customers of the public utilities system, and the owners and holders of bonds issued to finance the construction of the public utilities facilities, to establish revised rates, fees, and other charges for the facilities and services furnished or to be furnished by the public utilities system, including potable water, reclaimed water, and wastewater.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MANATEE COUNTY, FLORIDA:

Section 1. Direct connection fees and charges.

Pursuant to subsection 2-31-253(a) of the Manatee County Code of Ordinances, the following revised direct connection fees and charges are hereby established:

(a) $600.00 per residence for initial period of eight (8) months.

(b) $100.00 per residence for each additional period of one (1) month.

Section 2. Security deposits.

Pursuant to subsection 2-31-257(a) of the Manatee County Code of Ordinances, the following revised security deposits are hereby established:

(a) Security deposits for metered potable water and/or wastewater accounts.

| Meter Size (in inches) | Residential Meter | Commercial Meter | Fire Line/ Irrigation Meter | Master Meter |
|---|---|---|---|---|
| 5/8 | $150.00 | $200.00 | $100.00 | $270.00 |
| ¾ | $200.00 | $300.00 | $150.00 | $300.00 |
| 1 | $275.00 | $600.00 | $300.00 | $600.00 |
| 1 ½ | $440.00 | $900.00 | $450.00 | $900.00 |
| 2 | $440.00 | $1,200.00 | $600.00 | $1,200.00 |
| 3 and larger | N/A | $600.00 per inch | $300.00 per inch | $600.00 per inch |

(b) An additional security deposit of $20.00 per unit will be charged for master metered accounts.

(c) Security deposits for reclaimed water only accounts.

(1) $50.00 per single metered unit.

(2) $25.00 per master metered unit or two (2) months of estimated bills, whichever is greater.

(d) Security deposits for unmetered wastewater accounts.

(1) $150.00 for single-family residential.

(2) $300.00 for multifamily residential, plus $20.00 per unit.

(3) $300.00 for commercial, plus $20.00 per unit for accounts with multiple units.

(e) Security deposits for temporary use meters.

(1) $250.00 per 3/4 inch meter.

(2) $900.00 per 3 inch meter.

(f) A security bond will be accepted in lieu of cash security deposits exceeding

$2,000.00 for any accounts.

Section 3. Connection fees.

Pursuant to subsection 2-31-258(a) of the Manatee County Code of Ordinances, the following revised connection fees are hereby established:

(a) Connection to potable water system or reclaimed water system.

| Meter Size (in inches) | Developer Installed Service | County Installed Service |
|---|---|---|
| 5/8 x 3/4 | $300.00 | $675.00 |
| 3/4 | $340.00 | $715.00 |
| 1 | $360.00 | $735.00 |
| 1 1/2 | $485.00 | $860.00 |
| 2 | $590.00 | $965.00 |
| 3 | Actual Cost | Actual Cost |
| 4 | Actual Cost | Actual Cost |
| 6 | Actual Cost | Actual Cost |
| 8 | Actual Cost | Actual Cost |
| 10 | Actual Cost | Actual Cost |
| 12 | Actual Cost | Actual Cost |

(b) In instances where a group of dwelling units is provided wastewater service by a privately owned treatment plant and collection system and it becomes mandatory by Florida Statutes, Florida Administrative Code, or county ordinance to connect to the county wastewater system, or in instances where private wastewater treatment plant owners desire to voluntarily connect, there shall be a one (1) time connection fee of $500.00 per dwelling unit which has been issued a certificate of occupancy.

Section 4. Line fees.

Pursuant to subsection 2-31-259(a) of the Manatee County Code of Ordinances, the following revised line fees are hereby established:

(a) Potable water. $15.00 per front foot up to a maximum of $3,500.00.

(b) Reclaimed water. $15.00 per front foot up to a maximum of $3,500.00.

(c) Wastewater. Based on dwelling unit for residential service or meter size for

nonresidential service listed in the applicable schedule below.

(1) Developed properties with metered potable water service.

| Meter Size (in inches) | Line Fee |
|---|---|
| Residential | $3,500.00 per dwelling unit |
| 5/8 x 3/4 | $3,500.00 per meter |
| 3/4 | $4,000.00 per meter |
| 1 | $6,000.00 per meter |
| 1 1/2 | $11,000.00 per meter |
| 2 | $17,000.00 per meter |
| 3 | $22,000.00 per meter |
| 4 | $34,000.00 per meter |
| 6 | $44,000.00 per meter |
| 8 | $68,000.00 per meter |
| 10 | $78,000.00 per meter |

(2) Developed properties with no metered potable water service.

| | |
|---|---|
| Single-Family Residential | $3,500.00 per dwelling unit |
| Class 1 Commercial (based on 6,000 gallons/month) | $3,500.00 per service |
| Class 2 Commercial (greater than 6,000 gallons to 10,000 gallons/month) | $4,000.00 per service |
| Class 3 Commercial (greater than 10,000 gallons to 25,000 gallons/month) | $6,000.00 per service |
| Class 4 Commercial (greater than 25,000 gallons to 75,000 gallons/month) | $11,000.00 per service |
| Class 5 Commercial (greater than 75,000 gallons/month) | $22,000.00 per service |
| Class 6 Multifamily Residential Mobile Home Park/Travel Trailer Park (based on 3,600 gallons/month) | $34,000.00 per service |

| | |
|---|---|
| Class 7 Multifamily Residential Condominium/Apartment/Hotel/Motel (based on 4,500 gallons/month) | $44,000.00 per service |

Section 5. Line extension fees and charges.

Pursuant to subsection 2-31-260(a) of the Manatee County Code of Ordinances, the following revised line extension fees and charges are hereby established:

(a) Owners of developed properties benefited by extension of a potable water line shall pay a pro rata share of the actual costs of such potable water line extension.

(b) Owners of developed properties benefited by extension of a reclaimed water line shall pay a pro rata share of the actual costs of such reclaimed water line extension.

(c) Owners of developed properties benefited by a non-assessment wastewater line extension and split parcels (assessed and non-assessed) benefited by a wastewater line extension shall pay the wastewater line extension fees listed in the applicable schedule below.

(1) Developed properties with metered potable water service.

| Meter Size (in inches) | Line Fee |
|---|---|
| Residential | $3,500.00 per dwelling unit |
| 5/8 x 3/4 | $3,500.00 per meter |
| 3/4 | $4,000.00 per meter |
| 1 | $6,000.00 per meter |
| 1 1/2 | $11,000.00 per meter |
| 2 | $17,000.00 per meter |
| 3 | $22,000.00 per meter |
| 4 | $34,000.00 per meter |
| 6 | $44,000.00 per meter |
| 8 | $68,000.00 per meter |
| 10 | $78,000.00 per meter |

(2) Developed properties with no metered potable water service.

| | |
|---|---|
| Single-Family Residential | $3,500.00 per dwelling unit |

| | |
|---|---|
| Class 1 Commercial<br>(based on 6,000 gallons/month) | $3,500.00 per service |
| Class 2 Commercial<br>(greater than 6,000 gallons to 10,000 gallons/month) | $4,000.00 per service |
| Class 3 Commercial<br>(greater than 10,000 gallons to 25,000 gallons/month) | $6,000.00 per service |
| Class 4 Commercial<br>(greater than 25,000 gallons to 75,000 gallons/month) | $11,000.00 per service |
| Class 5 Commercial<br>(greater than 75,000 gallons/month) | $22,000.00 per service |
| Class 6 Multifamily Residential<br>Mobile Home Park/Travel Trailer Park<br>(based on 3,600 gallons/month) | $34,000.00 per service |
| Class 7 Multifamily Residential<br>Condominium/Apartment/Hotel/Motel<br>(based on 4,500 gallons/month) | $44,000.00 per service |

Section 6. Fire service fees and charges.

Pursuant to subsection 2-31-261(a) of the Manatee County Code of Ordinances, the following revised fire service fees and charges are hereby established:

(a) Fire hydrant installed in county right-of-way. $5,000.00 minimum installation charge, or actual cost if greater, when installed or contracted for installation by the county. Road crossings are subject to additional charges. Fire hydrants are not subject to a connection fee.

(b) Fire flow testing $75.00 per hydrant test

(c) Private fire service for residential, commercial, and industrial metered or unmetered sprinkler and standpipe systems.

| Meter or Line Size (in inches) | Monthly Charge |
|---|---|
| 1 | $3.30 |
| 1 1/2 | $4.40 |
| 2 | $5.75 |
| 3 | $8.85 |
| 4 | $13.25 |

| | |
|---|---|
| 6 | $24.30 |
| 8 | $37.55 |
| 10 | $53.00 |
| 12 | $97.15 |

Section 7. Utility infrastructure fees and charges.

Pursuant to subsection 2-31-262(a) of the Manatee County Code of Ordinances, the following revised utility infrastructure fees and charges are hereby established:

(a) Wet tap.

| Tap Size (in inches) | Fee | Retest |
|---|---|---|
| 2 and smaller | $300.00 | $75.00 |
| 3 | $425.00 | $100.00 |
| 4 | $425.00 | $100.00 |
| 6 | $475.00 | $100.00 |
| 8 | $550.00 | $150.00 |
| 10 | $550.00 | $150.00 |
| 12 | $650.00 | $150.00 |

(b) Cut-in tee.

| Line Size (in inches) | Fee |
|---|---|
| smaller than 3 | $100.00 |
| 3 and larger | $200.00 |

(c) Other tests, including but not limited to, pressure tests, lampings, air testings, and lift stations.

| | Test | | Retest | |
|---|---|---|---|---|
| Type of Structure | Potable Water | Reclaimed Water/ Wastewater | Potable Water | Reclaimed Water/ Wastewater |
| Residential, single-family | $16.00 per lot | $20.00 per lot | $150.00 per test | $165.00 per test |

| | | | | |
|---|---|---|---|---|
| Residential, multifamily – 1 story | $8.00 per unit | $10.00 per unit | $150.00 per test | $165.00 per test |
| Residential, multifamily – 2 or more stories | $5.00 per unit | $7.00 per unit | $150.00 per test | $165.00 per test |
| Commercial or industrial | $300.00 per unit | $300.00 per unit | $150.00 per test | $165.00 per test |
| Lift station | N/A | $250.00 per lift station | N/A | N/A |

(d) Inspection of reclaimed water line 3 inches and larger $165.00

Section 8. Miscellaneous fees and charges.

Pursuant to section 2-31-263 of the Manatee County Code of Ordinances, the following revised miscellaneous fees and charges are hereby established:

(a) Service charges for delinquent accounts.

(1) Potable water and reclaimed water turn-on or unlock meter $50.00

(2) Late payment fee (failure to pay current bill by due date) 2% of current bill minimum amount $5.00

(b) Service charges for non-delinquent accounts.

Potable water, reclaimed water, and wastewater turn-on or account activation $25.00

(c) Service charges for all accounts.

(1) Install or remove temporary use meter $30.00

(2) No read charge for temporary use meter $100.00

(3) Cut and plug potable water or wastewater line Actual cost

(4) Reconnect potable water or wastewater line Actual cost

(5) Reinstall meter $50.00

(6) Decrease in meter size $30.00

(7) Meter test (only if meter does not exceed AWWA standards) $50.00

(8) Broken assembly/lock/tag $50.00

| | | |
|---|---|---|
| (9) | Broken or damaged meter | Actual cost plus $50.00 |
| (10) | Installation of radio frequency meter | Actual cost plus $50.00 |
| (11) | Removal of obstruction to read or maintain meter | Actual cost plus $50.00 |
| (12) | Unauthorized use or meter tampering | Estimated usage plus $100.00 |
| (13) | Repair of damages caused by other parties | Actual cost |
| (14) | Research | Actual cost |
| (15) | Field trip | $30.00 |
| (d) | Other charges. | |
| (1) | Dry silver image photos | $3.00/each |
| (2) | Engineering prints 24" x 36" | $3.00/each |
| (3) | Engineering prints larger than 24" x 36" | $5.00/each |
| (4) | Document recording fees | Actual cost |

Section 9. Monthly retail customer base charges.

Pursuant to paragraph 2-31-264(a)(1) of the Manatee County Code of Ordinances, the following revised monthly retail customer base charges are hereby established:

(a) Individual meters.

| Meter Size (in inches) | Potable Water | Wastewater |
|---|---|---|
| 5/8 x 3/4 | $8.73 | $20.84 |
| 3/4 | $11.82 | $29.86 |
| 1 | $17.98 | $47.83 |
| 1 1/2 | $33.41 | $92.83 |
| 2 | $51.92 | $146.80 |
| 3 | $95.11 | $272.78 |
| 4 | $156.80 | $452.74 |

| | | |
|---|---|---|
| 6 | $311.04 | $902.62 |
| 8 | $496.14 | $1,442.51 |
| 10 | $712.06 | $2,072.37 |
| 12 | $1,329.03 | $3,871.94 |

(b) Residential master meters.

| | Potable Water | Wastewater |
|---|---|---|
| Single-Family Residential | $6.57/unit | $18.81/unit |
| Condominium/Apartment/Hotel/Motel | $4.70/unit | $12.59/unit |
| Mobile Home Park/Travel Trailer Park | $3.60/unit | $10.06/unit |

(c) Combined residential potable water line/fire line.

| Meter Size (in inches) | Potable Water | Wastewater |
|---|---|---|
| 3/4 | $8.73 | $20.84 |
| 1 | $11.82 | $29.86 |

(d) Large user. Charges per 1,000,000 gallons of reserve capacity.

| Potable Water | Wastewater |
|---|---|
| $10,889.00 | $16,939.00 |

(e) Temporary use meters. Charges per quarter of year.

| Meter Size (in inches) | Potable Water | Wastewater |
|---|---|---|
| 3/4 | $35.44 | $90.81 |
| 3 | $155.73 | $440.43 |

Section 10. Monthly retail quantity rates.

Pursuant to paragraph 2-31-264(b)(1) of the Manatee County Code of Ordinances, the following revised monthly retail quantity rates are hereby established:

(a) Potable water.

(1) Residential individual meters.

| | |
|---|---|
| First 6,000 gallons | $2.11 per 1,000 gallons |
| Next 9,000 gallons | $2.63 per 1,000 gallons |
| Next 5,000 gallons | $6.32 per 1,000 gallons |
| Over 20,000 gallons | $9.49 per 1,000 gallons |

(2) Master metered single-family residences.

| | |
|---|---|
| First 6,000 gallons | $2.11 per 1,000 gallons multiplied by the number of units |
| Next 9,000 gallons | $2.63 per 1,000 gallons multiplied by the number of units |
| Next 5,000 gallons | $6.32 per 1,000 gallons multiplied by the number of units |
| Over 20,000 gallons | $9.49 per 1,000 gallons multiplied by the number of units |

(3) Master metered condominiums/apartments.

| | |
|---|---|
| First 4,500 gallons | $2.11 per 1,000 gallons multiplied by the number of units |
| Next 6,500 gallons | $2.63 per 1,000 gallons multiplied by the number of units |
| Over 11,000 gallons | $6.32 per 1,000 gallons multiplied by the number of units |

(4) Master metered mobile home parks/travel trailer parks.

| | |
|---|---|
| First 3,600 gallons | $2.11 per 1,000 gallons multiplied by the number of units |
| Next 5,400 gallons | $2.63 per 1,000 gallons multiplied by the number of units |
| Over 9,000 gallons | $6.32 per 1,000 gallons multiplied by the number of units |

(5) Irrigation meters.

a. 1 inch and smaller – single-family residential, multifamily residential, and

commercial.

| | |
|---|---|
| First 5,000 gallons | $2.11 per 1,000 gallons |
| Next 15,000 gallons | $6.32 per 1,000 gallons |
| Over 20,000 gallons | $9.49 per 1,000 gallons |

b. 1 1/2 inch and larger -- multifamily residential, commercial, and industrial.

| | |
|---|---|
| First 5,000 gallons | $2.11 per 1,000 gallons |
| Next 10,000 gallons | $2.63 per 1,000 gallons |
| Next 15,000 gallons | $3.40 per 1,000 gallons |
| Next 30,000 gallons | $5.23 per 1,000 gallons |
| Next 40,000 gallons | $6.32 per 1,000 gallons |
| Over 100,000 gallons | $9.49 per 1,000 gallons |

| | | |
|---|---|---|
| (6) | Commercial and industrial | $2.11 per 1,000 gallons |
| (7) | Large user | $1.74 per 1,000 gallons |

(b) Reclaimed water.

| | | |
|---|---|---|
| (1) | Agricultural facilities including nurseries | $0.10 per 1,000 gallons |
| (2) | Large recreational facilities and golf courses | $0.20 per 1,000 gallons |
| (3) | Governmental facilities including schools | $0.33 per 1,000 gallons |
| (4) | Large commercial, industrial and utility facilities (greater than 500,000 gallons/day) | $0.33 per 1,000 gallons |
| (5) | Residential and commercial common areas | $0.33 per 1,000 gallons |
| (6) | Master metered residential and commercial | $0.33 per 1,000 gallons |
| (7) | Individual metered residential, commercial and industrial | $0.82 per 1,000 gallons |

(c) Wastewater.

(1) Metered customers.

a. Potable water. $4.65 per 1,000 gallons of potable water consumption. Maximum monthly wastewater charge for residential individually metered

customers is based on 10,000 gallons of potable water consumption.

b. Wastewater only. $4.65 per 1,000 gallons of metered wastewater.

(2) Unmetered customers.

| | |
|---|---|
| Single-Family Residential | $48.76/month |
| Class 1 Commercial<br>(based on 6,000 gallons/month) | $48.76/month |
| Class 2 Commercial<br>(greater than 6,000 gallons to 10,000 gallons/month) | $67.11/month |
| Class 3 Commercial<br>(greater than 10,000 gallons to 25,000 gallons/month) | $111.35/month |
| Class 4 Commercial<br>(greater than 25,000 gallons to 75,000 gallons/month) | $262.67/month |
| Class 5 Commercial<br>(greater than 75,000 gallons/month) | $513.46/month |
| Class 6 Multifamily Residential<br>Mobile Home Park/Travel Trailer Park<br>(based on 3,600 gallons/month) | $26.82/month/unit |
| Class 7 Multifamily Residential<br>Condominium/Apartment/Hotel/Motel<br>(based on 4,500 gallons/month) | $33.53/month/unit |

Section 11. Wholesale potable water and wastewater rates, fees, and charges.

Pursuant to paragraph 2-31-265(b)(1), paragraph 2-31-265(c)(1), and paragraph 2-31-265(d)(1) of the Manatee County Code of Ordinances, the following revised wholesale potable water and wastewater rates, fees, and charges are hereby established:

(a) Monthly charges per 1,000,000 gallons of reserve capacity.

| | Potable Water | Wastewater |
|---|---|---|
| All wholesale customers | $10,890.00 | $16,940.00 |

(b) Wholesale quantity rates for potable water.

(1) Quantity rate. $1.74 per 1,000 gallons for all consumption up to the daily reserve capacities.

(2) Excess demand charge. Excess consumption exceeding the daily reserve

capacity for each day will be billed according to the following rates.

a. Up to or equal to 20% excess reserve capacity $3.50 per 1,000 gallons

b. Excess over 20% of reserve capacity $6.10 per 1,000 gallons

(c) Wholesale flow rates for wastewater.

(1) Flow rate. $2.16 per 1,000 gallons up to the daily reserve capacity.

(2) Excess demand charge. All excess consumption during a day in which reserve capacity is exceeded will be billed at $4.33 per 1,000 gallons.

(d) The provisions of Section 2-31-265 of the Manatee County Code of Ordinances are hereby incorporated by reference in this resolution as if fully set forth herein.

Section 12. Directions regarding codification. This resolution shall not be codified in the Manatee County Code of Resolutions.

Section 13. Prior and conflicting resolutions. All prior and conflicting resolutions, including but not limited to Resolution No. R-14-154, shall be repealed, rescinded, superseded, and replaced by this resolution effective January 1, 2016, at 12:01 a.m.

Section 14. Severability. In the event that any provision, portion or section of this resolution is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining provisions, portions or sections of this resolution which shall remain in full force and effect.

Section 15. Effective date. This resolution and the rates, fees, and charges established in this resolution shall become effective January 1, 2016, at 12:01 a.m.

PASSED AND ADOPTED by the Board of County Commissioners of Manatee County, Florida, with a quorum present and voting, on the 18 day of December, 2014.

ATTEST: R. B. SHORE
Clerk of the Circuit Court

By: Robin Libatique
Deputy Clerk

BOARD OF COUNTY COMMISSIONERS
OF MANATEE COUNTY, FLORIDA

Larry Bustle
Chairman

MANATEE COUNTY FLORIDA

# TOWN OF LONGBOAT KEY, FLORIDA

# Pass-Through of Manatee County Wholesale Water and Wastewater Rate Increases Effective January 1, 2016

## October 20, 2015

**Public Resources Management Group, Inc.**

*Utility, Rate, Financial and Management Consultants*

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October 20, 2015

Honorable Mayor and Members
of the Town Commission
Town of Longboat Key
501 Bay Isles Road
Longboat Key, Florida 34228-3196

Subject: **Pass-Through of Manatee County Wholesale Water and Wastewater Increases Effective January 1, 2016**

On behalf of the Town of Longboat Key (the "Town"), Public Resources Management Group, Inc. (PRMG) has prepared calculations of the pass-through adjustments needed to recover the projected increases in the costs of wholesale service to be incurred by the Town as a result of the increases in Manatee County (the "County") wholesale water and wastewater rates that will become effective on January 1, 2016.

The following table shows the change in Manatee County wholesale service rates:

**Summary of Increases in Manatee County Wholesale Water and Wastewater Rates**

| | Effective January 1, 2015 | Effective January 1, 2016 | Difference Amount | Difference Percent |
|---|---|---|---|---|
| **Wholesale Water Rates** | | | | |
| Monthly Capacity Charge ($ / MGD) | $10,396 | $10,890 | $494 | 4.8% |
| Quantity Charge ($ / kgal) | $1.67 | $1.74 | $0.07 | 4.2% |
| **Wholesale Wastewater Rates** | | | | |
| Monthly Capacity Charge ($ / MGD) | $16,172 | $16,940 | $768 | 4.7% |
| Quantity Charge ($ / kgal) | $2.06 | $2.16 | $0.10 | 4.9% |

MGD = million-gallons-per-day
kgal = 1,000 gallons

The County currently supplies all of the Town's potable water and treats all of the Town's wastewater. During the Fiscal Year 2015, the cost of wholesale water and wastewater service represented approximately 53.2% of the System's total operating expenses (includes indirect or administrative cost reimbursement to General Fund, but does not include depreciation). Because of the magnitude of the level of the wholesale service costs to the total water and wastewater system (the "System") operating expenses and recognizing that the Town has limited alternatives with respect to water supply and wastewater treatment, the pass-through of any wholesale rate increases helps to: i) maintain operating margins such that the System's capital improvement program (CIP) can continue to be funded and the debt capacity of the System is preserved; and ii) minimize any future large single rate adjustments which may be difficult to implement and could



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eventually result in "rate shock" to the customers. It should also be noted that maintaining margins to preserve, to the extent possible, CIP funding margins is critical to the overall financial health of the System which is a mature utility with the CIP comprising of utility renewals, replacements, rehabilitations and upgrades to the System that benefit existing customers.

The Town Commission of Longboat Key (the "Commission") has historically recognized the importance of passing-through wholesale rate adjustments as part of the financial plan for the System, and has adopted and codified a purchased water and wastewater pass-through adjustment clause in Chapter 51, Sections 11 and 21, respectively, of the Town's Code of Ordinances. The Commission has consistently applied the pass-through adjustment to rates over the past several years. Moreover, the pass-through of wholesale rate adjustments has consistently been a recommendation contained in the financial and rate studies performed by PRMG on behalf of the Town.

The wholesale rate increases are considered a permanent and ongoing change to the Town's utility operating costs, and the County is expected to increase the wholesale rates each fiscal year on an ongoing basis during the near-term (e.g., next five fiscal years). As such, PRMG recommends that the Town pass-through the Fiscal Year 2016 Manatee County wholesale rate increases to the System customers to maintain the operating margins and a positive long-term financial position at this time instead of deferring the retail rate adjustments to the future.

Table 1 following this letter contains a summary of the existing and proposed monthly user rates for the Town which reflects the pass-through of the increased wholesale water and wastewater costs. Tables 2 through 4 provide water, wastewater and combined user rate comparisons to illustrate how the existing and proposed rates compare to those of other neighboring utilities. Figure 1 following this letter shows a graphical user rate comparison at a usage of 10,000 gallons, the historical average monthly usage of a single family residential customer in the System. Following these tables and figures is a discussion of the methodology used in developing the pass-through reflected in the proposed user rates. Based on discussions with Town staff, it is proposed that the pass-through rates recover the fixed component (i.e., monthly capacity charges) of the County wholesale rate increases through the Town's monthly service charges per unit and the volumetric component of the wholesale rate increases through the System usage charges per 1,000 gallons.

The existing water and wastewater monthly user rates for the Town were established pursuant to Ordinance 2015-13 approved by the Town Commission on May 4, 2015 and became effective for bills rendered on or after June 1, 2015. As set forth herein, the pass-through rates proposed to become effective as soon as practical are anticipated to increase the utility's annual water revenue by 1.5% and the wastewater revenue by 2.2% above revenues estimated to be collected under the rates stated in the Rate Ordinance (combined = 1.9%). Even with the pass-through rate adjustments, the Town's retail water and wastewater rates remain competitive with those of neighboring Florida utilities. As shown in Figure 1, the combined monthly residential water and

wastewater bill of $100.33 at a usage of 10,000 gallons would be $35.98 or about 28% less than the $138.99 average of the surveyed utilities (as of October 2015).

We appreciate the opportunity to be of service to the Town and would like to thank the Town staff for their assistance and cooperation during the course of this study.

Respectfully submitted,

**Public Resources Management Group, Inc.**

Bryan A. Mantz

Bryan A. Mantz, CMC, CGFM
Supervising Consultant

**Table 1**

**Town of Longboat Key, Florida**
**Pass-Through of Manatee County Wholesale Water and Wastewater Rate Increases Effective January 1, 2016**

**Summary of Existing and Proposed Monthly Water and Wastewater Rates**

| | Existing Rates Effective June 1, 2015 | Calculated Pass-Through Adjustment | Proposed Rates to Become Effective January 1, 2016 |
|---|---|---|---|
| **WATER RATES** | | | |
| Service Charge Per Month Per Equivalent Living Unit (ELU) - All Classes [1] | $ 11.76 | $ 0.12 | $ 11.88 |
| Meter / Billing Charge Per Month Per Meter - All Classes | $ 2.49 | $ 0.00 | $ 2.49 |
| Monthly Usage Charges Per ELU - Proposed - All Classes | Charge Per 1,000 Gallons | Charge Per 1,000 Gallons | Charge Per 1,000 Gallons |
| 0 to 5,000 Gallons | $ 2.32 | $ 0.07 | $ 2.39 |
| 5,001 to 10,000 Gallons | 3.25 | 0.07 | 3.32 |
| 10,001 to 15,000 Gallons | 4.18 | 0.07 | 4.25 |
| 15,001 to 25,000 Gallons | 6.03 | 0.07 | 6.10 |
| 25,001 to 50,000 Gallons | 7.88 | 0.07 | 7.95 |
| Over 50,000 Gallons | 9.73 | 0.07 | 9.80 |
| **WASTEWATER RATES** | | | |
| Service Charge Per Month Per Equivalent Living Unit | $ 15.86 | $ 0.18 | $ 16.04 |
| Monthly Usage Charges Per ELU - Proposed - All Classes | Charge Per 1,000 Gallons | Charge Per 1,000 Gallons | Charge Per 1,000 Gallons |
| All Usage [2] | $ 5.73 | $ 0.18 | $ 5.91 |

Footnotes:

[1] An equivalent living unit (ELU) is defined in Section 51.02 of the Town's Code of Ordinances, and is a measure of a customer's demand requirements. One ELU is defined as: (i) each single-family dwelling; (ii) each single apartment or condominium; (iii) each single efficiency apartment or mobile home; (iv) each individual dwelling within a duplex; and (v) each single hotel or motel unit. A customer classified as 2.0 ELU's is considered to have twice the demand requirements as a customer classified as 1.0 ELU.

[2] The charges for wastewater service for the single family residential class under both the existing and the proposed rates are capped at 7,000 gallons per ELU. Billing for wastewater service for all other classes has no monthly maximum billing threshold.

**Table 2**

**Town of Longboat Key, Florida**
**Pass-Through of Manatee County Wholesale Water and Wastewater Rate Increases Effective January 1, 2016**

**Comparison of Typical Monthly Residential Bills for Water Service [1]**

| Line No. | Description | Residential Service for a 5/8" or 3/4" Meter | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 Gallons | 2,000 Gallons | 5,000 Gallons | 7,000 Gallons | 8,000 Gallons | 10,000 Gallons | 15,000 Gallons | 25,000 Gallons | 50,000 Gallons |
| | **Town of Longboat Key** | | | | | | | | | |
| 1 | Existing Rates | $14.25 | $18.89 | $25.85 | $32.35 | $35.60 | $42.10 | $63.00 | $123.30 | $320.30 |
| 2 | Proposed Rates | 14.37 | 19.15 | 26.32 | 32.96 | 36.28 | 42.92 | 64.17 | 125.17 | 323.92 |
| | **Other Florida Utilities:** | | | | | | | | | |
| 3 | City of Bradenton | $13.90 | $18.26 | $27.44 | $34.44 | $37.94 | $44.94 | $62.44 | $97.44 | $184.94 |
| 4 | Charlotte County [2] | 22.05 | 31.53 | 45.75 | 56.65 | 62.10 | 73.00 | 107.35 | 185.55 | 410.55 |
| 5 | City of Clearwater [2] | 19.44 | 19.44 | 35.18 | 50.92 | 58.79 | 76.59 | 126.24 | 225.54 | 473.79 |
| 6 | Gasparilla Island Water Association, Inc. | 25.60 | 25.60 | 25.60 | 35.82 | 40.93 | 51.15 | 76.70 | 140.70 | 332.70 |
| 7 | City of Gulfport [2] [3] | 12.36 | 12.36 | 32.52 | 48.18 | 56.01 | 71.67 | 114.87 | 209.47 | 445.97 |
| 8 | Hillsborough County [2] | 12.47 | 19.71 | 30.57 | 40.27 | 45.12 | 54.82 | 79.07 | 141.47 | 327.27 |
| 9 | Manatee County [2] [4] | 8.73 | 12.95 | 19.28 | 24.02 | 26.65 | 31.91 | 45.06 | 124.11 | 361.36 |
| 10 | City of North Port [2] | 17.20 | 24.54 | 37.38 | 48.38 | 53.88 | 69.32 | 115.66 | 270.74 | 730.24 |
| 11 | City of Palmetto [2] | 8.20 | 18.66 | 35.55 | 47.21 | 53.04 | 65.86 | 106.52 | 208.72 | 464.22 |
| 12 | City of Pinellas Park | 21.12 | 21.12 | 35.20 | 49.28 | 56.32 | 71.26 | 110.66 | 199.56 | 428.06 |
| 13 | City of St. Pete Beach [2] [5] | 6.57 | 16.47 | 31.32 | 41.22 | 46.17 | 56.07 | 80.82 | 130.32 | 254.07 |
| 14 | City of Sanibel | 13.00 | 19.60 | 29.50 | 37.40 | 41.35 | 49.25 | 72.25 | 128.00 | 291.75 |
| 15 | City of Sarasota | 16.72 | 23.48 | 34.22 | 42.18 | 46.16 | 57.16 | 93.18 | 181.18 | 504.68 |
| 16 | Sarasota County [2] | 16.07 | 20.95 | 28.91 | 35.07 | 38.15 | 48.81 | 85.93 | 198.63 | 506.63 |
| 17 | City of Treasure Island [2] [5] | 6.57 | 16.47 | 31.32 | 41.22 | 46.17 | 56.07 | 80.82 | 130.32 | 254.07 |
| 18 | City of Venice [2] | 21.43 | 30.13 | 50.23 | 66.97 | 75.34 | 92.08 | 144.38 | 248.98 | 510.48 |
| 19 | Other Florida Utilities' Average | $15.09 | $20.70 | $33.12 | $43.70 | $49.01 | $60.62 | $93.87 | $176.30 | $405.05 |
| 20 | Minimum | 6.57 | 12.36 | 19.28 | 24.02 | 26.65 | 31.91 | 45.06 | 97.44 | 184.94 |
| 21 | Maximum | 25.60 | 31.53 | 50.23 | 66.97 | 75.34 | 92.08 | 144.38 | 270.74 | 730.24 |

Footnotes:

[1] Unless otherwise noted, amounts shown reflect residential rates in effect October 2015 are exclusive of taxes, franchise fees or water restriction surcharges, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

[2] Utility is currently involved in a rate study, is planning to conduct a rate study, or will implement a rate revision within the next twelve months.

[3] Utility receives water service from City of St. Petersburg.

[4] Reflects Manatee County rates to become effective on January 1, 2016.

[5] Utility receives water service from Pinellas County.

**Table 3**

**Town of Longboat Key, Florida**
**Pass-Through of Manatee County Wholesale Water and Wastewater Rate Increases Effective January 1, 2016**

**Comparison of Typical Monthly Residential Bills for Wastewater Service [1]**

| Line No. | Description | Residential Service for a 5/8" or 3/4" Meter | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 Gallons | 2,000 Gallons | 5,000 Gallons | 7,000 Gallons | 8,000 Gallons | 10,000 Gallons | 15,000 Gallons | 25,000 Gallons | 50,000 Gallons |
| | **Town of Longboat Key** | | | | | | | | | |
| 1 | Existing Rates | $15.86 | $27.32 | $44.51 | $55.97 | $55.97 | $55.97 | $55.97 | $55.97 | $55.97 |
| 2 | Proposed Rates | 16.04 | 27.86 | 45.59 | 57.41 | 57.41 | 57.41 | 57.41 | 57.41 | 57.41 |
| | **Other Florida Utilities:** | | | | | | | | | |
| 3 | City of Bradenton | $20.55 | $24.29 | $34.44 | $42.72 | $46.86 | $55.14 | $75.84 | $117.24 | $117.24 |
| 4 | Charlotte County [2] | 31.12 | 39.80 | 52.82 | 61.50 | 65.84 | 74.52 | 74.52 | 74.52 | 74.52 |
| 5 | City of Clearwater [2] | 26.76 | 26.76 | 44.60 | 62.44 | 71.36 | 89.20 | 133.80 | 223.00 | 446.00 |
| 6 | Gasparilla Island Water Association, Inc. | 25.72 | 35.76 | 50.82 | 60.86 | 65.88 | 75.92 | 75.92 | 75.92 | 75.92 |
| 7 | City of Gulfport [2] [3] | 15.37 | 15.37 | 39.23 | 56.19 | 64.67 | 81.63 | 126.13 | 219.23 | 451.98 |
| 8 | Hillsborough County [2] | 13.61 | 22.37 | 35.51 | 44.27 | 48.65 | 48.65 | 48.65 | 48.65 | 48.65 |
| 9 | Manatee County [2] [4] | 20.84 | 30.14 | 44.09 | 53.39 | 58.04 | 67.34 | 67.34 | 67.34 | 67.34 |
| 10 | City of North Port [2] | 27.55 | 39.53 | 57.50 | 69.48 | 75.47 | 87.45 | 99.43 | 99.43 | 99.43 |
| 11 | City of Palmetto [2] | 15.72 | 22.10 | 32.37 | 39.45 | 42.99 | 50.07 | 57.15 | 57.15 | 57.15 |
| 12 | City of Pinellas Park [2][3] | 27.27 | 27.27 | 45.45 | 63.63 | 72.72 | 90.90 | 136.35 | 227.25 | 454.50 |
| 13 | City of St. Pete Beach [2] [3] | 26.37 | 26.37 | 43.77 | 61.17 | 69.87 | 87.27 | 130.77 | 217.77 | 435.27 |
| 14 | City of Sanibel | 58.20 | 58.20 | 58.20 | 58.20 | 58.20 | 58.20 | 58.20 | 58.20 | 58.20 |
| 15 | City of Sarasota | 23.01 | 36.41 | 57.70 | 73.48 | 81.37 | 97.15 | 136.60 | 215.50 | 412.75 |
| 16 | Sarasota County [2] | 14.89 | 29.97 | 52.59 | 67.67 | 75.21 | 90.29 | 90.29 | 90.29 | 90.29 |
| 17 | City of Treasure Island [2] [3] | 14.00 | 30.92 | 60.26 | 79.82 | 89.60 | 109.16 | 158.06 | 255.86 | 500.36 |
| 18 | City of Venice [2] | 23.79 | 37.23 | 57.39 | 70.83 | 77.55 | 90.99 | 124.59 | 191.79 | 359.79 |
| 19 | Other Florida Utilities' Average | $24.05 | $31.41 | $47.92 | $60.32 | $66.52 | $78.37 | $99.60 | $139.95 | $234.34 |
| 20 | Minimum | 13.61 | 15.37 | 32.37 | 39.45 | 42.99 | 48.65 | 48.65 | 48.65 | 48.65 |
| 21 | Maximum | 58.20 | 58.20 | 60.26 | 79.82 | 89.60 | 109.16 | 158.06 | 255.86 | 500.36 |

Footnotes:

[1] Unless otherwise noted, amounts shown reflect residential rates in effect October 2015 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

[2] Utility is currently involved in a rate study, is planning to conduct a rate study, or will implement a rate revision within the next twelve months.

[3] Utility receives wastewater service from the City of St. Petersburg.

[4] Reflects Manatee County rates to become effective on January 1, 2016.

**Table 4**

**Town of Longboat Key, Florida**
**Pass-Through of Manatee County Wholesale Water and Wastewater Rate Increases Effective January 1, 2016**

**Comparison of Typical Monthly Residential Bills for Combined Water and Wastewater Service [1]**

| | | Residential Service for a 5/8" or 3/4" Meter | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Line No. | Description | 0 Gallons | 2,000 Gallons | 5,000 Gallons | 7,000 Gallons | 8,000 Gallons | 10,000 Gallons | 15,000 Gallons | 25,000 Gallons | 50,000 Gallons |
| | **Town of Longboat Key** | | | | | | | | | |
| 1 | Existing Rates | $30.11 | $46.21 | $70.36 | $88.32 | $91.57 | $98.07 | $118.97 | $179.27 | $376.27 |
| 2 | Proposed Rates | 30.41 | 47.01 | 71.91 | 90.37 | 93.69 | 100.33 | 121.58 | 182.58 | 381.33 |
| | **Other Florida Utilities:** | | | | | | | | | |
| 3 | City of Bradenton | $34.45 | $42.55 | $61.88 | $77.16 | $84.80 | $100.08 | $138.28 | $214.68 | $302.18 |
| 4 | Charlotte County [2] | 53.17 | 71.33 | 98.57 | 118.15 | 127.94 | 147.52 | 181.87 | 260.07 | 485.07 |
| 5 | City of Clearwater [2] | 46.20 | 46.20 | 79.78 | 113.36 | 130.15 | 165.79 | 260.04 | 448.54 | 919.79 |
| 6 | Gasparilla Island Water Association, Inc. | 51.32 | 61.36 | 76.42 | 96.68 | 106.81 | 127.07 | 152.62 | 216.62 | 408.62 |
| 7 | City of Gulfport [2] [3] | 27.73 | 27.73 | 71.75 | 104.37 | 120.68 | 153.30 | 241.00 | 428.70 | 897.95 |
| 8 | Hillsborough County [2] | 26.08 | 42.08 | 66.08 | 84.54 | 93.77 | 103.47 | 127.72 | 190.12 | 375.92 |
| 9 | Manatee County [2] [4] | 29.57 | 43.09 | 63.37 | 77.41 | 84.69 | 99.25 | 112.40 | 191.45 | 428.70 |
| 10 | City of North Port [2] | 44.75 | 64.07 | 94.88 | 117.86 | 129.35 | 156.77 | 215.09 | 370.17 | 829.67 |
| 11 | City of Palmetto [2] | 23.92 | 40.76 | 67.92 | 86.66 | 96.03 | 115.93 | 163.67 | 265.87 | 521.37 |
| 12 | City of Pinellas Park [2][5] | 48.39 | 48.39 | 80.65 | 112.91 | 129.04 | 162.16 | 247.01 | 426.81 | 882.56 |
| 13 | City of St. Pete Beach [2] [6] | 32.94 | 42.84 | 75.09 | 102.39 | 116.04 | 143.34 | 211.59 | 348.09 | 689.34 |
| 14 | City of Sanibel | 71.20 | 77.80 | 87.70 | 95.60 | 99.55 | 107.45 | 130.45 | 186.20 | 349.95 |
| 15 | City of Sarasota | 39.73 | 59.89 | 91.92 | 115.66 | 127.53 | 154.31 | 229.78 | 396.68 | 917.43 |
| 16 | Sarasota County [2] | 30.96 | 50.92 | 81.50 | 102.74 | 113.36 | 139.10 | 176.22 | 288.92 | 596.92 |
| 17 | City of Treasure Island [2] [6] | 20.57 | 47.39 | 91.58 | 121.04 | 135.77 | 165.23 | 238.88 | 386.18 | 754.43 |
| 18 | City of Venice [2] | 45.22 | 67.36 | 107.62 | 137.80 | 152.89 | 183.07 | 268.97 | 440.77 | 870.27 |
| 19 | Other Florida Utilities' Average | $39.14 | $52.11 | $81.04 | $104.02 | $115.53 | $138.99 | $193.47 | $316.24 | $639.39 |
| 20 | Minimum | 20.57 | 27.73 | 61.88 | 77.16 | 84.69 | 99.25 | 112.40 | 186.20 | 302.18 |
| 21 | Maximum | 71.20 | 77.80 | 107.62 | 137.80 | 152.89 | 183.07 | 268.97 | 448.54 | 919.79 |

Footnotes:

[1] Unless otherwise noted, amounts shown reflect residential rates in effect October 2015 are exclusive of taxes, franchise fees or water restriction surcharges, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

[2] Utility is currently involved in a rate study, is planning to conduct a rate study, or will implement a rate revision within the next twelve months.

[3] Utility receives water and wastewater service from the City of St. Petersburg.

[4] Reflects Manatee County rates to become effective on January 1, 2016.

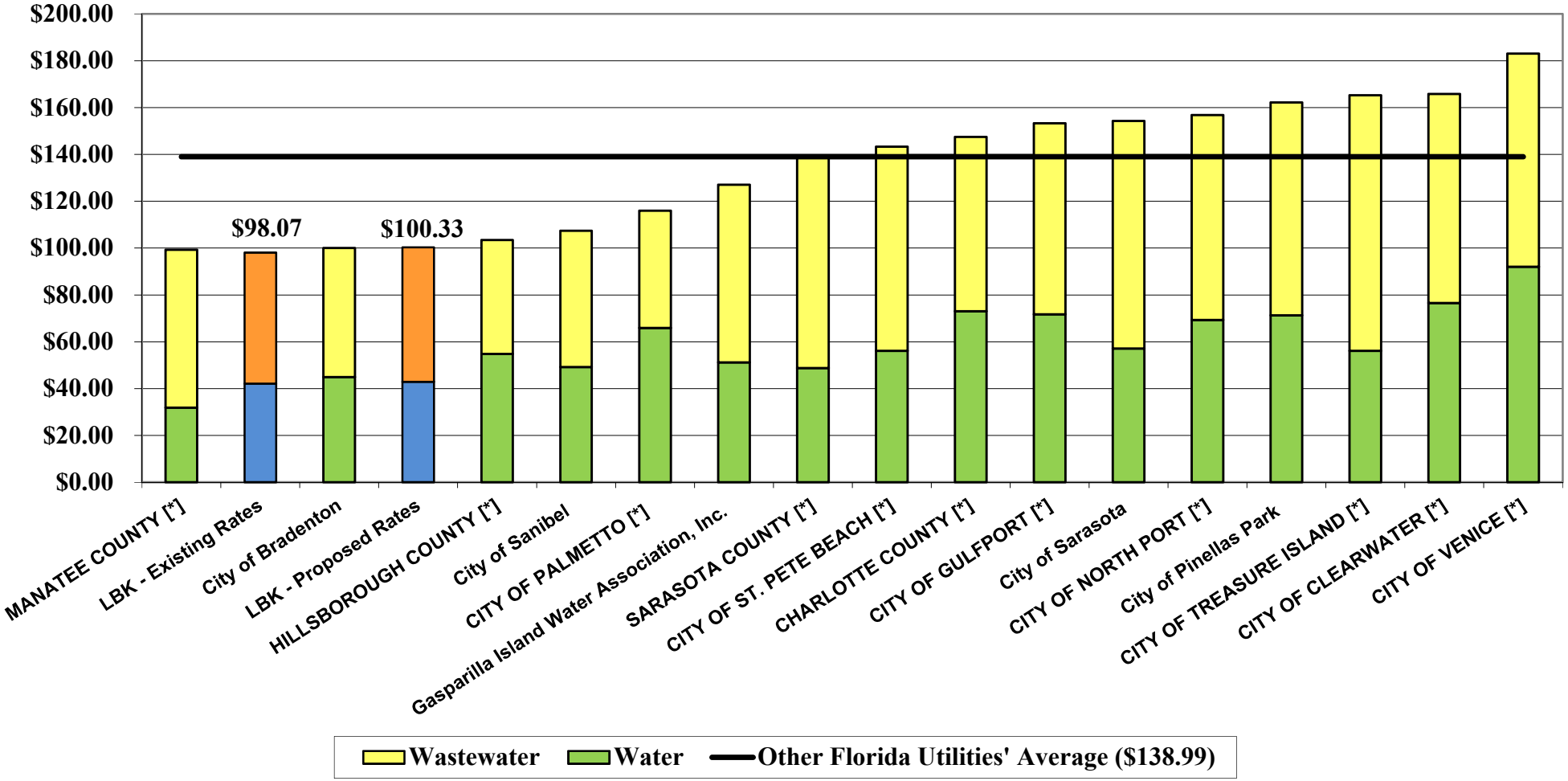
[5] Utility receives wastewater service from the City of St. Petersburg.

[6] Utility receives water service from Pinellas County and wastewater service from the City of St. Petersburg.

**Bill Comparison Reflects Rates Effective as of October 2015**

**Figure 1**
**Town of Longboat Key, Florida**
**Pass-Through of Manatee County Wholesale Water and Wastewater Rate Increases Effective January 1, 2016**

**Graphical Comparison of Typical Monthly Residential Bills for Combined Water and Wastewater Service at Usage of 10,000 Gallons**




**[*] Utilities in CAPITALIZED letters: i) are involved in rate study; ii) are planning to conduct rate study; or iii) will implement rate revision or price index / pass-through adjustment within twelve months following the comparison preparation date**

# METHODOLOGY FOR PASS-THROUGH OF MANATEE COUNTY WHOLESALE WATER AND WASTEWATER RATE INCREASES EFFECTIVE JANUARY 1, 2016

To develop the proposed user rates to pass-through the wholesale water and wastewater rate increases from Manatee County (the "County"), the Town utility's unaudited operating and financial results for the twelve months ended September 30, 2015 (Fiscal Year 2015) were utilized.

## Revenue Under Existing Rates

For the Fiscal Year 2015, the Town reported (unaudited) water user rate revenue of $3,643,820 and wastewater user rate revenue of $3,929,704 (combined = $7,573,525). These revenues reflect four months under the existing water and wastewater monthly user rates for the Town that were established pursuant to Ordinance 2015-13 approved by the Town Commission on May 4, 2015 and that became effective for bills rendered on or after June 1, 2015.

Assuming no significant customer growth and similar economic and environmental conditions, water and wastewater user rate revenues for the Fiscal Year 2016 have been projected as follows:

**Projected Fiscal Year 2016 Revenue Under Existing Rates**

| Description | Water | Wastewater | Combined |
|---|---|---|---|
| Revenue Reported for Fiscal Year 2015 (Unaudited) | $3,643,820 | $3,929,704 | $7,573,525 |
| Incremental Revenue - 8 Additional Months Under Rates Effective 6/1/2015 | 43,914 | 56,379 | 100,293 |
| Projected Fiscal Year 2016 Revenues Under Existing Rates | $3,687,734 | $3,986,083 | $7,673,818 |

The Town currently has approximately 10,238 water equivalent living units (ELUs) being served by the water system and 9,826 ELUs served by the wastewater system. Total water sold from October 1, 2014 to September 30, 2015 to the Town's water utility customers was approximately 579,559,000 gallons and the total billed wastewater flow was 367,625,000 gallons.

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## Effect of Manatee County Wholesale Rate Increases on Utility's Operating Expenses

The following Manatee County wholesale water and wastewater rate increases became effective on January 1, 2016 pursuant to Resolution No. R-14-155 that was adopted by the Manatee County Board of County Commissioners on November 18, 2014:

**Summary of Increases in Manatee County Wholesale Water and Wastewater Rates**

| | Effective January 1, 2015 | Effective January 1, 2016 | Difference Amount | Difference Percent |
|---|---|---|---|---|
| **Wholesale Water Rates** | | | | |
| Monthly Capacity Charge ($ / MGD) | $10,396 | $10,890 | $494 | 4.8% |
| Quantity Charge ($ / kgal) | $1.67 | $1.74 | $0.07 | 4.2% |
| **Wholesale Wastewater Rates** | | | | |
| Monthly Capacity Charge ($ / MGD) | $16,172 | $16,940 | $768 | 4.7% |
| Quantity Charge ($ / kgal) | $2.06 | $2.16 | $0.10 | 4.9% |

MGD = million-gallons-per-day
kgal = 1,000 gallons

As shown in the preceding table, the wholesale rates consist of: i) a fixed monthly capacity charge that does not vary based on the volume of water purchased or wastewater flow treated; and ii) a quantity or volumetric charge per 1,000 gallons sold. The Town is currently allocated 2.50 million-gallons-per-day (MGD) of water capacity and 2.26 MGD of wastewater capacity by Manatee County. From October 1, 2014 to September 30, 2015, the Town reported water purchases of 586,868,000 gallons (1.608 MGD). Also during this same time period, the Town delivered to Manatee County 665,702,600 gallons of sewage (1.824 MGD).

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Based on the Town's reported water purchase statistics, the estimated effect of the wholesale water rate increases on the utility's operating expenses is summarized as follows:

**Summary of Estimated Increase in Water System Operating Expenses as a Result of Wholesale Water Rate Increases from Manatee County**

| | Water System | | |
|---|---|---|---|
| Description | Wholesale Rates Effective January 1, 2015 | Wholesale Rates Effective January 1, 2016 | Difference |
| Capacity Charges | | | |
| Reserve Capacity (MGD) | 2.50 | 2.50 | |
| Monthly Capacity Charge ($ / MGD) | $10,396 | $10,890 | $494 |
| Total Monthly Capacity Charges | $25,990 | $27,225 | $1,235 |
| Total Annual Capacity Charges | $311,880 | $326,700 | $14,820 |
| Quantity Charges | | | |
| Purchases (kgal) for Calculation Period | 586,868 | 586,868 | |
| Rate per kgal | $1.67 | $1.74 | $0.07 |
| Total Quantity Charges | $980,070 | $1,021,150 | $41,081 |
| Excess Demand Charges | $0.00 | $0.00 | $0.00 |
| Total Charges | $1,291,950 | $1,347,850 | $55,901 |

MGD = million-gallons-per-day
kgal = 1,000 gallons

As shown in the preceding table, the wholesale water rate increases are projected to increase the System's annual operating expenses by $55,901 per year. Given the estimated $3,687,734 in water revenue for Fiscal Year 2016 as discussed previously, the Town's water revenue must increase by 1.5% ($55,901 / $3,687,734) to maintain operating margins for the water system.

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Based on the Town's reported wastewater treatment statistics, the effect of the wholesale wastewater rate increases on the utility's operating expenses is summarized as follows:

**Summary of Estimated Increase in Wastewater System Operating Expenses as a Result of Wholesale Wastewater Rate Increases from Manatee County**

| | Wastewater System | | |
|---|---|---|---|
| Description | Wholesale Rates Effective January 1, 2015 | Wholesale Rates Effective January 1, 2016 | Difference |
| Capacity Charges | | | |
| Reserve Capacity (MGD) | 2.26 | 2.26 | |
| Monthly Capacity Charge ($ / MGD) | $16,172 | $16,940 | $768 |
| Total Monthly Capacity Charges | $36,549 | $38,284 | $1,736 |
| Total Annual Capacity Charges | $438,585 | $459,413 | $20,828 |
| Quantity Charges | | | |
| Treated Flow (kgal) for Calculation Period | 665,703 | 665,703 | |
| Rate per kgal | $2.06 | $2.16 | $0.10 |
| Total Quantity Charges | $1,371,347 | $1,437,918 | $66,570 |
| Excess Demand Charges | $16,348 | $17,141 | $794 |
| Total Charges | $1,826,280 | $1,914,472 | $88,192 |

MGD = million-gallons-per-day
kgal = 1,000 gallons

The wholesale wastewater rate increases are projected to increase the System's annual operating expenses by $88,192 per year. Given the estimated $3,986,083 in wastewater revenue for Fiscal Year 2015 as discussed previously, the Town's wastewater revenue must increase by 2.2% ($88,192 / $3,986,083) to maintain operating margins for the wastewater system.

## Design of Pass-Through Water and Wastewater Rates

As discussed in the previous section, it is estimated that the Town's water user rate revenue should be increased by 1.5% to pass-through the wholesale water rate increases, while the wastewater rate revenue should be increased by 2.2% to pass-through the wholesale wastewater rate increases (combined = 1.9%).

Based on discussions with Town staff, it is proposed that the pass-through rates recover the fixed component (i.e., monthly capacity charges) of the Manatee County wholesale rate increases through the Town's monthly service charges per unit and the volumetric component of the wholesale rate increases through the utility's usage charges per 1,000 gallons.

The following table shows the calculated amounts to be added to the Town's service charge per unit and the volumetric charges for both the water system and the wastewater system:

**Summary of Calculated Adjustments to**
**Town's Monthly Water and Wastewater User Rates**

| Description | Water System | Wastewater System |
|---|---|---|
| Service Charge Per Unit | | |
| Annual Increase in Manatee County Capacity Charges | $14,820 | $20,828 |
| Monthly Increase in Manatee County Capacity Charges | $1,235 | $1,736 |
| Total Monthly ELUs | 10,268 | 9,826 |
| Calculated Increase in Monthly Service Charge Per ELU | $0.120 | $0.177 |
| Rounded Increase in Monthly Service Charge Per ELU | $0.12 | $0.18 |
| Usage Charge | | |
| Annual Increase in Manatee County Quantity Charges and Excess Demand Charges | $41,081 | $67,364 |
| Billable Gallons (000's) [1] | 579,559 | 367,625 |
| Calculated Increase in Usage Charge (per 1,000 gallons) | $0.071 | $0.183 |
| Rounded Increase in Usage Charge (per 1,000 gallons) | $0.07 | $0.18 |

[1] Reflects estimated billable gallons from October 1, 2014 through September 30, 2015.

These adjustments are reflected in Table 1 of this letter report.

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**End of Agenda Item**