



# TOWN OF LAKE HAMILTON

## TOWN COUNCIL REGULAR MEETING AGENDA Tuesday, April 6, 2021 6:00 P.M.

The Town Council of the Town of Lake Hamilton will hold a Regular Council Meeting on Tuesday, April 6, 2021 at 6:00 PM at the Lake Hamilton Woman's Club, 85 N Omaha Street, Lake Hamilton, FL 33851.

- 1. CALL TO ORDER BY THE MAYOR**
- 2. INVOCATION**
- 3. PLEDGE OF ALLEGIANCE**
- 4. ROLL CALL OF COUNCIL MEMBERS BY THE CLERK**
- 5. SCHEDULED PRESENTATIONS**
  - a. Proclamation for Distracted Driving Awareness Month- *pages 1*
  - b. Proclamation for Water Conservation Month- *pages 2*
- 6. CONSENT AGENDA**
  - a. March 2, 2021 Regular Meeting Minutes- *pages 3-6*
  - b. March 16, 2021 Special Meeting Minutes- *pages 7-10*
  - c. Board Appointments - *pages 11-14*
- 7. RECOGNITION OF CITIZENS (Non-Agenda Items)**
- 8. OLD BUSINESS-**
  - Open Public Hearing
    - a. Second Reading of Ordinance O-21-09 Wastewater Capital Connection Fee- *pages 15-18*
  - Close Public Hearing
    - b. Future Planning Items- *no pages*
    - c. Discuss PRWC Implementation Agreement- *pages 19-67*
- 9. NEW BUSINESS-**
  - a. Sewer Costs-Michael Floridino- *pages 68-196*
  - b. Exception for Building Moratorium- Jim Edwards- *pages 197-202*
- 10. STAFF REPORTS**
  - a. Town Administrator- Staffing Update- *no pages*
    - i. Town Clerk- *pages 203*
    - ii. Police Department - *pages 204-215*
    - iii. Code Enforcement- *pages 216*
    - iv. Community Development - *pages 217-218*
    - v. Public Works - *pages 219*
- 11. ATTORNEY COMMENTS**
- 12. COUNCIL MEMBERS COMMENTS**
- 13. ADJOURNMENT**

IF A PERSON DESIRES TO APPEAL ANY DECISION MADE BY THE TOWN COUNCIL WITH RESPECT TO ANY MATTER CONSIDERED AT ITS MEETING, HE OR SHE WILL NEED A RECORD OF THE PROCEEDINGS, AND THAT, FOR SUCH PURPOSE, AFFECTED PERSONS MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE WHICH THE APPEALS IS TO BE BASED. (F.S. 286.26.105)

## PROCLAMATION

### TOWN OF LAKE HAMILTON, POLK COUNTY, FLORIDA

**Whereas** more than 700 injury crashes involve distracted driving on an average day and the economic toll of all motor vehicle crashes in the U.S. annually exceeds \$400 billion;

**Whereas** talking on a mobile phone even in hands-free mode, texting, programming your dashboard infotainment system or GPS device can divert your attention away from driving and result in physical or cognitive distraction;

**Whereas** Lake Hamilton residents and all Americans deserve to live in communities that promote safe driving behaviors and healthy lifestyles;

**Whereas** preventing distracted driving injuries and deaths requires the cooperation of all levels of government, employers and the general public;

**Whereas** the National Safety Council and Lake Hamilton work to promote policies, practices and procedures leading to increased safety, protection and health in business and industry, in schools and colleges, on roads and highways, and in homes and communities;

**Whereas** the National Safety Council and Lake Hamilton in 2021 will provide this nation with a month-long distracted driving public education campaign;

Whereas spring is a time when people begin to log more miles on the road and it is imperative to focus attention on motor vehicle injury risks and preventions;

**Therefore**, I, Michael Kehoe, Mayor of Lake Hamilton does hereby proclaim Lake Hamilton's support of Distracted Driving Awareness Month in April 2021 and strongly urges the citizens and businesses of Lake Hamilton to observe Distracted Driving Awareness Month by practicing safe driving behaviors and pledging to drive distraction-free.

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the Town of Lake Hamilton, Florida to be affixed this 6<sup>th</sup> day of April 2021.

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Michael Kehoe, Mayor

## PROCLAMATION

### TOWN OF LAKE HAMILTON, POLK COUNTY, FLORIDA

**WHEREAS**, water is a basic and essential need of every living creature;  
and

**WHEREAS**, The State of Florida, Water Management Districts and The Town of Lake Hamilton are working together to increase awareness about the importance of water conservation; and

**WHEREAS**, Lake Hamilton and the State of Florida has designated April, typically a dry month when water demands are most acute, Florida's Water Conservation Month, to educate citizens about how they can help save Florida's precious water resources; and

**WHEREAS**, Lake Hamilton has always encouraged and supported water conservation, through various educational programs and special events; and

**WHEREAS**, every business, industry, school and citizen can make a difference when it comes to conserving water; and

**WHEREAS**, every business, industry, school and citizen can help by saving water and thus promote a healthy economy and community; and

**NOW, THEREFORE**, I Michael Kehoe, be it resolved that by virtue of the authority vested in me as Mayor of Lake Hamilton, do hereby proclaim the month of April as:

### **Water Conservation Month**

Lake Hamilton, Florida is calling upon each citizen and business to help protect our precious resource by practicing water saving measures and becoming more aware of the need to save water.

In Witness Whereof, I have hereunto set my hand and caused the Great Seal of the Town of Lake Hamilton, Florida to be affixed this 6<sup>th</sup> day of April 2021.

---

Michael Kehoe, Mayor

**TOWN OF LAKE HAMILTON  
MINUTES  
TOWN COUNCIL REGULAR MEETING  
TUESDAY, MARCH 2, 2021  
6:00 PM**

The Town Council of Lake Hamilton held a Regular Meeting on Tuesday March 2, 2021 at 85 N Omaha Street, Lake Hamilton, FL 33851.

**CALL TO ORDER**

Mayor Kehoe called the meeting to order at 6:00 p.m.

**INVOCATION**

Invocation was given by Angie Hibbard.

**PLEDGE OF ALLEGIANCE**

Pledge of Allegiance led by all

**ROLL CALL**

Roberson, Tomlinson, O'Neill, and Vice Mayor Wagner were present. Mayor Kehoe was absent. Town Administrator Irvine was present.

**SCHEDULED PRESENTATIONS**

**Proclamation for Florida Government Finance Officers-**

Vice Mayor Wagner read the proclamation for Florida Government Finance Officers for the record and signed the proclamation.

**Proclamation for National Nutrition Month-**

Vice Mayor Wagner read the proclamation for National Nutrition Month for the record and signed the proclamation.

**Chief Teague Presentations-**

Chief Teague was not available, and the presentations will be moved to the next meeting.

**David Ramos, CPA 2020 Audit-**

David Ramos, CPA presented the financial statement. He reported that there were no exceptions reported.

**Motion made** by O'Neill and a second by Roberson to accept the 2020 financial audit. **Motion Passed 4-0.**

**PRWC Update-**

Ryan Taylor and Mary Thomas presented an update regarding the PRWC. Mr. Taylor stated that the Department of Environmental Protection filed a rule change and petitions are currently being filed to fight those changes as it adversely affects the water permits by reducing them by 30%. Ms. Thomas gave a presentation on the water usage in the area. The alternative water source that the PRWC has chosen to implement would have a potential \$169,000 a year cost to the Town. This would be to pay down A Wifia loan a low interest rate and a potential 5-year deferment. The total cost to the town for the Southeast Well Field project would be over 12 million dollars.



The total cost could be cut in half with grants. The PRWC Board is looking to get implementation agreements approved at their April 28<sup>th</sup> meeting. The Town would also have potential cost to update the water plant to be able to receive the water from the alternate water source.

### **CONSENT AGENDA**

**Motion made** by O'Neill and a second by Tomlinson to approve consent agenda item a.

No public comments were received.

**Motion Passed 4-0.**

### **RECOGNITION OF CITIZENS**

John Meyer addressed the Council with concerns on the fees to close and open a utility account. He was told it was a connect/reconnect fee but yet no employee ever touched the water meter. He stated that the charges were pretty steep, and the Town is charging both incoming and outgoing customers the same cost.

Lee Hay addressed the Council about the property he owns that is located adjacent to the retention pond that was placed by the Town. Community Development Assistant Hibbard will contact him tomorrow about the issue.

Another constituent was signed in to speak but had since left the meeting.

### **OLD BUSINESS**

#### **Future Planning Discussion-**

Community Development Director Leonard discussed that the Planning Commission held a workshop regarding future planning. Community Development Assistant Hibbard explained the steps in future planning. If anyone has any questions regarding the steps and future planning, please make an appointment with the Community Development Department.

### **NEW BUSINESS**

#### **PRWC Action Items-**

A Special Meeting was scheduled for March 16<sup>th</sup> at 6:00 PM to discuss the PRWC agreement along with other business.

#### **David Ramos, CPA audit contract-**

Town Administrator Irvine noted that the audit for next year will be a higher cost due to the increased requirements regarding grants. The contract is to retain David Ramos, CPA for an additional 3 years to perform the financial audit for the Town.

**Motion made** by O'Neill and a second by Roberson to approve the contract with David Ramos, CPA for audit services.

No public comment was received.

**Motion Passed. 4-0.**

#### **Ordinance O-21-06 Scenic Terrace Plan Amendment-**

Attorney Dawson read the title for the record.

An ordinance of the Town of Lake Hamilton, Florida, amending the comprehensive plan of the Town of Lake Hamilton, Florida, said amendment being known as amendment **21-04ESR**, amending the future land use map classification from agricultural to residential lands – 5 for a 47.32 acre parcel of land located at both the southwest corner and the northeast corner of the intersection of the Scenic Highway (State Road 17) and Hughes Road; and a 18.77 acre parcel

of land located on the west side of the Scenic Highway (State Road 17) beginning 660 feet north of Kokomo Road; and amending the future land use classification from undesignated to residential lands – 5 for a 48.03 acre parcel of land on the northeast and southeast corners of the intersection of Hughes Road and Detour Road; and transmitting said amendment to the Department of Economic Opportunity for review and compliance; providing for severability; and providing for an effective date.

**Motion made** by O'Neill and a second by Roberson to approve Ordinance O-21-06 Scenic Terrace Plan Amendment.

Community Development Director Leonard noted that this amendment was the continued activity for the portion to the east that was annexed.

Public Comment: Chuck Walter stated he was disappointed that the Council was still considering R-5 densities.

A roll call vote was taken. Tomlinson nay, Roberson aye, O'Neill aye, Wagner aye. **Motion Passed 3-1.**

**Ordinance O-21-07 Mask Wearing**

**Motion made** by O'Neill and a second by Wagner to dismiss Ordinance O-21-07 regarding mask wearing. Town Administrator Irvine noted that the language in the Ordinance was too strong. Attorney Dawson will work on drafting a Resolution that strongly encourages masks.

**Motion Passed 4-0.**

**Ordinance O-21-08 Water Policy Amendment-**

Attorney Dawson read the title for the record.

An ordinance of the Town of Lake Hamilton, Florida, relating to water and sewer utilities; amending the code of ordinances of the Town of Lake Hamilton, Florida (the "code"); amending section 32-15, Lake Hamilton code; creating section 32-17, water & wastewater capacity sale rules; providing for this ordinance to control in the event of conflict with prior ordinances or resolutions; providing for severability; providing for an effective date.

**Motion made** by O'Neill and a second by Wagner to approve Ordinance O-21-08 amending the water policies. Town Administrator Irvine noted that the amendment is regarding turn offs and Section 4 creating a process to develop new connections. A roll call vote was taken. O'Neill aye, Tomlinson aye, Roberson nay, Wagner aye. **Motion Passed 3-1.**

**Staff Reports-**

**Town Administrator-** Town Administrator Irvine stated a Special Meeting will be held on March 16, 2021 at 6:00 PM to discuss the PRWC and for the second reading of Ordinance O-21-08. There will be a mobile hazardous waste disposal in Haines City on March 6<sup>th</sup> and the Town's cleanup day will be held on April 3, 2021.

**Town Clerk-** included in packet

**Police Department-** included in packet

**Code Enforcement-** no comments

**Community development-** no comments.

**Public Works-** no comments.

**ATTORNEY COMMENTS:** no comments.

**COUNCIL COMMENTS:** Tomlinson noted that the property located near Lake Gordon looked strange with all those Orange Groves gone.

Roberson commented that the town looks pretty clean, except some areas in the JT Miller subdivision which has 2 trailers full of debris and still illegal dumping.

**ADJOURNMENT:**

**Motion made** by O'Neill and a second by Wagner to adjourn the meeting at 8:04 PM. **Motion Passed 4-0.**

ATTEST:

\_\_\_\_\_  
Michael Kehoe, Mayor

\_\_\_\_\_  
Brittney Sandovalsoto, Town Clerk

\_\_\_\_\_  
Sara K. Irvine, Town Administrator

DRAFT

**TOWN OF LAKE HAMILTON  
MINUTES  
TOWN COUNCIL SPECIAL MEETING  
TUESDAY, MARCH 16, 2021  
6:00 PM**

The Town Council of Lake Hamilton held a Special Meeting on Tuesday March 16, 2021 at 85 N Omaha Street, Lake Hamilton, FL 33851.

**CALL TO ORDER**

Mayor Kehoe called the meeting to order at 6:08 p.m.

**INVOCATION**

Invocation was given by Angie Hibbard.

**PLEDGE OF ALLEGIANCE**

Pledge of Allegiance led by all

**ROLL CALL**

O'Neill, Vice Mayor Wagner, and Mayor Kehoe were present. Roberson and Tomlinson was absent. Town Administrator Irvine was present.

**ITEMS TO BE DISCUSSED BY THE COUNCIL**

Chief Teague presented a certificate of appreciation to Lieutenant Terry Giffin for his 5 years of service to the Police Department. Chief Teague announced the 2020 Officer of the year, Venisha McIntosh. She will be moving on to work with Auburndale Police Department.

**Mayor Kehoe opened a Public Hearing at 6:12 PM.**

**Second reading of Ordinance O-21-02 Cassidy Group 6 & 6 A Plan Amendment**

Attorney Dawson read the title for the record.

An ordinance of the Town of Lake Hamilton, Florida, amending the comprehensive plan of the Town of Lake Hamilton, Florida, said amendment being known as amendment 21-02ESR, amending the future land use classification from agriculture to residential lands – 5 for a 103.16 acre area of contiguous parcels of land located east of Detour Road and south of Kokomo Road; and transmitting said amendment to the Department of Economic Opportunity for review and compliance; providing for severability; and providing for an effective date.

Community Development Director Leonard stated staff recommends approval.

**Motion made** by O'Neill and a second by Wagner to approve Ordinance O-21-02 Cassidy Group 6 & 6 A plan amendment.

No public comment was received.

A roll call vote was taken. Wagner aye, O'Neill aye, Kehoe aye. **Motion Passed 3-0.**

**Second Reading of Ordinance O-21-03 Cassidy Group 1 A Plan Amendment**

Attorney Dawson read the title into the record.

An ordinance of the Town of Lake Hamilton, Florida, amending the comprehensive plan of the town of Lake Hamilton, Florida, said amendment being known as amendment 21-03ESR, amending the future land use classification from agriculture to residential lands – 5 for a 28.36 acre area of contiguous parcels of land located on the west side of detour road north of Hatchineha Road for a distance of 1,980 feet; and transmitting said amendment to the

Department of Economic Opportunity for review and compliance; providing for severability; and providing for an effective date.

Community Development Director presented the Ordinance; it was sent to the Department of Economic Opportunity and they had no comments. He stated the Ordinance is unchanged since the first reading and he recommends approval. O'Neill mentioned the topic was discussed at the Planning Commission meeting.

**Motion made** by Wagner and a second by O'Neill to approve Ordinance O-21-03 Cassidy Group 1 A Plan Amendment.

No public comment was received.

A roll call vote was taken. O'Neill aye, Wagner aye, Kehoe aye. **Motion Passed 3-0.**

**Ordinance O-21-08 Relating to water and sewer utilities-**

Attorney Dawson read the title for the record.

An ordinance of the Town of Lake Hamilton, Florida, relating to water and sewer utilities; amending the code of ordinances of the Town of Lake Hamilton, Florida (the "code"); amending section 32-15, Lake Hamilton code; creating section 32-17, water & wastewater capacity sale rules; providing for this ordinance to control in the event of conflict with prior ordinances or resolutions; providing for severability; providing for an effective date.

Town Administrator Irvine stated there are no changes to the Ordinance from the first reading.

**Motion made** by O'Neill and a second by Wagner to approve Ordinance O-21-08 relating to water and sewer utilities.

No public comment was received.

A roll call vote was taken. Wagner aye, O'Neill aye, Kehoe aye. **Motion Passed 3-0.**

**-Mayor Kehoe closed the public hearing at 6:18 PM.**

**First reading of Ordinance O-21-09 Wastewater Capital Charges-**

Attorney Dawson read the title for the record.

An ordinance of the Town of Lake Hamilton, Florida, relating to water and sewer utilities; amending the code of ordinances of the Town of Lake Hamilton, Florida (the "code"); creating section 32-20, wastewater capital charges; providing for this ordinance to control in the event of conflict with prior ordinances or resolutions; providing for severability; providing for an effective date.

Town Administrator Irvine noted that Attorney, Tom Cloud reviewed the Ordinance and found a \$2,600 fee would be defensible for an interim rate until the new study comes in. O'Neill commented on the rates other surrounding cities and the county was charging are significantly higher than the proposed rate. Lake Hamilton does not have a wastewater plant and higher need for construction, and he believes the rate should be set higher. He recommends setting the impact fee around \$4,000 for the interim.

Public Comment: Chuck Walter agreed with Mr. O'Neill and stated that he has experience in water and wastewater facilities and the impact fee should be higher due to the lack of infrastructure.

**Motion made** by O'Neill and a second by Wagner to approve Ordinance O-21-09 wastewater capital charges with the amended impact fee of \$4,150.00. A roll call vote was taken. O'Neill aye, Wagner aye, Kehoe aye. **Motion Passed 3-0.**

**Resolution R-2021-04 Mask Wearing.**

Attorney Dawson read the title for the record.

A Resolution of the Town of Lake Hamilton encouraging citizens and businesses in the Town of Lake Hamilton and visitors to the Town of Lake Hamilton to follow federal centers for disease

control and the State of Florida Department of Health public health advisories as they relate to public health in response to COVID-19.

**Motion made** by Wagner and a second by O'Neill to approve Resolution R-2021-04 encouraging mask wearing in Lake Hamilton.

No public comment received.

A roll call vote was taken. Wagner aye, O'Neill aye, Kehoe aye. **Motion Passed 3-0.**

**Consider Contract with Pennoni for Water Report-**

Town Administrator Irvine presented the proposed contract with Pennoni for a water supply alternative concept study. Steve Elias explained both documents provided and the scope of work they would be conducting. The alternative water supply study will provide a review of other options regarding alternative water supplies that are available to the Town. The contracted amount to review that information is \$15,000. The addendum to the water use permit contract with Pennoni included in the packet is to add additional services for groundwater modeling services in support of the water use application renewal. The total contracted amount for that addendum is \$7,500.

**Motion made** by O'Neill and a second by Wagner to approve the contract with Pennoni to study alternative water supplies in the amount of \$15,000.

Public Comment: Chuck Walter stated that the contract did not include models and without that information, the Town is not getting much out of the contract.

Steve Elias noted that there are base models included and they will try to do some modeling that is needed to prepare for the meeting with SWFMD.

**Motion Passed 3-0.**

**Motion made** by O'Neill and a second by Wagner to approve the Addendum to the water use permit contract with Pennoni for \$7,500.

No Public Comment.

**Motion Passed 3-0.**

**6<sup>th</sup> Street Triangle Parcel-**

Community Development Assistant Hibbard noted that an issue occurred when this property was surveyed, and a small piece of the property was left out. The county conveyed this triangle parcel to the Town so the Town could then convey it to the homeowner.

**Motion made** by O'Neill and a second by Wagner to approve the quit claim deed conveyed the property noted to the property owner.

No public comment was received.

**Motion Passed 3-0.**

**PRWC Discussion-**

Town Administrator Irvine recommends tabling the discussion regarding PRWC until Pennoni provides their services regarding the Alternative Water Supply study. Mayor Kehoe agreed and stated there is a PRWC meeting the following day. O'Neill noted that the Town needed more time as the Water Use permit is reaching its limit. Attorney Cloud noted that Davenport will be speaking at the meeting with a request regarding the PRWC project and to avoid those costs.

Attendance is encouraged.

Attorney Comments- None

Council Member Comments-

Vice Mayor Wager noted there was legislative actions happening regarding smoking in public parks and she believes it will happen.

Mayor Kehoe mentioned information regarding water rate changes due to D.E.P. legislation.

**ADJOURNMENT:**

**Motion made** by O'Neill and a second by Wagner to adjourn the meeting at 7:00 PM. **Motion Passed 4-0.**

ATTEST:

\_\_\_\_\_  
Michael Kehoe, Mayor

\_\_\_\_\_  
Brittney Sandovalsoto, Town Clerk

\_\_\_\_\_  
Sara K. Irvine, Town Administrator



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TELEPHONE (863) 439-1910

FAX (863) 439-1421

POST OFFICE BOX 126

LAKE HAMILTON, FL 33851

*Town of Lake Hamilton*

## **BOARDS AND COMMITTEES APPLICATION FOR APPOINTMENT**

Select a Board or Committee:

Charter Review Committee

Board of Zoning Adjustments &amp; Appeals

Parks &amp; Recs Board

Planning and Zoning Board

Citizens Advisory Task Force

Please select one: Appointment

Reappointment

**\*\*Please note that per Florida Statutes 112.3145, Appointment on any of these boards or committees requires a Financial Disclosure Form and must be filed annually with the Supervisor of Elections on or before July 1<sup>st</sup> of each year.**

Name *Robert Latimer*Email *rrjlgator@aol.com*Physical Address *414 Main St. W.*Mailing Address *P.O. Box 302*Phone # *863-557-5974*Alternate Phone # *863-287-6841*

Employer:

Employer Phone #

Please provide a brief description of any background information (business, personal, educational, civic) that might be useful in considering your application. (A resume may be attached in lieu of this information.)

Are you a resident of Lake Hamilton? *President - Planning Com. yes*Are you a registered voter in the Town of Lake Hamilton? *yes*

What other board/committee have you served on?

If you answered yes to the previous question, how long did you serve on this board/committee?

Are you now or have you in the last three years worked/registered as a lobbyist? *No*

Do you, or your employer, have any business dealings with the Town of Lake Hamilton which might present a conflict of interest? *No*

When completed and filed with the Town Clerk's Office, this document is a public record under Chapter 119, Florida Statutes, and therefore is open to public inspection.

Applicants Signature *Robert Latimer*Date *3-9-21*

Return form to: Town Clerks Office





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*Town of Lake Hamilton*

## **BOARDS AND COMMITTEES APPLICATION FOR APPOINTMENT**

Select a Board or Committee:

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Planning and Zoning Board

Board of Zoning Adjustments &amp; Appeals

Citizens Advisory Task Force

Parks &amp; Recs Board

Please select one: Appointment

Reappointment

**\*\*Please note that per Florida Statutes 112.3145, Appointment on any of these boards or committees requires a Financial Disclosure Form and must be filed annually with the Supervisor of Elections on or before July 1<sup>st</sup> of each year.**

Name *Vanessa O'Neill*Email *oneill4@tampabay.rr.com*Physical Address *3450 Gump Road, Winter Haven, FL 33881*Mailing Address *same as above*Phone # *863-604-2403*Alternate Phone # *—*Employer: *Owner of Extreme Graphics* Employer Phone # *863-438-8612*

Please provide a brief description of any background information (business, personal, educational, civic) that might be useful in considering your application. (A resume may be attached in lieu of this information.)

Are you a resident of Lake Hamilton? *Yes*Are you a registered voter in the Town of Lake Hamilton? *Yes*What other board/committee have you served on? *None*If you answered yes to the previous question, how long did you serve on this board/committee? *—*Are you now or have you in the last three years worked/registered as a lobbyist? *No*Do you, or your employer, have any business dealings with the Town of Lake Hamilton which might present a conflict of interest? *No*

When completed and filed with the Town Clerk's Office, this document is a public record under Chapter 119, Florida Statutes, and therefore is open to public inspection.

Applicants Signature *Vanessa O'Neill*Date *3/9/21*

Return form to: Town Clerks Office



013

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LAKE HAMILTON, FL 33851

*Town of Lake Hamilton*

## **BOARDS AND COMMITTEES APPLICATION FOR APPOINTMENT**

Select a Board or Committee:

Charter Review Committee

Planning and Zoning Board

Board of Zoning Adjustments & Appeals **X**

Citizens Advisory Task Force

Parks &amp; Recs Board

Please select one: Appointment      Reappointment **X**

**\*\*Please note that per Florida Statutes 112.3145, Appointment on any of these boards or committees requires a Financial Disclosure Form and must be filed annually with the Supervisor of Elections on or before July 1<sup>st</sup> of each year.**

Name **Ellen S. Kehoe**Email **Pixi8911@hotmail.com**Physical Address **501 Main Street, Lake Hamilton, Fl. 33851**Mailing Address **P.O. Box 872, Lake Hamilton, Fl. 33851**Phone # **(863) 439-4981**Alternate Phone # **(941) 628-5655**Employer: **Retired**Employer Phone # **N/a**

Please provide a brief description of any background information (business, personal, educational, civic) that might be useful in considering your application. (A resume may be attached in lieu of this information.)

Are you a resident of Lake Hamilton? **Yes**Are you a registered voter in the Town of Lake Hamilton? **Yes**What other board/committee have you served on? **Currently Serving**

If you answered yes to the previous question, how long did you serve on this board/committee?

Are you now or have you in the last three years worked/registered as a lobbyist? **No**

Do you, or your employer, have any business dealings with the Town of Lake Hamilton which might present a conflict of interest? **N/A**

When completed and filed with the Town Clerk's Office, this document is a public record under Chapter 119, Florida Statutes, and therefore is open to public inspection.

Applicants Signature: *Ellen S. Kehoe*Date **March 11, 2021**

Return form to: Town Clerks Office

[www.townoflakehamilton.com](http://www.townoflakehamilton.com)



*Town of Lake Hamilton*

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TELEPHONE (863) 439-1910

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LAKE HAMILTON, FL 33851

## **BOARDS AND COMMITTEES APPLICATION FOR APPOINTMENT**

Select a Board or Committee:

Charter Review Committee

Planning and Zoning Board

Board of Zoning Adjustments & Appeals

Citizens Advisory Task Force

Parks & Recs Board **X**

Please select one: Appointment

Reappointment **X**

**\*\*Please note that per Florida Statutes 112.3145, Appointment on any of these boards or committees requires a Financial Disclosure Form and must be filed annually with the Supervisor of Elections on or before July 1<sup>st</sup> of each year.**

Name

**Ellen S. Kehoe**

Email **Pixi8911@hotmail.com**

Physical Address

**501 Main Street, Lake Hamilton, FL 33851**

Mailing Address

**P.O. Box 872, Lake Hamilton, FL 33851**

Phone #

**(863) 439-4981**

Alternate Phone #

**(941) 628-5655**

Employer:

**Retired**

Employer Phone #

**N/a**

Please provide a brief description of any background information (business, personal, educational, civic) that might be useful in considering your application. (A resume may be attached in lieu of this information.)

Are you a resident of Lake Hamilton? **Yes**

Are you a registered voter in the Town of Lake Hamilton? **Yes**

What other board/committee have you served on? **Currently Serving**

If you answered yes to the previous question, how long did you serve on this board/committee?

Are you now or have you in the last three years worked/registered as a lobbyist? **No**

Do you, or your employer, have any business dealings with the Town of Lake Hamilton which might present a conflict of interest? **N/A**

When completed and filed with the Town Clerk's Office, this document is a public record under Chapter 119, Florida Statutes, and therefore is open to public inspection.

Applicants Signature: *Ellen S. Kehoe*

Date **March 11, 2021**

Return form to: Town Clerks Office

[www.townoflakehamilton.com](http://www.townoflakehamilton.com)

## ORDINANCE O-21-09

AN ORDINANCE OF THE TOWN OF LAKE HAMILTON, FLORIDA, RELATING TO WATER AND SEWER UTILITIES; AMENDING THE CODE OF ORDINANCES OF THE TOWN OF LAKE HAMILTON, FLORIDA (THE “CODE”); CREATING SECTION 32-20, WASTEWATER CAPITAL CHARGES; PROVIDING FOR THIS ORDINANCE TO CONTROL IN THE EVENT OF CONFLICT WITH PRIOR ORDINANCES OR RESOLUTIONS; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

NOW THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LAKE HAMILTON, FLORIDA, as follows:

### SECTION 1. CREATION OF SECTION 32-20, LAKE HAMILTON CODE.

Section 32-18 of the Lake Hamilton Code is hereby created to read as follows:

#### Sec. 32-20. Wastewater Capital Charges.

(1) Town Council Findings In adopting this Ordinance and modifying the Town Code of Ordinances, the Town Council of Lake Hamilton, Florida, hereby makes the following findings:

- (a) The Town is authorized, pursuant to general and special law and its home rule powers contained in statutes and the Florida Constitution, to own, operate, provide and extend central water, wastewater, and reclaimed water services both within and without the Town of Lake Hamilton, Florida.
- (b) The Town operates, controls, and manages an exclusive water, wastewater, and reclaimed water service area both within and without the Town limits.
- (c) The Town has determined that development at urban level densities should be served by a central potable water supply and central wastewater service.
- (d) Demands for potable water and wastewater capacity will cause the Town to acquire, construct, and expand central utilities plant and facilities and extensions of the Town’s utility system to areas where new customers may connect.
- (e) The Town has also incurred bonded indebtedness to plan for and expand and maintain its central water system and central wastewater system.
- (f) Stringent state and federal water and wastewater treatment and operation standards have been promulgated, and with these increasing costs of constructing central water and wastewater facilities, the Town’s ability to provide central water and wastewater service within the Town may be limited.
- (g) The financing of central water and wastewater facilities is complex, requires extensive planning and engineering, and calls for advanced participation by the development community so that adequate public facilities can be provided to meet the impacts of that development.

- (h) The use of water and sewer impact fees, also known as “connection fees” became widespread in Florida during the 1970’s when Florida was experiencing rapid growth.
- (i) The cost of providing the facilities to serve the influx of new residents resulted in a dramatic increase in taxes and utility rates. Additionally, during this time, more stringent environmental regulations were also driving utility rates higher.
- (j) Municipalities and other governmental entities imposed water and wastewater connection fees to recover the cost of the new facilities required to serve Florida’s rapid growth.
- (k) The Florida Supreme Court has mandated that, to be valid, using water and wastewater connections fees to raise capital for expansion cannot exceed a pro rata share of reasonably anticipated costs of expansion, are permissible where expansion is reasonably required so long as use of the money collected is limited to meeting the costs of expansion. See Contractors and Builders Association of Pinellas County v. Utilities Commission of Dunedin, 329 So.2d 314 (Fla. 1976).
- (l) The Town has previously adopted water impact fees as set forth in section 32-8 of this Code.
- (m) On June 28, 2019, the Florida Legislature exempted water and sewer connection fees from the provisions of § 163.31801, Florida Statutes, by virtue of the adoption of § 5, Chapter 2019-165, Laws of Florida.
- (n) The Town has considered the currently adopted sewer connection fees of neighboring communities, including Polk County (\$4,195.00), Dundee (\$3,835.00), Auburndale (\$3,938.00), and Winter Haven (\$3,685 inside and \$4,606 outside).
- (o) Based on this data, which is based on a 2021 wastewater impact fee study in a neighboring community and localized construction costs, the adoption of an interim wastewater capital charge of \$4,150.00 is in line with other neighboring communities.
- (p) For these and other reasons, it is necessary for the Town to adopt a wastewater connection fee proposed within this ordinance.
- (q) The Town has full and exclusive authority over the management, operation, and control of all of the Town's utilities and the authority to prescribe rules and regulations governing the use of such facilities whenever such are provided by the Town, and to make such changes from time to time in such rules and regulations as it deems necessary.
- (r) The Town has provided the required public notice and held the necessary public hearing(s) in order to adopt this wastewater capital charge which is the equivalent of a sewer connection fee as defined by state judicial precedent and statute.

(2) Wastewater Capital Charges. Each new user of the Town’s wastewater utility system shall pay a one-time wastewater capital charge of FOUR THOUSAND, ONE HUNDRED FIFTY DOLLARS (\$4,150.00) per equivalent residential connection. An equivalent residential connection shall be equal to two hundred fifty (250) gallons per day, average annual basis, which is based on the average water flow of a single-family residence served by a 5/8” by 3/4” water meter. The revenue generated hereunder shall be deposited in the capital accounts as set forth in Section 32-20( ) below and shall be used only for the expansion of the utility system for which they have been collected. All development and newly constructed structures connecting to the Town’s wastewater utility system or existing structures who through additions, alterations or change of permitted use increase their impact to the said utility system within the Town’s exclusive

utility service area from and after the effective date of this section shall be subject to the payment of the wastewater capital charge as set forth hereinbelow.

(3) Wastewater Capital Charges; Specific Policies. Wastewater Capital Charges shall be levied and charged in accordance with the following policies and rules:

(a) Regardless of the potable water meter size and corresponding wastewater Capital Charge, the smallest residential wastewater connection (lateral) shall be four (4) inches.

(b) Regardless of the potable water meter size and the corresponding wastewater Capital Charge, the smallest commercial wastewater connection (lateral) shall be six (6) inches.

(c) The wastewater Capital Charge shall be based on the potable water meter size service for the proposed unit. (Unit refers to single residential home, separate commercial services, including lease and purchase space, etc.).

(d) The Capital Connection Fee does not include other fees.

(4) Earmarking, Deposit, and Use of Proceeds. The following rules and policies shall apply to the use of the proceeds and revenues generated and received by the Town as Wastewater Capital Charges. The Town shall maintain a separate capital account for the wastewater utility system Capital Charge which shall continue to be maintained separate and apart from all other accounts of the Town. All such utility Capital Charges received by the Town shall be deposited in such capital account immediately upon receipt. The monies deposited into the wastewater utility system Capital Charge account shall be used solely for the purpose of providing growth necessitated capital improvements and expansions to the wastewater system.

**SECTION 2. CONFLICTS.** If the event of a conflict with any other Town ordinances or part of ordinances, the provisions of this Ordinance shall control.

**SECTION 3. INCLUSION IN CODE.** The Town Council intends that the provisions of this ordinance shall become and shall be made part of the Code of the Town of Lake Hamilton.

**SECTION 4. SEVERABILITY.** If any section, subsection, sentence, clause, phrase, word or other part of this Chapter is for any reason declared unconstitutional or invalid by any court of competent jurisdiction, such part shall be deemed separate, distinct and independent and the remainder of this Chapter shall continue in full force and effect.

**SECTION 5. EFFECTIVE DATE.** This ordinance shall take effect ninety (90) days after the date of adoption.

INTRODUCED on first reading this \_\_\_\_ day of March, 2021.

PASSED on second reading this \_\_\_\_ day of April, 2021.

TOWN OF LAKE HAMILTON, FLORIDA

\_\_\_\_\_  
MICHAEL KEHOE, MAYOR

ATTEST:

\_\_\_\_\_  
BRITTNEY SANDOVALSOTO, TOWN CLERK

Approved as to form:

\_\_\_\_\_  
JEFFREY S. DAWSON, TOWN ATTORNEY

Record of Vote	Yes	No
Wagner	_____	_____
Roberson	_____	_____
Tomlinson	_____	_____
O'Neill	_____	_____
Kehoe	_____	_____

*Draft - February 26, 2021*

*Comments shown in [ brackets ]*

## **(Single project) IMPLEMENTATION AGREEMENT**

THIS PROJECT IMPLEMENTATION AGREEMENT (the “Agreement”) is made and entered into as of the Effective Date as hereinafter defined, by and among the Polk Regional Water Cooperative (“Cooperative”), whose address is 330 W. Church Street, Bartow, FL 33830 and the City of Auburndale whose address is P.O. Box 186, Auburndale, FL 33823, the City of Bartow whose address is P.O. Box 1069, Bartow, FL 33831, the City of Davenport whose address is P.O. Box 125, Davenport, FL 33836, the City of Eagle Lake whose address is P.O. Box 129, Eagle Lake, FL 33839, the City of Fort Meade whose address is P.O. Box 856, Fort Meade, FL 33841, the City of Haines City whose address is 620 E. Main Street, Haines City, FL 33844, the City of Lake Alfred whose address is 120 E Pomelo Street, Lake Alfred, FL 33850, the City of Lakeland whose address is 228 S Massachusetts Ave., Lakeland, FL 33801, the City of Lake Wales whose address is P.O. Box 1320, Lake Wales, FL 33859, the City of Mulberry whose address is P.O. Box 707, Mulberry, FL 33860, the City of Polk City whose address is 123 Broadway Blvd SE, Polk City, FL 33868, the City of Winter Haven whose address is P.O. Box 2277, Winter Haven, FL 33883, the Town of Dundee whose address is P.O. Box 1000, Dundee, FL 33838, the Town of Lake Hamilton whose address is P.O. Box 126, Lake Hamilton, FL 33851 and Polk County (“Polk County”), a charter county and political subdivision of the State of Florida, whose address is P.O. Box 9005, Bartow, Florida 33831, individually also referred to as a “Party” and collectively referred to as the “Parties.”



**THE PURPOSE** of this Agreement is to implement Phase 2 of the Combined Projects Implementation Agreement through construction, operation, maintenance and funding of the \_\_\_\_\_ Project.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained and for other good and valuable consideration, each to the other, receipt of which is hereby acknowledged and the Parties hereby agree, stipulate and covenant as follows:

1. **EXHIBITS.** The following exhibits are attached and are part of this Agreement:

Exhibit A – Southeast Wellfield Refund Cost

Exhibit B – Map of Project facilities to be owned by the Cooperative

1. **DEFINITIONS.** As used in this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise:

1.1 **“Agreement”** means this \_\_\_\_\_Project Implementation Agreement, as may be amended or restated from time to time.

1.2 **“Alternative Procurement Methods”** means alternatives to the separate design and construction mechanisms specified in Sections 7.3.7 and 8.2.5 such as “design build,” “construction management at risk” or “public-private partnership.”

1.3 **“Base Rate Charge”** means for any Fiscal Year, that component of the Water Charge computed according to Section 13.

1.4 **“Bidding Budget”** means the approved maximum cost for the award of construction contracts. A Bidding Budget is set at the completion of the final design for the Project infrastructure.

**1.5 “Capital Cost”** means fixed, one-time expenses incurred for the acquisition of real property, tangible property and intangible property, the construction of tangible personal property and other expenditures required for the production of water and other goods or the rendering of services in connection with the Project, including the Southeast Wellfield Refund Cost. [per Bartow – could eliminate this text if “Southeast Wellfield Refund Costs is detailed in Exhibit A.

**1.6 “Capital Replacement and Renewal Cost”** means all costs incurred by the Cooperative for the ordinary renewal, replacement, upgrade and improvement of the Project, including, but not limited to filter/membrane replacements, which are not paid from the proceeds of any Obligation.

**1.7 “Combined Projects Implementation Agreement”** means the Combined Projects Implementation Agreement with an effective date of May 1, 2017, including any amendments thereto.

**1.8 “Cooperative”** shall have the same meaning as in the Interlocal Agreement.

**1.9 “Construction Budget”** means the approved maximum cost for the actual construction of the Project infrastructure, including any contingency. The Construction Budget is set after Project bidding and selection of a contractor or contractors.

**1.10 “Debt Service Cost”** means the principal, redemption premium, if any, and interest due on Obligations and any recurring costs and expenses relating to Obligations, including but not limited to paying agent, registrar and escrow agent fees, credit enhancement fees and other charges, but only to the extent such cost and expenses are not otherwise reflected in the Capital

Replacement and Renewal Cost, Fixed Operation and Maintenance Cost and Variable Operation and Maintenance Cost.

**1.11 “Design Budget”** means the preliminary estimated design and construction cost developed for the Project, which is established after completion of the Preliminary Design Report and before work on the final design.

**1.12 “Director”** shall have the same meaning as in the Interlocal Agreement.

**1.13 “District”** means the Southwest Florida Water Management District.

**1.14 “Effective Date”** means the date the Agreement takes legal effect as specified in Section 5.

**1.15 “Excess Water”** means Project Water that remains unallocated after completion of the process set forth in Sections 11.1.2.1 through 11.1.2.4.

**1.16 “Fiscal Year”** means a twelve (12) month period which commences on October 1 of each year and ends on the next succeeding September 30, or such other period as may be prescribed by law as the fiscal year of the Cooperative.

**1.17 “Fixed Operation and Maintenance Cost”** means all Operation and Maintenance Cost other than Variable Operation and Maintenance Cost.

**1.18 “Force Majeure Event”** means an event not the fault of, and beyond the reasonable control of, the Party claiming excuse which makes it impossible or extremely impracticable for such Party to perform the obligations imposed on it by this Agreement, by virtue of its effect on physical facilities and their operation or employees essential to such performance. Force Majeure Events include (a) an “act of God” such as an earthquake, flood, earth movement, or similar catastrophic event; (b) an act of public enemy, terrorism, sabotage, civil disturbance or similar event; (c) a strike, work stoppage, picketing or similar concerted labor action; (d) delays in

construction caused by unanticipated negligence or breach of contract by a third party or inability to obtain Project Permits or essential materials after diligent and timely efforts; or (e) an order or regulation issued by a federal, state, regional or local regulatory agency after the Effective Date or a judgment or order entered by a federal or state court after the Effective Date.

**1.19 “Interlocal Agreement”** means that Interlocal Agreement creating the Cooperative, with an effective date of June 1, 2016, including any amendments and supplements thereto.

**1.20 “Meters”** mean those certain water meters and appurtenant recording and transmitting devices to be installed and owned by the Cooperative, as required by Section 11, which are used to measure and bill the quantity of Project Water delivered to each Project Participant or the quantity of Virtual Water withdrawn by a Project Participant.

**1.21 “MGD”** means million gallons a day.

**1.22 “Obligation”** shall have the same meaning as in the Interlocal Agreement.

**1.23 “Operation and Maintenance Cost”** means any and all costs incurred by the Cooperative in operating, maintaining and administering the Project, related operation, maintenance, management, security and development of the Project; labor and labor overhead cost; cost associated with tools, equipment, vehicles, supplies, materials, services and support for the operation, maintenance, management, security and development of the Project; any cost of litigation or legal judgment against the Cooperative relating to the Project; cost of purchasing any water related to the Project; development expenses relating to expansion of the Project; all costs incurred in planning or applying for, obtaining, maintaining and defending Project Permits, which are not paid under Phase 1 of the Combined Projects Implementation Agreement, do not constitute a Capital

Cost, Capital Replacement and Renewal Cost and are not payable from the proceeds of any Obligation; administrative, accounting, legal and engineering expenses related to the Project; ordinary and current rentals of equipment or other property related to the Project; refunds of moneys lawfully due to others, pension, retirement, health and hospitalization funds related to the Project; payments in lieu of taxes and impact fees, if applicable; moneys to be deposited to a Rate Stabilization Fund; and administrative costs incurred by the Cooperative for management of the Project.

**1.24 “Parties”** mean the Cooperative, the City of Auburndale, the City of Bartow, the City of Davenport, the Town of Dundee, the City of Eagle Lake, the City of Fort Meade, the City of Haines City, the City of Lake Alfred, the Town of Lake Hamilton, the City of Lake Wales, the City of Lakeland, the City of Mulberry, the City of Polk City, the City of Winter Haven and Polk County.

#### **1.25**

**1.26 “Points of Connection”** means points where the Project connects to the water supply system of a Project Participant or the point of connection where the Project Participant takes Virtual Water.

**1.27 “Project”** means the Southeast Wellfield Project with a Project Yield of 12.38 MGD at buildout. ...., **“Project”** means the West Polk Wellfield Project with a Project Yield of 9.05 MGD at buildout. *[There will be a separate statement for each Agreement]*

**1.28 “Project Administrator”** means the person or persons and/or alternate or alternates designated by the Cooperative Executive Director pursuant to Section 7.2 to manage the Cooperative’s responsibilities under this Agreement.  
**1.29 Project Associate.** \_\_\_\_\_ *[or suggest other label]* Instead of becoming a Project Participant, any member of the PRWC may execute this Agreement as a non-voting Project Associate in order to stay abreast of the status of the

Project and enable them to make informed decisions about future participation as a Project Participant. A Project Associate has no financial responsibility or liability for the Project or voting rights but is encouraged to attend Project Board meetings, participate in Board discussions and make comments and recommendations to the Project Board.

**“Project Board”** shall have the same meaning as in the Interlocal Agreement. The Project Board for this Project will consist of Directors and/or alternates appointed by the Project Participants.

**1.30 “Project Participants”** means those Parties, other than the Cooperative, who have executed this Agreement for the purpose of implementing this Project, which includes construction, operation, maintenance and funding of the Project and receipt of Project Water Service from the Cooperative.

**1.31 “Project Permits”** means all permits, licenses or other third party approvals necessary or convenient for the acquisition, construction, management or operation of the Project, including all permits, licenses or other third party approvals required so that a Project Participant may use Virtual Water.

**1.32 “Project Water”** means the finished water produced by the Project to help serve the potable water demands of the Project Participants and the Virtual Water used by a Project Participant, who pursuant to the Project plan will not physically take finished water produced by the Project.

**1.33 “Project Water Estimate”** means the document submitted by each Project Participant to the Cooperative detailing the quantity of Project Water on an annual average daily flow basis, it requests to receive during the upcoming Fiscal Year, as specified in Section 11.1.1.

**1.34 “Project Water Service”** means the delivery of Project Water by the Cooperative to the Points of Connection for use by the Project Participants.

**1.35 “Project Yield”** means the total quantity of Project Water that the Project can reasonably be expected to produce for Project Water Service to the Project Participants, which is expressed as an annual average rate or base production rate.

**1.36 “Prudent Utility Practices”** means any of the practices, methods and acts engaged in, or approved by, a significant portion of the public water supply utility industry in the United States of America during the relevant time period or any of the practices, methods and acts, which in the exercise of reasonable judgement in light of facts known, or that should have been known, at the time the decision was made, could have only been expected to accomplish the desired results at a reasonable cost consistent with applicable legal, engineering, reliability, safety and time requirements.

**1.37 “PSI”** means pounds per square inch.

**1.38 “Rate Stabilization Fund”** means any fund created by the Cooperative for stabilization of the Water Charge paid by the Project Participants, as specified in Section 13.2. Operation and Maintenance Cost may be utilized by the Cooperative to fund such rate stabilization fund. \_\_\_\_\_???

**1.40 “Southeast Wellfield”** means a new lower Floridan aquifer public water supply wellfield to be located in southeast Polk County.

**1.41 “Southeast Wellfield Refund Cost”** means those costs incurred by Polk County in developing and permitting the Southeast Wellfield, as detailed in **Exhibit “A”** to this Agreement.

**1.42 “True-up”** means the process specified in Section 10 by which the Water Cost Allocations are adjusted by redetermining for all the Project Participants their projected 2070 water demands in excess of the Safe Yield.

**1.43 “Variable Operation and Maintenance Cost”** means all Operation and Maintenance Cost that change in direct proportion to changes in the volume of finished water produced by the Project, including, but not limited to, power, chemical, water purchases and Water Transfer Costs.

**1.44 “Virtual Water”** means a quantity of upper Floridan aquifer groundwater withdrawn by a Project Participant not exceeding its Water Allocation. Virtual Water may only be used by those Project Participants who pursuant to the Project plan will not physically receive finished water produced by the Project. The quantity of Virtual Water taken by a Project Participant must be offset by the same quantity of the Virtual Water Offset used by other Project Participants. Project Participants may agree to allow Virtual Water Offsets in the Project plan when doing so would reduce the cost of transmission of Project Water. [Alternative language – “Virtual Water” means a quantity of upper Florida aquifer groundwater withdrawn by a Project Participant that will be offset by another Project Participant relinquishing its right under a SWFWMD permit to withdraw from the upper Florida aquifer as state in the Project plan.]

**1.45 “Virtual Water Offset”** means Project Water used by one or more Project Participants in order to exactly offset the quantity of Virtual Water used by another Project Participant. A Project Participant shall not pay a Water Charge for the use of the Virtual Water Offset as it is intended that the Water Charge paid by a Project Participant for the use of the associated Virtual Water cover the cost of producing the Virtual Water Offset.



**1.46 “Water Allocation”** means the quantity of Project Water that each Project Participant is entitled to receive from the Project as set forth in the table below. In the event the Project Yield is different from the totals listed in the Water Allocation Table, the Water Allocation for each of the Project Participants will be determined based on the Water Allocation Percentages set forth in this table.

**2045 Water Allocation Table***[Insert Allocation Table for each Project]*

**1.47 “Water Charge”** means for any Fiscal Year, the charge established by the Cooperative pursuant to Section 12 for providing Project Water Service to the Project Participants. This charge is comprised of the Base Rate Charge and the Water Use Charge.

**1.48 “Water Cost Allocation”** means for any Fiscal Year, that portion of the Base Rate Charge each Project Participant is obligated to pay. The Water Cost Allocation shall be based on each Project Participant’s projected 2045 water demands, as revised every five (5) years through the True-Up process set forth in Section 10.

**1.49 “Water Transfer Cost”** means those costs incurred by the City of Lakeland in transmitting Project Water from the West Polk Lower Floridan Aquifer Wellfield to certain Project Participants and those costs incurred by Polk County and the City of Winter Haven in transmitting Project Water from the Southeast Wellfield to certain Project Participants.*[ Revise this paragraph as needed for each project.]*

**1.50 “Water Use Charge”** means for any Fiscal Year that component of the Water Charge computed according to Section 13.

**1.51 “Weighted Vote Method”** means that each Director is assigned a vote based on its Water Cost Allocation percentage under the Base Rate Cost Allocation Table identified in Section 1.48.

**1.52 “West Polk Lower Floridan Aquifer Wellfield”** means a new lower Floridan aquifer public water supply wellfield to be located in west Polk County.

## **2. PURPOSE OF THE AGREEMENT.**

**2.1 Overall Agreement.** This Agreement governs the overall implementation of the Project, which includes design, construction, operation, maintenance and funding of the Project and receipt of Project Water Service from the Cooperative. It is the intent of this Agreement that Project Water be used to help serve the needs of the Project Participants.

**2.2 Interlocal Agreement.** The Parties have entered into the Interlocal Agreement. In the event of a conflict between the Interlocal Agreement and this Agreement, the Interlocal Agreement shall control, except to the extent such conflict is waived by the Cooperative Board of Directors according to the terms of the Interlocal Agreement.

**2.3 Combined Projects Implementation Agreement.** The Parties to this Agreement have decided to implement Phase 2 of the Combined Projects Implementation Agreement with regard to this Project. However, the implementation of this Project shall be governed by the terms and conditions of this Agreement rather than the provisions of the Combined Projects Implementation Agreement. The Combined Projects Implementation Agreement remains in effect with regard to the Peace Creek Integrated Water Supply Project, Peace River/Land Use Transition Treatment Facility Project, additional phases of the Southeast Wellfield Project, additional phases of the West Polk County Lower Floridan Aquifer Wellfield Project and any other future project incorporated by the parties to that agreement. *[Revise as appropriate for each project.]*

**2.4 Other Agreements Not Affected by this Agreement.** Any other agreement between some or all of the Parties not specifically referenced herein is not intended to be

changed or affected by this Agreement. Additionally, nothing in this Agreement is intended to change any existing agreement between the District and any Party regarding the Project.

**4. CONSTRUCTION.** Terms defined in a given number, tense or form shall have the corresponding meaning when used in this Agreement with initial capitals in another number, tense or form. References containing terms such as “hereof,” “herein,” “hereto,” “hereinafter” and other terms of like import are not limited applicability to the specific provision within such references are set forth, but instead refer to this Agreement taken as a whole. “Includes” or “including” shall not be deemed limited to the specific enumeration of items, but shall be deemed without limitation. The term “or” is not exclusive. The headings contained in this Agreement are solely for the convenience of the Parties. Accounting terms used but not defined herein have the meanings given to them under generally accepted accounting principles in the United States of America consistently applied throughout the specified period and in the immediately comparable period.

**4. REPRESENTATION OF THE PARTIES.** As of the Effective Date, each Party makes the following representations (no representation is made by any Party for another Party):

**4.1 Status of the Parties.** The Parties are each duly organized, validly existing and in good standing under the laws of the State of Florida and are each duly qualified and authorized to satisfy their responsibilities pursuant to this Agreement.

**4.2 Authority to Enter Agreement.** The Parties each have the power, authority and legal right to enter into and perform the obligations set forth in this Agreement, and the execution and delivery and performance hereof by the Parties: (1) has been duly authorized by the governing authority of each of the Parties; (2) does not require any consent or referendum of the voters; and, (3) does not constitute a default under, or result in the creation of any lien, charge,

encumbrance or security interest upon, the assets of the Parties under any agreement or instrument to which the Parties and their assets may be bound or affected, except as otherwise provided herein.

**4.3 Validity of the Contract.** This Agreement has been duly entered into and delivered by the Parties as of the Effective Date, constitutes a legal, valid and binding obligation of the Parties, fully enforceable in accordance with its terms, except to the extent that the enforceability of this Agreement may be limited by any applicable bankruptcy, moratorium, reorganization or other similar laws affecting creditor's rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

**4.4 Pending Litigation.** There is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending against any Party, wherein an unfavorable decision, ruling or finding would materially and adversely affect the performance by any Party of their obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

**5. CONDITIONS PRECEDENT.** The Effective Date of this Agreement shall take effect upon satisfaction of the following conditions precedent:

**5.1 Execution of the Agreement.** This Agreement shall be duly authorized and executed by the Parties.

**5.2 SWFWMD Funding Commitment.** The Cooperative and the Southwest Florida Water Management District shall execute a contract in which the District agrees to fund at least fifty (50%) percent of the eligible Capital Cost of the Project.

**5.3** *[ CWF I rules are expected to addresses this issue]*

**5.4 Satisfaction of Conditions Precedent.** The Cooperative Project Board shall determine when these conditions precedent have been satisfied and the Effective Date of this Agreement.

**6. TERM AND TERMINATION.** The term of this Agreement shall begin on the Effective Date and remain in effect, unless terminated by written agreement of all the Parties. Termination shall not take place until all Obligations issued by the Cooperative have been repaid, all cooperative funding agreements or grants received by the Cooperative have been completed and any other funding mechanisms used to pay for construction, operation or maintenance of the Project have been successfully concluded.

**7. PROJECT ADMINISTRATION.**

**7.1 Project Administration.** The Cooperative shall have overall responsibility for implementing the terms of this Agreement. All the powers, privileges and duties vested in or imposed on the Cooperative with regard to implementation of the Project shall be exercised through the Project Board; provided, however, that the exercise of any and all executive, administrative and ministerial powers regarding the Project may be delegated by the Project Board. All decisions of the Project Board shall be by the Weighted Vote Method as specified in this Agreement.

**7.2 Project Administrator.** No later than thirty (30) days from the Effective Date, the Cooperative Executive Director shall provide in writing to the other Parties, the name, address, phone number, fax number and email address of its Project Administrator. The Projects Administrator may be changed at any time by the Cooperative Executive Director immediately upon written notice to the other Parties. The Project Administrator shall act as the Cooperative's representative with regard to implementation and management of the Project.

**7.3 Performance Standards.** The following performance standards shall apply to the Cooperative when implementing this Project:

**7.3.1** Defend any challenge or protest filed with regard to procurement decisions made pursuant to this Agreement, including the retention of outside legal counsel to defend the action.

**7.3.2** Manage the construction, operation and maintenance of the Project in accordance with the requirements of this Agreement.

**7.3.3** Procure, prepare and execute contract(s) with technical consultant(s) selected pursuant to this Agreement.

**7.3.4** Manage the activities of the technical consultant(s) or other professional(s) to assure that the requirements of this Agreement are met.

**7.3.5** Manage the review of interim and final deliverables.

**7.3.6** Prepare bids, select bidders and enter into construction contracts as required pursuant to this Agreement.

**7.3.7** Approve the use of Alternative Procurement Methods, as specified in Section 8.2.5, for design and construction of the Project.

**7.3.8** Manage the activities of the contractor(s) to assure that requirement of this Agreement are met.

**7.3.9** Process and pay invoices from consultants, other professionals and contractors.

**7.3.10** Initiate and process funding requests to the Project Participants for implementation of the Project.

**7.3.11** Issue Obligations, if required to fund the construction of the Project.

**7.3.12** Implement any other alternative financing mechanisms. *[Members requested to delete this]*

**7.3.13** Conduct the True-Up process specified in Section 10.

**7.3.14** Prepare and distribute the Water Charge each Fiscal Year to the Parties.

**7.3.15** Receive and account for funds received from the Parties in connection with this Project.

**7.3.16** Take legal action, if necessary, to require payment of the Water Charge by each Party.

**7.3.17** Apply for, receive and account for grant funds received from federal, state, regional or local sources in connection with the Project.

**7.3.18** Submit or modify applications for Project Permits. Respond to requests for additional information or clarification from regulatory agencies and provide information as needed to finalize Project Permit applications. Obtain all the Project Permits.

**7.3.19** Submit applications to modify or renew Project Permits issued in connection with the Project. Respond to requests for additional information or clarification from regulatory agencies and provide information as needed to finalize applications to modify or renew Project Permits. Obtain all modifications or renewals of Project Permits.

**7.3.20** Communicate with regulatory agencies and other interested persons and attend meetings as needed to obtain all the Project Permits, including any modification or renewal.

**7.3.21** Negotiate the terms of any Project Permit, including any modification or renewal or permit conditions with the regulatory agencies.

**7.3.22** Maintain any Project Permit issued in connection with the Project, including, but not limited to, complying with all permit conditions.

**7.3.23** Defend any challenge or protest filed with regard to any Project Permit, including the retention of outside legal counsel to defend the action.

**7.3.24** Undertake legal actions as necessary to further the work authorized under this Agreement, including the retention of outside legal counsel to defend the action.

**8. PROJECT IMPLEMENTATION.** The following stages shall be followed to implement the Project. The Project Board shall procure a consultant or consultants to perform all or a portion of the professional services needed for each stage described below.

**8.1 Final Design and Bidding Stage.**

**8.1.1** Upon selection of the consultant(s), the Cooperative, through its Project Administrator shall obtain a scope and fee from the consultant for the final design and Bidding Budget and shall present it to the Project Board for approval.

**8.1.2** The Cooperative shall require the consultant to prepare (1) a final design in relative conformance with the Project Preliminary Design Report, and (2) a Bidding Budget based on the final design. The final design shall, at a minimum, include a 60% final design and 100% final design, and shall present the 60% design as a single line item. The 60% final design shall include design specifications, design drawings, an estimated Bidding Budget, and an estimate of real estate acquisition costs. The 100% final design shall include design specifications, design drawings, the final Bidding Budget, and an estimate of real estate acquisition costs.

**8.1.3** Once the consultant has completed the 60% final design, the Project Administrator will present it to the Project Board. Any member of the Project Board may withdraw



from the Project as provided in Section 19 following completion of 60% final design. The consultant shall not commence the 100% final design until after the Project Board has approved the 60% final design.

**8.1.4** The engineering consultant will apply for and obtain any Project Permits not obtained before the Effective Date, with the exception of those that are to be obtained by the construction contractor.

**8.1.5** Project Participants will develop funding mechanisms as required to implement the Project to be approved by the Project Board.

**8.1.6** The Cooperative will execute funding agreement(s) with the District to provide up to fifty (50) percent cooperative funding of the eligible Capital Costs of the Project.

**8.1.7** Upon approval of the final design and Bidding Budget by the Project Board, the Project Board will procure bids from contractors to construct the Project and the Project Administrator will obtain a scope and fee from the consultant for its services for the Construction stage for construction observation and administration services for approval by the Project Board.

**8.1.8** The Project Administrator shall present both the selected contractor and Construction Budget, and the engineering consultant's fee for construction administration to the Project Board for approval.

**8.1.9** The Project Board may approve the use of Alternative Procurement Methods as allowed by Florida Statutes including Chapters 255 and 287, in place of the separate design and construction mechanisms described Sections 1.2 and 8.3, including the procurement of a construction manager at risk.

**8.2 Real Estate Acquisition Stage.** After Project Board approval of the 60% final design the Cooperative shall acquire any real property interests necessary to implement the Project, subject to the limitations of the Interlocal Agreement.

**8.3 Project Construction Stage.** The Project Construction Phase begins upon completion of the Final Design and Bidding Stage. The Project Board shall make all decisions regarding the procurement of a contractor or construction manager at risk to construct the Project. The Project Administrator shall submit all change orders to the Project Board for approval unless otherwise designated by the Project Board.

**8.4 Project Operation and Maintenance Stage.** The Cooperative shall at all times operate and maintain the Project facilities in accordance with Prudent Utility Practices.

**9. OWNERSHIP.** The Cooperative shall own the Project facilities, including the water treatment plant and transmission lines up to and including the Points of Connection. The Project facilities owned by the Cooperative are more specifically described in the map attached hereto as **Exhibit “B.”**

**10. TRUE-UP.** Before the beginning of each fiscal year, the Project Board will consider for approval any proposed additions, assignments and substitutions proposed under the process set forth in Section 20. At least every 5 years after the Effective Date of this Agreement and every 5 years thereafter, the Project Board will determine the size and timing of the next phase of construction. Any additions, substitutions, assignments or revisions to the size and timing of construction phases must be approved by the Project Board and reflected in an Amendment to this Agreement.

## 11. PROJECT WATER SERVICE.

**11.1 Delivery of Project Water Service.** During each Fiscal Year, starting with Fiscal Year in which the Project Water Service is scheduled to commence, the Cooperative shall provide Project Water Service to the Project Participants, as follows:

**11.1.1 Delivery of Project Water Estimates.** Each Project Participant desiring to take Project Water shall deliver to the Cooperative its Project Water Estimate for the upcoming Fiscal Year on or before May 1. The Project Water Estimate shall identify the quantity of Project Water, at an annual average daily rate, the Project Participant requests the Cooperative to deliver to its Point of Connection during the upcoming Fiscal Year or the quantity of Virtual Water, at an annual average daily rate that the Project Participant requests to use during the upcoming Fiscal Year. A Project Water Estimate must include all the water a Project Participant will need in excess of its Safe Yield as defined in Section 1.39. The Cooperative shall send a written reminder to the Project Participants on or before April 1, if a Project Water Estimate has not been received from that Project Participant. If a Project Participant fails to deliver a Project Water Estimate to the Cooperative by May 1, then the Project Participant shall be deemed to have requested its full Water Allocation for the upcoming Fiscal Year. The Project Water Estimate process does not affect a Project Participant obligation to pay the Base Rate Charge portion of the Water Charge.

**11.1.2 Prioritization of Project Water.** In the event the total quantity of Project Water requested in the Project Water Estimates exceeds the Project Yield, the available Project Water will be allocated by the Cooperative Project Board according to the following priority schedule:

**11.1.2.1** Every Project Participant with a Water Allocation shall be allowed to take up to its full Water Allocation from the Project.

**11.1.2.2** Every Project Participant with a Water Allocation shall be allowed to take water in excess of its Water Allocation as long as the Project Participant has received all or a part of another Project Participant's Water Allocation for the upcoming Fiscal Year. Any transfer of Water Allocations shall be in writing and executed by both Project Participants and shall be included with the Project Estimates submitted by both Project Participants. Any transfer of Water Allocations between Project Participants must be reviewed and approved by the Cooperative Project Board as to technical feasibility.

**11.1.2.3** In the event a Project Participant with a Water Allocation delivers a Project Water Estimate to the Cooperative indicating its intent to take Virtual Water during the upcoming Fiscal Year in an amount not exceeding its Water Allocation, a Project Participant may voluntarily request a Virtual Water Offset in its Project Water Estimate in order to offset the quantity of Virtual Water used by another Project Participant. The request by a Project Participant in its Project Water Estimate to take a Virtual Water Offset must be reviewed and approved by the Cooperative Project Board as to technical feasibility.

**11.1.2.4** In the event a Project Participant with a Water Allocation delivers a Project Water Estimate to the Cooperative indicating its intent to take Virtual Water during the upcoming Fiscal Year in an amount not exceeding its Water Allocation and no Project Participant voluntarily requests a Virtual Water Offset or if the Cooperative Project Board determines that a Project Participant's voluntary request of a Virtual Water Offset is technically infeasible, then the Cooperative Project Board will determine which other Project Participant(s) must take a Virtual Water Offset during the upcoming Fiscal Year.

**11.1.2.5** If there is Excess Water available for use by Project Participants after the available Project Water has been allocated pursuant to Sections 11.1.2.1

through 11.1.2.4, then the Excess Water will be allocated among the Project Participants requesting Project Water on a pro rata basis.

**11.2 System Operation.** The Cooperative shall at all times maintain the Project in accordance with Prudent Utility Practices. The Cooperative shall adopt an adequate budget to pay for all Operation and Maintenance Costs for the Project as required to provide Project Water Service, as set forth in this Agreement. The Cooperative shall provide sufficient personnel, with appropriate experience and credentials to undertake all regulatory requirements imposed with regard to the Project, while providing for reliable operations and maintenance. If new regulatory requirements necessitate capital improvements, the Cooperative shall take all necessary actions to accomplish the same. The Cooperative shall be responsible for all regulatory violations, including compliance costs or penalties assessed for same, which arise out of or are solely created through 1) material errors or omissions by its personnel or agents in the day-to-day operations of the Project; or, 2) the failure of the Cooperative to timely proceed administratively to undertake or complete a requirement imposed by any regulatory agency in any consent order or Project Permit. The Cooperative shall maintain adequate catastrophic insurance on the Project on such terms and amounts as established by the Cooperative.

**11.3 Water Quality.** The Cooperative shall deliver Project Water to each Project Participant's Point of Connection: (1) that is stabilized and of good and uniform quality; (2) meets all applicable federal and state drinking water standards and regulations, including, but not limited to the standards set forth in Chapter 62-550, Florida Administrative Code, as may be amended or superseded from time to time; and, (3) meets whatever disinfection and treatment techniques under this Agreement, as well as those developed during Phase 1 of the Combined

Projects Implementation Agreement. This Section 11.3 shall not apply to Virtual Water used by a Project Participant.

**11.4 Water Pressure.** The Cooperative shall deliver Project Water to each Project Participant's Point of Connection at a minimum pressure of 30 PSI. This Section 11.4 shall not apply to Virtual Water used by a Project Participant.

**11.5 Project Permits.** The Cooperative shall obtain, renew, maintain and modify, if necessary, all Project Permits required for the operation and maintenance of the Project and to ensure that Project Water Service will be provided to the Project Participants under the terms of this Agreement.

**11.6 Acquisition of Real Property.** The Cooperative shall use its best efforts to acquire all interest in real and personal property (if any) necessary for expansion, construction, management and operation of the Project, in a manner consistent with the Interlocal Agreement.

**11.7 Compliance with the Law.** The Cooperative shall comply with all laws, rules and regulations applicable to this Agreement and its obligations thereunder.

## **12. POINTS OF CONNECTIONS AND METERING FACILITIES.**

**12.1 Points of Connection.** The Points of Connection and the location of the Meters used for the delivery of Project Water to the Project Participants will be identified by the Cooperative no later than \_\_\_\_\_ for those Project Participants with a Water Allocation under the Water Allocation Table in Section \_\_\_\_\_. This requirement applies equally to those Project Participants that will physically take Project Water and those Project Participants that will take Virtual Water. The Cooperative and a Project Participant may, by mutual written agreement, more specifically identify or modify the Point of Connection or the location of the corresponding

Meter. Any change in the Points of Connection or the location of the Meters shall be reflected in a map prepared by the Cooperative.

**12.2 Installation and Maintenance of Meters.** The quantity of Project Water delivered by the Cooperative to each Point of Connection or the quantity of Virtual Water taken by a Project Participant shall be exclusively measured by a Meter. The Cooperative shall own, install, maintain and read each Meter. The type of Meter shall be selected at the discretion of the Cooperative, subject to compliance with industry standards for similar Meters.

**12.3 Inspection of Meters.** Each Meter shall be inspected annually and an inspection report shall be prepared at the conclusion of each inspection detailing the condition and accuracy of each Meter. Each inspection shall be performed by a representative of the manufacturer or other certified, competent entity agreeable to the Cooperative and the Project Participants and a copy of each inspection report shall be furnished to all Project Participants. Upon request of a Project Participant, the Cooperative shall make arrangements for a test of the Meter installed at the Project Participant's Point of Connection by an independent testing entity. The Cooperative shall be responsible for selecting and engaging the independent testing entity. All costs and expenses shall be borne by the Project Participant requesting the test, unless the Meter is found to be inaccurate beyond the manufacturer's guaranteed range of accuracy, in which case, the cost and expense of the test shall be borne by the Cooperative and such cost may not be passed along to the Project Participant requesting the test, as part of the Water Charge.

**12.4 Meter Inaccuracy.** Should the Meter be determined to be inaccurate beyond the manufacturer's guaranteed range of accuracy, the Cooperative shall repair or replace the malfunctioning Meter at its earliest convenience, recognizing that time is of the essence. Additionally, the Meter shall be assumed to have been inaccurate since the last inspection or test and the

following month's billing will be adjusted taking into account the nature of the inaccuracy to show a credit or additional charge to the Project Participant for the metered flow for the time interval between the date of the last Meter accuracy inspection or test and the date the Meter was corrected.

**13. WATER CHARGE.** For each Fiscal Year, the Project Participants shall pay the Cooperative the applicable Water Charge as follows:

**13.1 General.** The Water Charge shall be sufficient to pay the Debt Service Costs, Capital Renewal and Replacement Costs, Fixed Operation and Maintenance Costs and Variable Operation and Maintenance Costs incurred by the Cooperative in order to provide Project Water Service to the Project Participants for the upcoming Fiscal Year. The Water Charge shall consist of a Base Rate Charge and a Water Use Charge, including any Operation and Maintenance Costs used to establish and maintain a Rate Stabilization Fund. The Water Charge shall be uniform for all Project Participants. The Water Charge shall be computed in the manner specified in Section 13.4, including any transfers of moneys out of the Rate Stabilization Fund pursuant to Section 13.2, prior to the upcoming Fiscal Year and the Project Participants shall be notified of the Water Charge for the upcoming Fiscal Year in the manner provided in Section 13.3. The Water Charge shall be just, reasonable and equitable to all Project Participants and the Cooperative may not discriminate against any Project Participant, when establishing the Water Charge. Establishment of the Water Charge shall be made by the Project Board and the Project Board's decision shall not be subject to supervision or regulation by any commission, board, bureau, agency, municipality, county or political subdivision of the State of Florida.

**13.2 Transfers from the Rate Stabilization Fund.** The Project Board may at its discretion transfer moneys out of the Rate Stabilization Fund to reduce the Base Rate Charge in the manner specified in Section 13.4.1.



**13.3 Notification of Water Charge.** On or before August 15 prior to the Fiscal Year in which the Project Water Service is scheduled to commence and on or before every August 15<sup>th</sup> thereafter, the Cooperative shall provide the Project Participants the Water Charge for the upcoming Fiscal Year. The Water Charge shall be accompanied by a report detailing the manner in which the Water Charge was computed for the upcoming Fiscal Year. In lieu of a report, the basis for the Water Charge may be detailed in the annual budget adopted by the Cooperative for this Project for the upcoming Fiscal Year.

**13.4 Establishment of Water Charge.** The Water Charge shall be established by the Cooperative as follows:

**13.4.1 Base Rate Charge.** The Base Rate Charge shall be computed as follows:

**13.4.1.1** The Cooperative shall estimate the Debt Service Cost, the Capital Renewal and Replacement Cost, Fixed Operation and Maintenance Cost and Variable Operation and Maintenance Cost required to meet the cash needs of the Project for the upcoming Fiscal Year.

**13.4.1.2** The Base Rate Charge shall consist of the total of the Debt Service Cost, Capital Renewal and Replacement Cost and Fixed Operation and Maintenance Cost determined pursuant to Section 13.4.1.1, minus any moneys transferred out of the Rate Stabilization Fund, as specified in Section 13.2. The Base Rate Charge shall be allocated among each Project Participant based upon each Project Participant's Water Cost Allocation Percentage identified in the then effective Base Rate Cost Allocation Table in Section 1.48, as it may be modified pursuant to Section 10, for the upcoming Fiscal Year.

**13.4.1.3** The Base Rate Charge allocation computed for each Project Participant pursuant to Section 13.4.1.2 shall be increased by any underpayment or decreased by any overpayment determined pursuant to Section 13.6.

**13.4.2 Water Use Charge.** The Water Use Charge shall be computed as the Variable Operation and Maintenance Cost determined pursuant to Section 13.4.1.1 divided by the total of all the Project Water Estimates submitted by the Project Participants for the upcoming Fiscal Year and expressed as a cost per thousand (1,000) gallons of water.

**13.5 Payment of the Water Charge.** For each Fiscal Year, the Project Participants shall pay the Water Charge as follows:

**13.5.1** The Project Participants shall pay their individual Base Rate Charge allocation as specified in Section 13.4.1 in twelve (12) equal monthly payments during each calendar month starting in October and ending on the following September .

**13.5.2** The Project Participants shall pay their Water Use Charge on a monthly basis. Each Project Participant's monthly payment shall be determined by multiplying the actual amount of Project Water delivered by the Cooperative to the Project Participant's Point of Connection during the prior calendar month by the Water Use Charge identified in Section 13.4.2.

**13.6 Accounting, Audits and Adjustments for Actual Expenses and Water Use.** The Cooperative shall maintain accounts and records of actual water use by the Project Participants, all revenue received from all sources to meet the cash needs of the Project and the actual Debt Service Costs, Capital Renewal and Replacement Costs, Fixed Operation and Maintenance Costs and Variable Operation and Maintenance Costs incurred with respect to the Project. On or before each January 31, beginning on the January 31 immediately following the Fiscal Year in which Project Water Service commenced, the Cooperative shall complete an audit of the aforesaid

records and accounts and determine what should have been the Water Charge for each Project Participant based on actual costs during the preceding Fiscal Year. For purposes of this audit, it shall be assumed that the Project Participants have used the quantity of water specified in their Project Water Estimates even if actual water use was less. Said audit shall be conducted by a nationally recognized certified public accounting firm. In the event the audit determines an underpayment was made by a Project Participant, then said underpayment shall be added to that Project Participant's Base Rate Charge for the upcoming Fiscal Year and paid in the manner specified in Section 13.5.1. If the audit determines that an overpayment was made to a Project Participant, then said overpayment shall be deducted from that Project Participant's Base Rate Charge for the upcoming Fiscal Year in the manner specified in Section 13.5.1.

**13.7 Prohibition Against Surcharges, Transfers to General Fund and Certain Payments.** The Water Charge shall not include any surcharge, tax, payment in lieu of taxes, payment in lieu of franchise fees, transfers to the Cooperative's general administrative expenses or any charge or payment not directly related to the cost of providing Project Water Service.

**13.8 Grants and Other Sources of Funding.** The Cooperative may seek grants and utilize other funding sources to cover any costs that would otherwise have to be paid through the Water Charge. Any funds obtained by Cooperative from these other sources must be used to pay Project costs that would otherwise need to be paid by the Project Participants through the Water Charge.

#### **14. BILLING, PAYMENT, SOURCE OF FUNDS AND RELATED MATTERS.**

**14.1 Billing and Payment.** The Cooperative shall invoice each Project Participant for their Water Use Charge on regular monthly intervals. The Meters shall be read and recorded on or about the last normal work day of the calendar month during which the Project Water

Service was provided. Billing to each Project Participant shall be made on the 10<sup>th</sup> day of the following calendar month. Payment of the Water Charge shall be made to the Cooperative no later than thirty (30) days after which the statement was received. If the Water Charge or any portion thereof remains unpaid following their due date, the Project Participants shall be charged with and pay to the Cooperative interest on the amount unpaid from its due date until paid at the rate of eight (8%) per annum.

**14.2 Irrevocable Commitment to Pay.** The Project Participants shall pay their respective Water Charge for every Fiscal Year throughout the term of the Agreement in the manner provided in Section 14.1. Said payments shall be made without notice or demand and without set-off, counterclaim, abatement, suspension or deduction. The Cooperative is undertaking the acquisition, construction, operation and replacement and expansion of the Project on the representation, warranties and covenants of the Project Participants to pay the Water Charge in a timely manner.

**14.3 Source of Payment.** The source of funds for payment of the Water Charge shall be the utility enterprise fund established by each Project Participant. Each Project Participant shall maintain an operation and maintenance account as part of its utility enterprise fund throughout the term of this Agreement. At all times during the terms of this Agreement, a Project Participant shall pay the Water Charge from its utility system operation and maintenance account.

**14.4 Water Utility System Charges.** Each Project Participant shall fix, revise, maintain and collect such fees, rates, tariffs, rentals or other charges for the use of products, services and facilities of their respective water utility systems to the extent necessary to fund the timely payment of the Water Charge.

**14.5 Prohibition Against Indebtedness and Ad Valorem Taxation.** The obligation of the Project Participants to pay the Water Charge pursuant to this Agreement does not

constitute general indebtedness of the Project Participants or any other municipality or county within the meaning of any constitutional, statutory or charter provision limiting the amount and nature of indebtedness that may be incurred by the Project Participants. Neither the Cooperative nor the holder of any Obligations issued by the Cooperative to finance the construction, alteration, improvement, replacement, expansion or operation of the Project nor any regional, state or federal agency providing cooperative funding to fund the construction, alteration, improvement, replacement, expansion or operation of the Project shall have the right to require the Project Participants to exercise their ad valorem taxing power, if any, to pay their obligations and liabilities under this Agreement or to compel payment from any source, other than as indicated in Section 14.3.

**15. PLEDGE OF CONTRACT REVENUES.** The Cooperative is authorized to pledge all payments due, owing or received from the Project Participants, including any interest derived from monies received under this Agreement for the purpose of securing Obligations issued by the Cooperative to construct or expand the Projects.

**16. FORCE MAJEURE.**

**16.1 Excuse from Performance.** No Party shall be liable to any other Party for delay in performance of, or failure to perform, its obligations under this Agreement, if such delay or failure is caused by a Force Majeure Event.

**16.2 Notice.** The Party claiming excuse shall deliver to the other Parties a written notice of intent to claim excuse from performance under this Agreement by reason of a Force Majeure Event. Notice required by this section shall be given promptly in light of circumstances, and, in the case of events described in (c), (d) or (e) of the definition of Force Majeure Event only, not later than ten (10) days after the occurrence of the Force Majeure Event. Such notice shall describe the Force Majeure Event, the services impacted by the claimed event, the projected length

of time that the Party expects to be prevented from performing and the steps which the Party intends to take to restore its ability to perform.

**16.3 Obligation to Restore Ability to Perform.** Any suspension of performance by a Party pursuant to this Section shall be only to the extent, and for a period of no longer duration than, required by the nature of the Force Majeure Event, and the Party claiming excuse shall use its best efforts to remedy its inability to perform as quickly as possible.

**17. DISPUTE RESOLUTION.** If there is a dispute between two or more Parties arising out of or related to this Agreement which cannot be resolved, then unless it shall be unreasonable to do so or an emergency situation or necessity dictates otherwise, before proceeding to the default and remedy provisions of this Agreement in Section 18, the affected Parties (“Mediating Parties”) shall attempt to resolve the dispute by non-binding mediation. The mediation will be conducted by a mediator mutually agreeable to all Mediating Parties who has experience in mediating disputes of a similar nature. The Mediating Parties will use a procedure agreeable to those Parties and the mediator. The Mediating Parties will mediate in good faith, but bound by an resulting mediation agreement, equally share the costs of mediation and timely pay same. Mediation will commence within thirty (30) days after the date a Party requests mediation of a dispute, or if the agreed mediator is not available within that time period, then at the first opportunity the agreed mediator is available. A Party may not commence litigation of the dispute pursuant to Section 18 until (a) the mediator has declared the Mediating Parties are at an impasse, or (ii) one or all Mediating Parties have terminated the mediation. Among other matters the Parties intend this mediation

process as an alternative to the conflict resolution procedure described in the Florida Governmental Conflict Resolution Act, Chapter 164, Florida Statutes.

## **18. DEFAULT AND REMEDY.**

**18.1 Default.** If any Party fails to observe, comply with, perform or maintain in any material way any term, covenant, condition, duty, obligation, representation or warranty contained or arising under this Agreement, such action shall constitute a default and the other Parties may seek remedies set forth herein, if that default is not timely cured within thirty (30) days, unless such default is capable of being cured within thirty (30) day, in which case the Party must cure the default as soon as practicable. Recognizing the Project Participants' paramount need for a safe and dependable water supply, the Parties agree that the exclusive remedy for default under this Agreement shall be for the non-defaulting Parties to individually or jointly seek specific performance arising from such default.

**18.2 Project Participant Payment Dispute.** A Project Participant that disputes a payment of the Water Charge under Section 13 shall be obligated to continue paying the disputed charge until the disagreement is resolved. If the dispute is decided in the favor of the Project Participant, the Cooperative shall elect to either pay the disputed charge as a credit against the Water Charge for the next Fiscal Year or through a direct one-time payment to the Project Participant.

**18.3 Suspension of Project Water Service in the Event of Non-Payment of the Water Charge.** A Project Participant that fails to pay its Water Charge or any portion thereof within ninety (90) days following its due date shall be in default of this Agreement and upon thirty (30) days written notice, the Cooperative may suspend Project Water Service to the Project Participant and prohibit a Project Participant from using Virtual Water. Suspension of Project Water Service to a Project Participant or prohibition of the use of Virtual Water by a Project Participant

because of its failure to pay the Water Charge or any portion thereof shall not excuse the Project Participant from paying the Base Rate Charge, when it becomes due nor prohibit the Cooperative from continuing to charge interest on the unpaid amount. Upon payment of all outstanding Water Charges, including any interest, the Cooperative shall immediately resume Project Water Service to the Project Participant or immediately allow a Project Participant to use Virtual Water. The Cooperative's decision to suspend Project Water Service to a Project Participant or to prohibit Virtual Water use by a Project Participant under this section shall not be subject to the dispute resolution process in Section 17 and shall not be considered a default under Section 18. However, the Cooperative's failure to resume Project Water Service or to allow a Project Participant to use Virtual Water upon payment of all outstanding Water Charges, including any interest, may constitute a default under Section 18 and shall be subject to the dispute resolution process specified in Section 17.

**19. WITHDRAWAL OF A PROJECT PARTICIPANT FROM THIS AGREEMENT. 19.1 Withdrawal Before the Decision to Commence 100% Final Design.** Once the 60% design is complete, the Project Administrator will present it to the Project Board. Within 45 days after the 60% design presentation to the Project Board, any Project Participant may withdraw from the Project. Any withdrawal must be in writing and provided as set forth in Section 25 \_\_\_\_\_ of this Agreement. Within 45 days after the time set for any Member to withdraw, the Project Board shall convene and the remaining members of the Project Board shall consider approval of the 60% design and authorization to proceed with 100% final design. A Project Participant who withdraws from this Agreement before the decision to commence with 100% final design shall remain liable for payment of its share of the cost for the 60% final design described in subsection 8.\_\_\_\_\_, but shall not be liable for any future costs of the Cooperative.



**19.2 Withdrawal After the Decision to Commence 100% Final Design.** A Project Participant who withdraws from this Agreement after the decision to commence 100% final design shall remain liable for payment of its share of the cost for the Final Design and Bidding Stage under Section 8.\_\_\_\_, and shall remain liable for payment of its share of the Water Use Charge as described in this subsection \_\_\_\_ 19.3. If the withdrawing Project Participant has submitted a Project Water Estimate to the Cooperative pursuant to Section 10\_\_\_\_ for the current Fiscal Year, then it shall remain liable under Section 23.4\_\_\_\_ to pay the Water Use Charge for that Fiscal Year, as if it had taken the entire quantity of Project Water specified in its Project Estimate. Additionally, unless the remaining Project Participants take all or a portion of the withdrawing Project Participant's Water Cost Allocation, the withdrawing Project Participant shall continue to remain liable for payment of its share of the Base Rate Charge. This liability shall continue for the term of the Agreement, until such time as the withdrawing Project Participant's Water Cost Allocation is completely redistributed among the remaining Project Participants.

**19.3 Duties of and effect on Withdrawing Project Participant.** A withdrawing Project Participant shall no longer be considered a voting member of the Project Board with regard to that specific Project. Upon notice by the Cooperative, a withdrawing Project Participant shall apply to withdraw from any Project Permits issued in its name and shall not oppose or challenge any modification to a Project Permit necessitated by its withdrawal. A withdrawing Project Participant shall surrender its Water Allocation, if any, and immediately forfeit its right to receive Project Water Service from the Cooperative, including the use of Virtual Water.

**19.4 Redistribution of Water.** All of a withdrawing Project Participant's Water Allocation, if any, shall be subject to redistribution among the remaining Project Participants.

Each remaining Project Participant shall be entitled to a pro-rated amount of the withdrawing Project Participant's Water Allocation, if any, based upon the then applicable Water Allocation Table in Section \_\_\_\_\_ 1.46. Redistribution of the withdrawing Project Participant's Water Allocation to the remaining Project Participants shall take place within sixty (60) days of the Parties receiving written notice of the withdrawing Project Participant's intent to withdraw from this Agreement. During this sixty (60) day period a Project Participant will notify the Cooperative in writing of its intent to take some or all of the withdrawing Project Participant's Water Allocation. Any redistribution of the withdrawing Project Participant's Water Allocation to another Project Participant must be reviewed and approved by the Cooperative Project Board as to technical feasibility. If two or more existing Project Participants exercise their right to take all of the withdrawing Project Participant's Water Allocation, then the withdrawing Project Participant's Water Allocation shall be redistributed in equal portions to the Project Participants, which requested redistribution. Any of the withdrawing Party's Water Allocation that is not redistributed as specified in this Section \_\_\_\_\_ 19, shall become Excess Water.

**19.4 Survival.** The provisions of this Section 19 shall survive the termination of this Agreement.

## **20. SUBSTITUTION AND ADDITION OF PROJECT PARTICIPANTS AND ASSIGNMENT OF THIS AGREEMENT.**

**20.1 Substitution.** As a matter of right, a new Project Participant or an existing Project Participant may be substituted for an existing Project Participant, if the new Project Participant or existing Project Participant agrees to fully perform all the obligations of the existing Project Participant. Any new substitute Project Participant must be a public agency. Substitution

shall mean the new or existing Project Participant shall at a minimum succeed to the old Project Participant's entire Water Allocation, if any, and Water Cost Allocation. Prior to substitution taking effect, the existing Project Participant must notify the other existing Project Participants in writing of the substitution and offer the substitution on the same terms and conditions to the other existing Project Participants, who shall be allowed at least sixty (60) days to exercise the right of first refusal. This right of first refusal shall only apply when a new Project Participant is substituted for an existing Project Participant. If one of the existing Project Participants exercises its right of first refusal during this time period, then all of the substituted Party's Water Allocation, if any, and Water Cost Allocation shall be assigned to the existing Project Participant. If two or more existing Project Participants exercise their right of first refusal during this time period, then all of the substituted Project Participant's Water Allocation, if any, and Water Cost Allocation shall be reassigned in equal portions to the existing Project Participants. If none of the existing Project Participants commit to acquire the substituted Project Participant's entire Water Allocation, if any, and Water Cost Allocation during this sixty (60) day period, then the other existing Project Participants shall be considered to have waived their right of first refusal. Any substitution under this Section 20.1 must be reviewed and approved by the Cooperative Project Board as to technical feasibility. Once the substitution takes place, the substituted Project Participant shall withdraw from the Agreement and shall no longer be considered a voting member of the Project Board. Additionally, the substituted Project Participant shall cooperate with the Cooperative in any modifications to the Project Permits necessary to effectuate this substitution.

**20.2 Addition.** A new Project Participant may be added by the unanimous decision of all the current Project Participants so long as the new Project Participant is a public agency.

**20.2.1 Cost to become a new Project Participant.** The provisions of this section 20.2 are established to provide equity among all Project Participants and to provide an incentive for local governments to subscribe early. Any public agency that joins this Agreement after it is first executed under the process described in this Section 20 of this Agreement shall pay its proportionate share of the costs incurred by the Project Participants before the new Project Participant joins the Agreement, design fees if applicable, and \_\_\_\_ % of its proportionate share of the Project Costs expended to date. This amount is in addition to the Water Charge for each upcoming fiscal year as described in section 13. When this occurs, the percentage collected shall be refunded proportionately to the initial Project Participants who joined this Agreement when it was first executed.

**20.2.2 Amendment of Water Charge.** When a new Project Participant is added pursuant to this Section 20.2, the existing Project Participants must amend the Agreement to reflect the reassignment of Water Allocations and Water Cost Allocations among the existing Project Participants and the new Project Participant. The Project Board will also determine how the new Base Water Charge is allocated among the new group of Project Participants taking into consideration the short and long-term costs and benefits of the new infrastructure to the new and existing Project Participants including any savings realized due to economies of scale. **20.3**

**Assignment.** As a matter of right, an existing Project Participant may assign a portion of its Water Allocation, if any, and its Water Cost Allocation to a new Project Participant or an existing Project Participant, if the new Project Participant or existing Project Participant agrees to fully perform all the obligations of the existing Project Participant. Any new assignee Project Participant must be a public agency. The complete assignment of an existing Project Participant's Water Allocation, if any, and Water Cost Allocation to a new Project Participant or an existing

Project Participant shall be treated as a substitution under Section 20.1. Prior to the assignment taking effect, the existing Project Participant must notify the other existing Participants in writing of the assignment and offer the assignment on the same terms and conditions to the other existing Project Participants, who shall be provided at least sixty (60) days to exercise the right of first refusal. This right of first refusal shall only apply when the assignee is a new Project Participant. If one of the existing Project Participants exercises its right of first refusal during this time period, then the portion of the assigning Project Participant's Water Allocation, if any, and Water Cost Allocation up for assignment shall be transferred to the existing Project Participant. If two or more existing Project Participants exercise their right of first refusal during this time period, then the portion of the assigning Project Participant's Water Allocation, if any, and Water Cost Allocation up for assignment shall be transferred in equal portions to the existing Project Participants. If none of the existing Project Participants commit to acquire the assigning Project Participant's Water Allocation, if any, and Water Cost Allocation up for assignment, then the other existing Project Participants shall be considered to have waived their right of first refusal. The right of first refusal shall not apply when an existing Party is the assignee. Any assignment under this Section 20.3 must be reviewed and approved by the Cooperative Project Board as to technical feasibility. Once the assignment takes place, the assigning Project Participant shall still be a Party to the Agreement, but it shall forfeit or surrender the assigned portion of its Water Allocation and Water Cost Allocation to the assignee Project Participant. Once assignment takes place, the assigning Project Participant shall cooperate with the Cooperative in any modification to the Project Permits necessary to effectuate this assignment.

## **21. PERMITS.**

**21.1** The Cooperative shall not interfere with the existing consumptive use permits or existing water, wastewater, or reclaimed water facilities of a Member Government, except as authorized under this Agreement or as may otherwise be consented to in writing by the Member Governments.

**21.2** The Parties shall cooperate with each other and no Project Participant shall interfere with the Cooperative's ability to obtain, maintain and comply with any Project Permits.

**21.3** No Project Participant shall purposefully submit information to a regulatory agency that conflicts with information submitted by the Cooperative in support of any application for a Project Permit in the event that an application for a Project Permit will interfere with the exiting consumptive use permits or existing water, wastewater or reclaimed water facilities of that Project Participant, except as authorized under this Agreement or may otherwise be consented to in writing by the Project Participant.

**21.3** No Project Participant shall legally challenge or support any legal challenge against any proposed or final agency action or any legal instrument with regard to any Project Permit sought by the Cooperative.

**21.4** A Member Government of the Cooperative that is not a Party to this Agreement is not responsible, either directly or indirectly, for compliance with the terms and conditions of any Project Permits nor shall it be liable or responsible, either directly or indirectly, for compliance with the terms and conditions of any Project Permits nor shall it be liable or responsible, either directly or indirectly, for any fines, penalties or damages associated with any Project Permits.

**22. DUTY TO COOPERATE.** The Parties shall work together in good faith to implement the terms of this Agreement. As part of this cooperation, the Project Participants will at a minimum do the following:

**22.1 Acquisition of Real Property.** The Project Participants shall cooperate and assist and not interfere with the Cooperative's ability to acquire all interests in real property necessary to construct, manage and operate the Project, provided the acquisition is not inconsistent with the Interlocal Agreement.

**22.2 Project Permits.** The Project Participants shall cooperate and assist and not interfere with the Cooperative's ability to obtain, maintain and comply with all Project Permits necessary to construct, manage and operate the Project.

**22.3 Construction, Management and Operation of the Project.** The Project Participants shall cooperate and not interfere with the Cooperative's ability to construct, manage and operate the Project.

**22.4 Base Production Commitment.** The Project Participants commit to prepare Project Water Estimates that maximizes the use of Project Water to meet their potable water needs. If for some reason, other than a Force Majeure Event, a Project Participant uses less water during a Fiscal Year than its Project Water Estimate, then it shall be required to pay the Water Charge as if it had taken the entire quantity of water specified in its Project Water Estimate, as set forth in Section 13.5.

**22.5 Obligations.** The Project Participants shall cooperate with the Cooperative should the Cooperative decide in accordance with the Agreement to issue Obligations to fund any Capital Costs incurred by the Cooperative with regard to the Project. In said event, the Project

Participants shall comply with the reasonable request of the Cooperative and will, upon such request, do as follows: (1) make available general material and financial information about itself; (2) consent to publication and distribution of its financial information; (3) certify that any general material and financial information is accurate, does not contain any untrue statements of material fact and does not omit to state a material fact necessary to make the statements contained in the general material and financial information, in light of the circumstances under which they were made not misleading; (4) provide reasonable certifications to be used in a transcript of closing documents; (6) provide and pay for reasonable requested opinions of counsel as to the binding effect of this Agreement, the validity of actions taken as a result of the Agreement, title to real property, as applicable, and pending litigation which could materially affect the Party's performance under the Agreement; and, (7) provide guarantee agreements, if required in order to obtain the Obligation. In addition, each Project Participant agrees to take no action which shall adversely affect the exclusion from gross income of interest on the Obligations for purposes of federal income taxation.

**22.6 Grants and Other Sources of Funding.** The Project Participants shall cooperate with the Cooperative in seeking alternative sources of funding for the Project, including, but not limited to, grants.

**23. SOVEREIGN IMMUNITY AND INDEMNIFICATION.** The Parties intend to avail themselves of the benefits of Section 768.28, Florida Statutes, and any other statute and common law governing sovereign immunity to the fullest extent possible and nothing herein shall be construed as a waiver of sovereign immunity by these Parties. Additionally, neither the Combined Project Participants nor the Project Participants are jointly or severally liable for any torts attributable to the Cooperative and only the Cooperative shall be liable for torts attributable to it or for the



torts of its officers, agents, attorneys or employees under this Agreement, and then only to the extent of the waiver of sovereign immunity or limitation specified in Section 768.28, Florida Statutes. Finally, the Cooperative agrees to indemnify and hold the Combined Project Participants and Project Participants harmless from any injury that the Cooperative or its officers, agents, attorneys, employees or invitees sustain while carrying out the Cooperative's obligations under this Agreement.

**24. APPLICABLE LAW, VENUE AND WAIVER OF JURY TRIAL.** This Agreement and the rights and obligations of the Parties are to be governed by, construed and interpreted in accordance with the laws of the State of Florida. In the event of any legal proceeding arising under this Agreement, the exclusive venue for such proceeding shall be either in a State court of competent jurisdiction located in Polk County, Florida or the United States District Court in and for the Middle District of Florida, Tampa Division. In any such legal proceeding, the Parties hereby consent to trial by the court and waive the right to a jury trial as to any issues that are triable before a jury.

**25. NOTICES.**

**25.1** All notices provided for in this Agreement must be in writing and shall be sufficient and deemed to be given when sent by certified mail or registered mail, return receipt requested. A copy shall also be sent to the Party by email. All notices shall be delivered or sent to the Parties at their respective addresses shown below or such other addresses as a Party may designate by prior notice given in accordance with this provision to the other Parties:

City of Auburndale  
City Manager  
P.O. Box 186  
Auburndale, Florida 33823  
863-965-5530

City of Bartow  
City Manager  
P.O. Box 1069  
Bartow, Florida 33831  
863-534-0100

City of Davenport  
City Manager  
P.O. Box 125  
Davenport, Florida 33836  
863-419-3300

City of Eagle Lake  
City Manager  
P.O. Box 129  
Eagle Lake, Florida 33839  
863-293-4141

City of Fort Meade  
City Manager  
P. O. 856  
Fort Meade, Florida 33841  
863-285-1100

City of Haines City  
City Manager  
620 E Main Street  
Haines City, Florida 33844  
863-421-3600

City of Lake Alfred  
City Manager  
155 E Pomelo Street  
Lake Alfred, Florida 33850  
863-291-5270

City of Lakeland  
City Manager  
228 S Massachusetts Ave  
Lakeland, Florida 33801  
863-834-6000

City of Lake Wales  
 City Manager  
 P. O. Box 1320  
 Lake Wales, Florida 33859  
 863-678-4196

City of Mulberry  
 City Manager  
 P.O. Box 707  
 Mulberry, Florida 33860  
 863-425-1125

City of Polk City  
 City Manager  
 123 Broadway SE  
 Polk City, Florida 33868  
 863-984-1375

City of Winter Haven  
 City Manager  
 P. O. Box 2277  
 Winter Haven, Florida 33883  
 863-291-5600

Town of Dundee  
 Town Manager  
 P.O. Box 1000  
 Dundee, Florida 33838  
 863-438-8330

Town of Lake Hamilton  
 Town Manager  
 P.O. Box 126  
 Lake Hamilton, Florida 33851  
 863-439-1910

Polk County  
 County Manager  
 Drawer CA01/P.O. Box 9005  
 Bartow, Florida 33831  
 Phone: 863-534-6444

**25.2** All notices shall also be sent to the Cooperative, to the attention of its executive director, with a separate copy to its general counsel.

**25.3** Any Party, may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice shall be deemed given on the date such notice is delivered by hand (or facsimile transmission) or three (3) days after the date mailed.

**26. TIME EXTENSIONS.** The Cooperative Project Board may extend or change any of the deadlines specified in this Agreement.

**27. DISCLAIMER OF THIRD PARTY BENEFICIARIES.** This Agreement is solely for the benefit of the Parties and no right or cause of action shall accrue to or for the benefit of anyone that is not a Party hereto. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon or give any person or entity, other than the Parties any right, remedy or claim under or by reason of this Agreement or any provisions or conditions hereof; and all of the provisions, representations, covenants and conditions herein contained shall inure to the sole benefit of and shall be binding upon the Parties.

**28. AMENDMENT.** The Agreement may only be amended in writing executed by all the Parties.

**29. WAIVER.** No failure by a Party to exercise any right, power or privilege under this Agreement is a waiver of that or any other right, power or privilege under this Agreement, except as otherwise expressly set forth in the Agreement.

**30. SEVERABILITY.** If any provision of this Agreement is found by a court of competent jurisdiction to be invalid, it shall be considered deleted, and shall not invalidate the remaining provisions. However, if the deleted language is considered a key provision of the Agreement,

the Parties must agree to a substitute provision that will accomplish the original intent of the Parties. If the Parties cannot agree to a substitute provision within ninety (90) days of the determination by the court, then the Agreement shall be deemed terminated.

**31. ATTORNEY'S FEES AND COSTS.**

**31.1 Dispute Resolution or Litigation Under the Agreement.** Each Party shall bear its own costs, including attorney's fees, incurred in any litigation arising under this Agreement. Notwithstanding the foregoing, any costs, including attorney's fees incurred by the Cooperative in any dispute resolution or litigation arising under this Agreement may be included in computation of the Water Charge upon approval by the Project Board.

**31.2 Litigation Outside the Agreement Concerning the Project.** Any damages or costs, including attorney's fees incurred by the Cooperative in any litigation concerning the Project, excluding litigation described in Section 31.1, shall be included in computation of the Water Charge. Any damages or costs, including attorney's fees awarded to the Cooperative in any litigation concerning the Project, excluding litigation described in Section 31.1, shall be deemed a credit to be considered in computation of the Water Charge.

**32. ENTIRE AGREEMENT.** This Agreement, including Exhibits, constitutes the entire contract among the Parties pertaining to the subject matter hereof, and there are no warranties, representations or other agreements in connection with the subject matter hereof, except as specifically set forth herein.

**33. EXECUTION OF DOCUMENTS.** This Agreement shall be executed in multiple duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute one and the same instrument.

**34. AMBIGUITY.** The Parties agree that each has played an equal part in negotiation and drafting of this Agreement, and in the event ambiguity should be asserted or realized in the interpretation or construction of this Agreement, the result of such ambiguity shall be equally assumed and realized by each Party.

**35. RELATIONSHIP OF THE PARTIES.** Nothing herein shall make any Party a partner or joint venturer or create any fiduciary relationship among the Parties.

**36. GOOD FAITH.** The Parties hereto agree to exercise good faith and fair dealings in respect to all matters relating to this Agreement.

**37. FURTHER ASSURANCES.** The Parties shall use all reasonable efforts to provide such information, execute such further instruments and documents and take actions as may be reasonably requested by another Party and not inconsistent with the provisions of this Agreement and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this Agreement to carry out the intent of this Agreement.

**38. PUBLIC RECORDS.** Should any Party assert any exemption to, or inapplicability of, the requirements of Chapter 119 and related statutes, the burden and cost of establishing such an assertion, by way of injunctive or other relief as provided by law, shall be upon that Party. The Parties shall allow public access to all Project documents and materials that are subject to the requirements of Chapter 119, Florida Statutes or claim that a document does not constitute a public record, the burden of establishing such an exemption or excluding a document as a public record, by way of injunctive or other relief as provided by law, shall be upon the Party asserting the exemption or the claim that a document does not constitute a public record. Additionally, nothing in this Agreement shall be construed nor is intended to, expand the scope of Chapter 119, Florida

Statutes or make into a public record a document that is not a public record under the applicable law.

**39. NON-PARTICIPATING MEMBER GOVERNMENTS.** This Agreement is not binding upon and cannot negatively affect a Member Government, who is not a Party to the Agreement either directly or indirectly nor shall a Member Government, who is not a Party to the Agreement, incur any liability under this Agreement solely by virtue of being a Member Government of the Cooperative.

*[Signatures begin on the following pages]*

IN WITNESS WHEREOF, the undersigned has caused this Combined Projects Implementation Agreement to be duly executed and entered into as of the Effective Date.

TOWN COUNCIL OF THE  
TOWN OF LAKE HAMILTON, FLORIDA

By: \_\_\_\_\_  
Mike Kehoe, Mayor

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Sara Irvine, Town Clerk





# Town of LAKE HAMILTON

## AGENDA REQUEST FORM

Per Town Council Rules of Procedures adopted 10/1/13

**A.**

### General Information

Requested By: Michael Floridino Agenda Date: \_\_\_\_\_ Agenda Number: \_\_\_\_\_

Agenda Title: Sewer Prices

Agenda Type: ☐ New Business ☐ Budget Transfer

Brief Description of Request: \_\_\_\_\_

Like to Address Price of water/sewer.  
Floridino's Italian Kitchen

**B.**

### Budget Information

Is this request associated with the Budget? ☐ YES (Provide Budget Information below) ☒ NO

Funding Source: ☐ General Fund ☐ Enterprise Fund ☐ Grant Fund

Budgeted Amount: \$ \_\_\_\_\_ Actual Cost: \$ \_\_\_\_\_

Account # \_\_\_\_\_ Account Name: \_\_\_\_\_

**C.**

### Staff Information

Staff Information (If any): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**D.**

### Attachments

☐ Back-Up Documents ☐ Ordinance ☐ Resolution ☐ Other: \_\_\_\_\_

*Michael Floridino*

**RESOLUTION 20-18**

**A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF DUNDEE, FLORIDA, ESTABLISHING AND IMPLEMENTING A WHOLESALE WASTEWATER SERVICE RATE; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, pursuant to Section 2(b), Article VIII of the Florida Constitution and Chapter 166 of the Florida Statutes, the Town of Dundee is vested with governmental, corporate and proprietary powers enabling the Town to conduct municipal government, perform municipal functions and render municipal services, including the general exercise of any power for municipal purposes; and

**WHEREAS**, pursuant to Florida law, implicit in the power to provide municipal services is the power to construct, maintain, and operate the necessary facilities for same; and

**WHEREAS**, the Town of Dundee owns, operates and maintains a wastewater treatment facility which is located within the corporate limits of the Town of Dundee, Florida; and

**WHEREAS**, on March 26, 2019, the Town Commission of the Town of Dundee adopted Ordinance 19-01 which amended Chapter 54, Article II, Section 54-72 and Chapter 54, Article III, Division 2, Section 54-129 of the Code of Ordinance of the Town of Dundee, Florida, in part, to revise the utility rates charged for services to water and wastewater customers within the Town's Utility Service Area; and

**WHEREAS**, the rates established in Ordinance 19-01 were established predominantly in reliance upon the Town of Dundee Water, Wastewater and Stormwater Rate Study Final Report dated January 8, 2019 ("Report") prepared on the Town's behalf by Raftelis Financial Consultants, Inc. ("Raftelis"), and

**WHEREAS**, a copy of the Report is attached hereto as Exhibit "A" and made a part hereof by reference; and

**WHEREAS**, the Town Commission adopted Ordinance 19-01 and the findings set forth in the Report which were legislatively determined to represent just, equitable and reasonable utility rate(s) and utility rate structure(s); and

**WHEREAS**, the rates prescribed by Ordinance 19-01 are just, equitable, reasonable, and measured by proper standards which include, but are not limited to, a base rate and usage rate for residential and non-residential wastewater customers which are located both inside and outside the corporate limits of the Town of Dundee, in accordance with the size of the water meter(s) and monthly water meter readings; and

**WHEREAS**, Chapter 180 of the Florida Statutes, which is titled “Municipal Public Works Law,” authorizes the Town of Dundee to provide wastewater service outside its corporate limits and establish just and equitable rates, fees and charges for same; and

**WHEREAS**, in an effort to promote the public health, safety and welfare and aid in the elimination of chronic and recurring septic tank failure(s) in and/or for thirty-two (32) commercial properties located outside the Dundee corporate limits along the U.S. Highway 27 corridor, the Town Commission of the Town of Dundee agreed to provide wastewater service to the Town of Lake Hamilton pursuant to the Town of Dundee – Town of Lake Hamilton Phase 1 U.S. 27 Wastewater System Improvement Project Agreement (“Agreement”); and

**WHEREAS**, Chapter 54, Article III, Division 2, Section 54-129 of the Code of Ordinance of the Town of Dundee, Florida, states that different rates and rate structures may be approved from time to time by the Town Commission by either Resolution or Ordinance; and

**WHEREAS**, the Town of Dundee currently does not have an established rate or rate structure for Wholesale Wastewater Service rendered through a master wastewater meter, as is occurring in relation to the services being provided to Lake Hamilton pursuant to the Agreement; and

**WHEREAS**, in an effort to promote the just and equitable delivery of wastewater service(s) to all customers located both inside and outside its corporate limits, the Town Commission engaged Raftelis to perform a wastewater rate analysis and to recommend a just and equitable Wholesale Wastewater Service Rate and corresponding rate structure; and

**WHEREAS**, on June 29, 2020, Raftelis presented its findings after conducting a wastewater rate analysis specifically addressing the Agreement and rate(s) contained therein (“Report No. 2”). Raftelis concluded that, based on accepted rate-making practice and applying the same factors used in fixing the rates, fees, and charges established for customers inside Dundee’s corporate limits, the Town of Dundee should revise its rates and rate structures to establish a Wholesale Wastewater Service Rate for service to Lake Hamilton under the Agreement and to apply to similarly situated customers in the future; and

**WHEREAS**, a copy of Report No. 2 is attached hereto as Exhibit “B” and made a part hereof by reference; and

**WHEREAS**, the Report and Report No. 2 include analyses of the fiscal requirements of the Town of Dundee wastewater treatment facility; the actual and anticipated operating and maintenance expenses; growth factors and/or considerations; anticipated consumption and future capacity based upon any and all Equivalent Residential Connection (ERC) certificates; and provisions to address certain costs required for projected and necessary capital improvements for the Town of Dundee utility system and wastewater treatment facility; and

**WHEREAS**, the Report and Report No. 2, collectively, provide the Town Commission of the Town of Dundee with competent evidence upon which to base its decision to legislatively

adopt the recommended Wholesale Wastewater Service Rate as a just and equitable rate within the meaning of Municipal Public Works Law; and

**WHEREAS**, the Report and Report No. 2 have been provided to the Town Commission of the Town of Dundee and considered at a public hearing; and

**WHEREAS**, pursuant to Florida law and the Agreement, all required notices to utility customers have or will be provided prior to the public hearing and adoption of this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF DUNDEE, FLORIDA:**

**Section 1.** The above recitals are hereby incorporated as the factual basis for the adoption of this Resolution.

**Section 2.** For purposes of this Resolution, the term "Wholesale Wastewater Service Rate" shall mean the rate(s) and rate structure established by this Resolution and implemented by the Town of Dundee for the collection and disposal of wastewater and other liquid wastes for domestic, municipal, and industrial uses, from both within or outside of the Town of Dundee corporate limits, for any customer purchasing wastewater service on a wholesale basis through a master wastewater meter.

**Section 3.** The Town Commission of the Town of Dundee hereby establishes a Wholesale Wastewater Service Rate in the amount of \$13.61 per thousand gallons of wastewater, as measured by a master wastewater meter.

A current schedule of the Wholesale Wastewater Service Rate shall be on file in the office of the Town Clerk.

**Section 4.** All Resolutions in conflict herewith shall be repealed to the extent necessary to give this Resolution full force and effect.

**Section 5.** If any section, subsection, sentence, clause or phrase of this Resolution is, for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Resolution. The Town of Dundee, Florida, by and through its Town Commission, hereby declares that it would have passed this Resolution, and each section, subsection, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

**Section 6.** This Resolution shall take effect immediately upon passage.

**INTRODUCED AND PASSED** by the Town Commission of the Town of Dundee, Florida, in regular session, this 15th day of September, 2020.

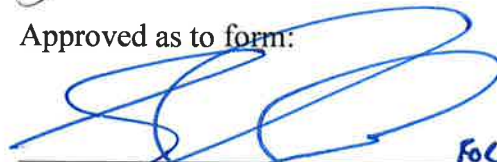
TOWN OF DUNDEE

  
Samuel Pennant, Mayor

ATTEST:

  
Jenn Garcia, Town Clerk

Approved as to form:

  
Frederick J. Murphy, Jr., Town Attorney

# TOWN OF **DUNDEE**

## **Water, Wastewater and Stormwater Rate Study**

Final Report / January 8, 2019



EXHIBIT "A" - RESOLUTION 20-18

## EXHIBIT "A" - RESOLUTION 20-18



January 8, 2019

Ms. Deena Ware, MPA  
Town Manager  
Town of Dundee  
P.O. Box 1000  
Dundee, Florida 33838

**Subject: Water, Sewer and Stormwater Rate Study Report**

Dear Ms. Ware,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Water, Sewer and Stormwater Rate Study Report (Report) for the Town of Dundee (Town) to address rate structure and revenue sufficiency needs over the next five years. We have summarized the results of our analysis in this Report for your consideration. This Report provides a forecast for the period of October 1, 2018 through September 30, 2022.

In our analysis, we have relied upon certain information and data compiled by the Town including, but not limited to capital improvement plans, Comprehensive Annual Financial Reports, the adopted annual budgets, periodic reports, financing documents, and other information and data provided. To the extent we have performed our analyses using the data and information obtained from the Town and others in the preparation of this report, we have relied upon such information to be accurate and no assurances are intended, and no representation or warranties are made with respect thereto or the use made herein.

It has been a pleasure working with you, and we thank you and the Town staff for the support provided during the course of this study.

Sincerely,

A handwritten signature in blue ink that reads 'Joe Williams'.

**Joe Williams**  
*Senior Consultant*

A handwritten signature in blue ink that reads 'Tony Hairston'.

**Tony Hairston**  
*Vice President*



## EXHIBIT "A" - RESOLUTION 20-18

# Table of Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
BACKGROUND OF THE STUDY .....	1
SYSTEM OVERVIEW .....	1
SEWER RATE DESIGN .....	3
RECOMMENDATIONS .....	5
<b>SECTION 1. INTRODUCTION .....</b>	<b>6</b>
BACKGROUND .....	6
SCOPE OF SERVICES .....	6
SUMMARY OF REPORT .....	6
<b>SECTION 2. REVENUE REQUIREMENTS.....</b>	<b>7</b>
GENERAL .....	7
PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS .....	7
REVENUE REQUIREMENTS SUMMARY .....	9
<b>SECTION 3. CUSTOMER STATISTICS .....</b>	<b>11</b>
GENERAL .....	11
WATER CUSTOMER STATISTICS .....	12
SEWER CUSTOMER STATISTICS .....	14
<b>SECTION 4. SEWER RATE DESIGN AND BILL COMPARISONS .....</b>	<b>16</b>
GENERAL .....	16
PRICING OBJECTIVES AND RATE DESIGN PARAMETERS .....	17
SEWER RATE DESIGN .....	18
BILL IMPACTS AND COMPARISON WITH LOCAL UTILITIES .....	18
<b>SECTION 5. REVENUE SUFFICIENCY ANALYSIS.....</b>	<b>22</b>
GENERAL .....	22
REVENUE SUFFICIENCY .....	22
UTILITY CASH RESERVES .....	24
<b>STORMWATER REVIEW AND FORECAST .....</b>	<b>26</b>

## EXHIBIT "A" - RESOLUTION 20-18

**List of Tables and Figures**

Figure ES 1 Water and Sewer Revenue Sufficiency – Existing Rates .....	2
Figure ES 2 Water and Sewer Revenue Sufficiency – Proposed Rates .....	2
Table ES 1: Existing and Proposed Sewer Rates .....	3
Table ES 2: Single Family Sample Bill Impacts (Sewer Portion of Bill Only) .....	4
Table ES 3: Single Family Sample Bill Impacts (Water and Sewer).....	4
Table 1: Five-Year Capital Improvement Expenditures and Sources.....	8
Table 2: Projected Water Net Revenue Requirements .....	9
Table 3: Projected Sewer Net Revenue Requirements .....	10
Table 4: FY 2017 Water Customer Summary.....	11
Table 5: FY 2017 Sewer Customer Summary .....	11
Table 6: AWWA Meter Equivalent Ratios.....	12
Table 7: FY 2017 Water Customer Statistics .....	12
Table 8: Usage Block Allowances .....	13
Table 9: Water Usage by Rate Block FY 2017 .....	13
Table 10: Water Customer Forecast .....	14
Table 11: FY 2017 Sewer Customer Statistics .....	14
Table 12: Sewer Customer Forecast .....	15
Table 13: Existing Monthly Sewer Rates .....	16
Table 14: Proposed Sewer Rates March 1, 2019 .....	18
Table 15: Single Family Sample Bill Impacts (Sewer Portion of Bill Only) .....	19
Table 16: Single Family Sample Bill Impacts (Water and Sewer) .....	19
Figure 1: Local Comparison: Single Family 2,000 Gallons.....	20
Figure 2: Local Comparison: Single Family 5,000 Gallons.....	21
Table 17: Existing Water Rates.....	22
Table 18: Revenue Forecast.....	23
Table 19: Revenue Sufficiency Forecast .....	23
Table 20: Updated Water Revenue Sufficiency.....	24
Table 21: Unrestricted Reserve Funds.....	25
Table 22: Stormwater Customers and Revenue Forecast .....	26
Table 23: Stormwater Expense Forecast .....	27
Table 24: Stormwater Rate Calculation.....	27
Table 25: Local Stormwater Rate Comparison .....	28

**List of Exhibits**

- Exhibit 1: Water Operating Budget Projection
- Exhibit 2: Sewer Operating Budget Projection
- Exhibit 3: Stormwater Operating Budget Projection
- Exhibit 4: Water Revenue Sufficiency Forecast
- Exhibit 5: Sewer Revenue Sufficiency Forecast
- Exhibit 6: Water Rates Effective March 2019
- Exhibit 7: Water Rates Effective October 1, 2019
- Exhibit 8: Water Rates Effective October 1, 2020
- Exhibit 9: Water Rates Effective October 1, 2021
- Exhibit 10: Water Rates Effective October 1, 2022

## EXHIBIT "A" - RESOLUTION 20-18

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## EXHIBIT "A" - RESOLUTION 20-18

# Executive Summary

## Background of the Study

The Town of Dundee (Town) provides water and sewer service to properties located within and outside of the Town limits. The Town accounts for the water and sewer funds and financial reporting as a combined enterprise fund (System). As an enterprise fund the costs of providing service are recovered primarily through user fees. Specifically, the Town recovers its water and sewer utility costs through user rates and ancillary charges. The Town also operates a stormwater utility for those properties located within Town limits, which are assessed a fee annually on their property tax bill.

The Town has engaged Raftelis Financial Consultants, Inc. (Raftelis) to conduct a rate study, including provisions for a revenue sufficiency projection and alternative rate design options. Raftelis has prepared this report to document our findings and conclusions. Raftelis created an Excel-based financial model with the primary purpose to provide the Town with a management tool to anticipate future needs, enhance operation and capital planning, and diminish the probability of sudden rate adjustments or other adverse financial conditions. This model can be updated periodically to estimate impacts of certain events such as new customer growth, large capital projects, etc. and overall revenue sufficiency over a multi-year period.

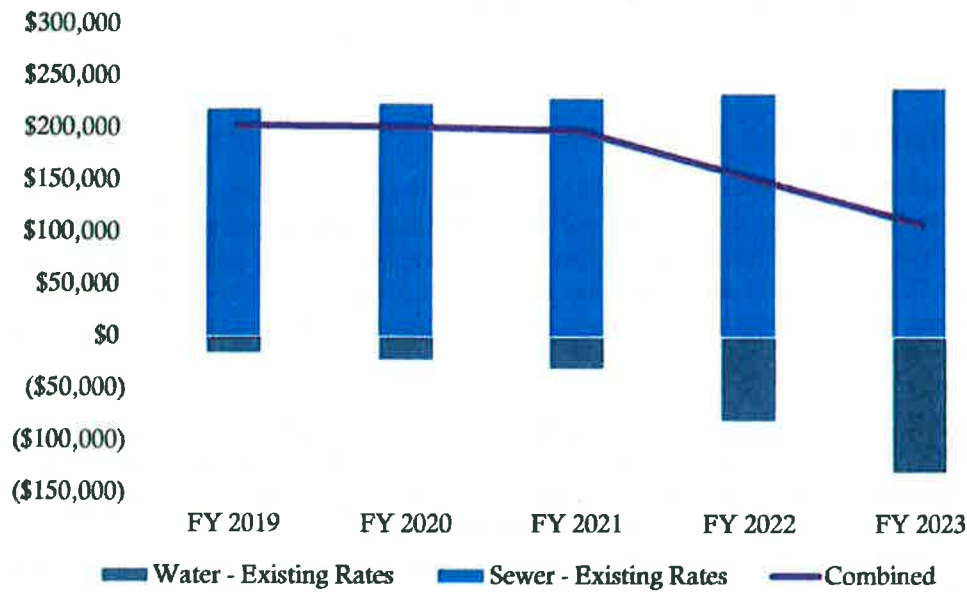
This executive summary provides an overview of the study and includes findings and recommendations for sewer rate design options and financial policies.

## System Overview

The Town has been able to maintain water and sewer service over the past few years, without any rate increases since 2014. From 2014 through 2018, average rate increases for utilities across the State of Florida have averaged approximately 2.4% annually for both water and sewer services, according to the 2018 Florida Water and Wastewater Rate Survey. At this rate, many utilities have increased rates by close to 10% since 2014. Since the Town has not updated rate levels in five years, a comprehensive review was warranted. Figure 1 below provides a visual illustration of how the water and sewer funds are operating individual and on a combined basis. The dark blue bar represents the forecast water revenue sufficiency over the next five years, assuming that outstanding water debt service is phased in and paid from water revenues instead of ad valorem taxes, which is discussed in further detail in the body of the report. As can be seen on the chart, the existing water revenues are not forecast to be sufficient, indicating a rate adjustment is necessary. On the other hand, the sewer system is generating adequate revenue to cover all the costs of providing sewer service. On a combined basis, as illustrated by the purple line, the water and sewer funds are generating adequate revenues. However, in order to ensure equitable rates of all users of the System, certain rate adjustments and rate structure modifications have been identified.

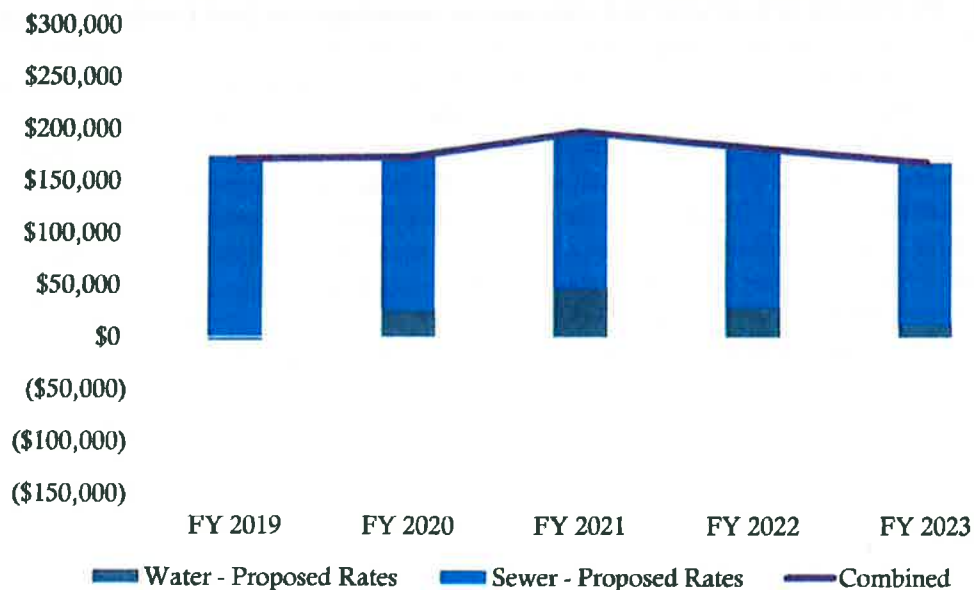
## EXHIBIT "A" - RESOLUTION 20-18

Figure ES 1 Water and Sewer Revenue Sufficiency – Existing Rates



As will be discussed further in the next sub-section, the sewer rates were slightly re-designed and the overall revenue collected from sewer rates will be less. On the other hand, the water rates will be increased each year in order to correct the negative operating balances presented on Figure 1. The revenue and expense forecasts are detailed throughout this report, and are provide in summary on Figure 2 below. The water rates are forecast to increase by 3% in March 2019, and annually by 3.5% thereafter beginning October 1, 2019 through October 1, 2022.

Figure ES 2 Water and Sewer Revenue Sufficiency – Proposed Rates



## EXHIBIT "A" - RESOLUTION 20-18

As shown above on Figure 2, the annual water rate adjustments provide for sufficient water revenues to cover the costs of providing service. Additionally, the slight reduction to the sewer rates does not significantly impact the overall positive operations of the System. Additionally, with the implantation of the water rate adjustments the revenue sufficiency trend in the last two years of the forecast has been improved. In Figure 1, it can be seen that the overall revenue sufficiency is beginning to decline, whereas in Figure 2 the revenue sufficiency is being maintained.

## Sewer Rate Design

The sewer rate design is based on the cost of providing sewer service along with taking into consideration certain pricing objectives identified in discussions with the Town. The primary pricing objectives targeted during the rate design were to promote affordability for customers that use less water, to maintain revenue stability and to keep a rate structure that is simple to understand and update. The proposed rate design provides a lower monthly base charge and allows residential users to lower their monthly bill by using less water. The lower monthly base charge is offset by a higher usage charge, which might cause higher use customers to conserve water to mitigate increases to their bills. More specifics relating to the pricing objectives identified are discussed in Section 4, but the overall approach used in this analysis provides lower bills at lower consumption levels to achieve affordability.

Provided on the following table is the existing and proposed rates. The proposed rates are designed to be implemented on the first billing cycle in March 2019:

Table ES 1: Existing and Proposed Sewer Rates

Description [1]	Existing Rates	Proposed Rates [2]
<b>Base Charge:</b>		
3/4"	\$60.95	\$48.00
1"	\$152.30	\$120.00
1.5"	\$304.61	\$240.00
2"	\$487.37	\$384.00
3"	\$1,533.00	\$720.00
4"	\$1,827.61	\$1,200.00
6"	\$3,837.99	\$2,400.00
8"	\$5,482.82	\$3,840.00
<b>Usage Charges</b>		
<b>Residential:</b>		
0-4,000 gallons	\$0.00	\$0.00
4,001-10,000 gallons	\$0.00	\$2.50
Above 10,000 gallons	\$0.00	\$0.00
<b>Non-residential:</b>		
All usage	\$2.50	\$2.50

[1] Customers outside Town limits receive a 25% surcharge, allowable pursuant to Florida Statutes section 180.191.

[2] Proposed implementation in March 2019.

The following tables illustrate residential water and sewer bill impacts, for those customers that have both services, at various usage levels:

## EXHIBIT "A" - RESOLUTION 20-18

Table ES 2: Single Family Sample Bill Impacts (Sewer Portion of Bill Only)

Usage (gallons)	Existing Rates	Proposed Rates	Difference	Cumulative % Single Family Bills
0	\$60.95	\$48.00	(\$12.95)	4.9%
1,000	\$60.95	\$48.00	(\$12.95)	7.9%
2,000	\$60.95	\$48.00	(\$12.95)	12.7%
3,000	\$60.95	\$48.00	(\$12.95)	18.8%
4,000	\$60.95	\$48.00	(\$12.95)	24.7%
5,000	\$60.95	\$50.50	(\$10.45)	30.9%
6,000	\$60.95	\$53.00	(\$7.95)	36.5%
7,000	\$60.95	\$55.50	(\$5.45)	42.2%
8,000	\$60.95	\$58.00	(\$2.95)	47.5%
9,000	\$60.95	\$60.50	(\$0.45)	52.2%
10,000 or greater	\$60.95	\$63.00	\$2.05	100.0%

The total utility bill comparison, as provided on Table ES 3 below, is important since all sewer customers also have water service. As discussed further in Section 5, there is a projected increase of 3% to the water rates, which has been reflected in the total bill amounts below.

Table ES 3: Single Family Sample Bill Impacts (Water and Sewer)

Usage (gallons)	Existing Rates	Proposed Rates [1]	Difference	Cumulative % Single Family Bills
0	\$77.95	\$65.51	(\$12.44)	4.9%
1,000	\$78.90	\$66.49	(\$12.41)	7.9%
2,000	\$79.85	\$67.47	(\$12.38)	12.7%
3,000	\$80.80	\$68.45	(\$12.35)	18.8%
4,000	\$81.75	\$69.43	(\$12.32)	24.7%
5,000	\$82.70	\$72.91	(\$9.79)	30.9%
6,000	\$83.65	\$76.39	(\$7.26)	36.5%
7,000	\$84.60	\$79.87	(\$4.73)	42.2%
8,000	\$85.55	\$83.35	(\$2.20)	47.5%
9,000	\$86.50	\$86.83	\$0.33	52.2%
10,000	\$87.45	\$90.31	\$2.86	56.3%

[1] Water rates have been increased over existing rates by 3%, as further described in Section 5.



## EXHIBIT "A" - RESOLUTION 20-18

**Recommendations**

As set forth herein, we recommend the Town should:

1. Implement proposed rates effective on March 1, 2019 which will provide rate equity among the various water and sewer customers, more affordable bills for lower use customers, and will promote water conservation.
2. Perform an in depth review of the stormwater customers to ensure accurate EDU amounts. Implement the updated stormwater non-ad valorem assessment proposed in this report by September 2019. Necessary resolutions, ordinances and mailed notices to customers will need to occur in advance of September, per provisions in the Florida Statutes, including those outlined in 197.3632 and 197.3635.
3. Monitor the utility financial performance annually for each service separately, and in whole, to ensure that the utility system remains in a strong financial position. Perform a review of the rate structure and forecast of revenue sufficiency every three to five years as operating conditions, regulatory requirements and/or future water supply needs change.



## EXHIBIT "A" - RESOLUTION 20-18

# Section 1. Introduction

## Background

The Town operates a combined water and sewer utility Enterprise Fund (System) to serve customers with quality utility services within the Town limits and extending to certain contiguous areas outside the Town limits. Included in the Enterprise Fund are the sanitation and stormwater utilities, providing services primarily within Town limits. The purpose of establishing the utility as an Enterprise Fund is to operate as a business-type unit and ensure that it generates the necessary revenues to cover all costs related to providing service. To generate the appropriate revenues, it is necessary to review the fixed and consumption-based user rates of the water and sewer utility and also the annual stormwater utility assessment. The sanitation utility was not reviewed as part of this study.

Since the water, sewer and stormwater utility is a proprietary or enterprise fund, the cost of providing service is primarily funded with user fees. The goal of this study is to assist the Town in identifying future rate levels necessary to recover the projected cost of operating, maintaining, repairing and financing the utility assets.

## Scope of Services

In an effort to ensure adequate funding for utility operations, regulatory requirements, and equitable revenue recovery among all users of the System, the Town has engaged Raftelis Financial Consultants, Inc. (Raftelis) to perform a rate study. This report includes a five-year financial forecast of the System along with specific recommendations of sewer rate structure adjustments to achieve the Town's rate objectives through FY 2023.

## Summary of Report

**Section 2. Revenue Requirements** – This section summarizes the financial forecast, which serves as the basis for the revenue sufficiency analysis. Also included is a discussion of the assumptions utilized in forecasting the adopted operating budget, debt service, and capital needs into the future.

**Section 3. Customer Statistics** – This section summarizes historical and projected customers and sales. Projections are primarily based off of recent historical trends and expected future sales with a conservative outlook.

**Section 4. Sewer Rate Design and Bill Comparisons** – This section provides the analysis and results for the proposed sewer rate structure adjustments. As discussed further in this section, the rate design provides for more equitable cost recovery between customer classes and provides conservation incentives. This section also includes a review of bill impacts for a wide range of customers.

**Section 5. Revenue Sufficiency Analysis** – This section summarizes projected future utility rates over a five-year period to achieve sufficient revenue and reserve fund balances.

**Section 6. Stormwater Review and Forecast** – This section summarizes the revenue requirements forecast, customers, and stormwater rates over the next five years.

## Section 2. Revenue Requirements

### General

Utility cash revenue requirements is the term that generally defines the various components of cost associated with operating and maintaining a municipally-owned utility system, as well as the cost of financing the renewal and replacement of facilities and capital improvements for upgrades and expansion. The sum of these cost components, less any miscellaneous utility revenues, represents the net revenue requirements that must be funded from the utility rates. The revenue requirements for this study are predicated on an analysis of projected water and sewer costs for the five-year period ending FY 2023. The projected revenue requirements include the various generalized cost components below:

- Operating Expenses: These expenses include the cost of labor, insurance, electricity, chemicals, materials, supplies, administration and other items necessary for the operation and maintenance of the System.
- Debt Service: Debt service includes the principal and interest on the System's current outstanding debt obligations payable from the System's net operating revenues. The System currently has the Series 2001 Revenue Bonds outstanding with payments due through FY 2040 and the 2011 Revenue Bonds with payments due through FY 2050. Both of these debts are issued through the United States Department of Agriculture (USDA), Rural Utilities Service.
- Other Revenue Requirements: This component of cost includes, in general, any ongoing capital improvements (capital outlay) to be financed from revenues, transfers to System reserves for future rehabilitation, and funding of certain capital projects on a pay-as-you-go basis.

### Principal Assumptions and Considerations

The projected revenue requirements are summarized in this section and are provided in more detail in Exhibits 4 and 5 at the end of this report. The major assumptions, considerations and analyses that are included in the development of the projected revenue requirements are as follows:

1. The Town's adopted budget for water and sewer services for FY 2019 (the "Budget") served as the basis for expenditure projections. Unless otherwise noted, the underlying assumptions and expenditure amounts included therein are assumed to be reasonable and reflect anticipated operations. Such budgetary amounts are incorporated into the revenue requirement component of the study, except for adjustments and assumptions as noted below.
2. System operating and maintenance expenditures budgeted for FY 2019 are projected for the remaining four years of the Forecast Period (i.e., through FY 2023). Schedules providing budget line item detail of projected operating expenses are shown on Exhibits 1 and 2 at the end of this report. The primary assumptions associated with the projected operating expenses as developed for the Forecast Period are as follows:
  - System salaries and wages were increased above FY 2019 budgeted amounts by 3.0% annually to reflect wage adjustments resulting from promotions and merit increases as well as cost of living

## EXHIBIT "A" - RESOLUTION 20-18

adjustments due to inflationary pressures. Health care expenditures are projected to increase by 5.0% annually, much faster than salaries and taxes due to recent trends in the industry.

- The utility enterprise fund currently transfers \$125,000 annually to the General Fund. The transfer is made to recognize administrative staff time spent managing the enterprise fund, including the Town Manager, Finance Director, and others. The allocation reflects that these employees spend a portion of their time managing and ensuring that the high quality of services are maintained collectively from the water, sewer, stormwater and sanitation funds. Based on the Town's current budgeting practices it has been assumed that the bulk of this transfer is covered by the sanitation fund. Only 20%, or \$25,000 collectively, has been allocated the water and sewer funds. The remaining amount is recovered from the sanitation fund.
  - Other operating costs such as utility services, operating supplies, chemicals and uniforms have been increased above the FY 2019 Budget by approximately 2.4% annually to account for general inflation. General inflation is usually measured by the CPI-U, which is the Consumer Price Index – All Urban Consumers Report. The CPI-U has increased the past two years at the rate of 2.1% each year for 2016 and 2017, respectively. The Congressional Budget Office (CBO) Economic Projections, from April 2018, forecasts annual CPI-U increases ranging from 2.2% up to 2.5% from 2019 through 2023.
3. Each year the budget also specifies amounts related to minor operating capital expenditures. Much of this amount has been included in the operating costs above but it should be mentioned that there is ongoing System maintenance being performed, which provides the ability to postpone and/or avoid major repairs and replacements. The water system budgets approximately \$70,000 per year for ongoing maintenance and the sewer system budgets approximately \$50,000 per year.
  4. In addition to the provisions for ongoing maintenance and repairs, certain capital improvements have been identified. Capital improvements are usually larger one-time expenses or can be related to a program of improvements such as replacing vulnerable water lines. In discussions with Town staff, the following capital improvement plan (CIP) was developed for the Forecast Period. All the projects below will be funded through the rate revenues discussed throughout this report. The largest CIP item shown includes amounts for the Polk Regional Water Cooperative (PRWC). The PRWC includes most of the municipalities within Polk County and was formed to identify and obtain future water supplies for the region. The costs shown below only include planning costs, which are being financed for the Town through an SRF loan. The full agreement and terms of this financing have not been fully vetted, so conservative terms (i.e., 5% interest rate) have been used. As additional funding requirements are identified by the PRWC, the Town will likely need to review its future rate levels and impact fees to ensure adequate recovery of more expensive water supply.

Table 1: Five-Year Capital Improvement Expenditures and Sources

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Line Replacements	\$55,000	\$10,000	\$10,000	\$10,000	\$10,000
Polk Regional Cost Share	82,090	82,090	82,090	82,090	82,090
Ongoing Sewer Improvements	25,000	25,000	25,000	25,000	25,000
Total Expenditures	\$162,090	\$117,090	\$117,090	\$117,090	\$117,090
<b>Funding Sources:</b>					
Water Rates	\$137,090	\$92,090	\$92,090	\$92,090	\$92,090
Sewer Rates	25,000	25,000	25,000	25,000	25,000
Total Sources	\$162,090	\$117,090	\$117,090	\$117,090	\$117,090

## EXHIBIT "A" - RESOLUTION 20-18

5. As of September 30, 2018, there are two outstanding debt obligations with pledges on the revenues generated by the System. The Series 2001 Revenue Bonds (2001 Bonds) were issued in the amount of approximately \$1.86 million to refund prior debt issues from 1998 and 1999, and primarily funded sewer system improvements. The Series 2011 Revenue Bonds (2011 Bonds) were issued in the amount of \$3.136 million to construct a new water plant. The 2001 Bonds have annual payments of \$101,160 through 2040. The 2011 Bonds have annual payment of \$163,072 through 2050. These payments are included in the annual revenue requirements for each system respectively throughout the Forecast Period.
6. The System should strive to maintain adequate cash reserves to meet day-to-day funding needs as well as to be able to provide funds to meet any unexpected emergencies requiring immediate financial resources. Based on prudent utility business principles, which are discussed further in Section 5, the equivalent of four months of operation and maintenance expenses is targeted as the minimum unrestricted operating reserves to be achieved by the end of the Forecast Period.
7. The System also collects other operating revenues from miscellaneous charges for specific customer services such as tap fees, non-payment fees, late fees and meter fees. These miscellaneous revenues are available to reduce the amount of revenue requirements needed to be collected from monthly user rates.

## Revenue Requirements Summary

The projected net revenue requirements for the water department, less miscellaneous income, are summarized below:

**Table 2: Projected Water Net Revenue Requirements**

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Operating Expenses	\$669,374	\$649,700	\$668,600	\$688,100	\$707,800
Debt Service	163,072	163,072	163,072	163,072	163,072
Gen. Gov. Debt Service Offset [1]	(163,072)	(81,536)	(81,536)	(40,768)	0
Capital from Rates	137,090	92,090	92,090	92,090	92,090
Gross Revenue Requirements	\$806,464	\$823,326	\$842,226	\$902,494	\$962,962
Less Miscellaneous Revenues	(40,000)	(40,200)	(40,400)	(40,600)	(40,800)
Net Revenue Requirements	\$766,464	\$783,126	\$801,826	\$861,894	\$922,162

[1] The Town currently budgets for the 2011 Bonds debt service to be paid from ad valorem revenues. However, based on prudent utility financial practices Rafetis is recommending that the Town phases out the reliance on ad valorem revenues to fund this debt service. This adjustment shifts the debt repayment from ad valorem revenue to rate revenue, which reflects the cost of providing service. The rate adjustments necessary to achieve this will be shown in Section 5.

As can be seen on the table above, Net Revenue Requirements are increasing each year primarily due to estimated budget escalation from inflationary pressures and the reduced reliance on General Fund revenues to fund the water debt service payments. By FY 2023 the water system is forecast to be fully recovering the cost of annual debt service from the 2011 Bonds. The operating expenses are slightly decreased in FY 2020 from FY 2019 due to a one-year budget increase for professional services in FY 2019. The revenue sufficiency discussion for the water and sewer funds is provided in Section 5.

## EXHIBIT "A" - RESOLUTION 20-18

Table 3: Projected Sewer Net Revenue Requirements

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Operating Expenses	\$349,850	\$359,600	\$369,700	\$380,000	\$390,400
Debt Service	101,159	101,159	101,159	101,159	101,159
Capital from Rates	25,000	25,000	25,000	25,000	25,000
Gross Revenue Requirements	\$476,009	\$485,759	\$495,859	\$506,159	\$516,559
Less Miscellaneous Revenues	(55,000)	(55,500)	(56,000)	(56,500)	(57,000)
Net Revenue Requirements	\$421,009	\$430,259	\$439,859	\$449,659	\$459,559

As shown above, the operating expenses are increasing annually due to inflationary pressures. The current sewer rates are sufficient to fully fund the 2001 Bonds annual debt service requirements, so there are no anticipated ad valorem revenues needed to support the sewer system.



## Section 3. Customer Statistics

### General

A major component in the determination of sustained revenue sufficiency for water and sewer service is the development of a forecast of customers and sales. The Town provided historical billing statistics including the number of customers, by class and meter size, and metered monthly usage, which provides the basis for the recent historical trends and the forecast of customers through FY 2023. In addition to accumulating the number of customers and sales, additional analysis was performed in order to review options for modifying the rate structure, which is discussed at length below.

The FY 2017 water and sewer customer summaries are provided on Tables 4 and 5, respectively.

**Table 4: FY 2017 Water Customer Summary**

Description	Residential	Nonresidential	Total
Accounts	1,406	184	1,590
Meter Equivalents [1]	1,416	455	1,871
Consumption (1,000s gallons)	140,447	49,629	190,076
Avg. Consumption per Month [2]	8.27	9.09	8.47

[1] The Town bills monthly base charges pursuant to the water meter size serving each account. Larger meter sizes are charged greater than one equivalency, as discussed later in this section.

[2] Average consumption per month is calculated by dividing the consumption by the meter equivalents and then dividing by 12.

**Table 5: FY 2017 Sewer Customer Summary**

Description	Residential	Nonresidential	Total
Accounts	415	57	472
Meter Equivalents [1]	415	219	634
Consumption (1,000s gallons)	63,697	27,142	90,839
Avg. Consumption per Month [2]	12.79	10.33	11.94

[1] The Town bills monthly base charges pursuant to the water meter size serving each account. Larger meter sizes are charged greater than one equivalency, as discussed later in this section.

[2] Average consumption per month is calculated by dividing the consumption by the meter equivalents and then dividing by 12.

Meter equivalents convert each account to an equivalent demand basis. The basis for determining meter equivalents is the meter size used for water service and the rate of flow, or water demand, that meter can place on the water system. Larger meters are designed to allow higher rates of flow, as established by the American Water Works Association (AWWA). These AWWA meter flow ratios are used to determine the meter equivalents based on the customers meter size. A 3/4-inch meter is set as the standard ratio of 1.0, with larger meter sizes increasing. The meter equivalent ratios from AWWA are provided on the table below.

## EXHIBIT "A" - RESOLUTION 20-18

Table 6: AWWA Meter Equivalent Ratios

Meter Size	AWWA Ratio
3/4"	1.00
1"	2.50
1.5"	5.00
2"	8.00
3"	15.00
4"	25.00
6"	50.00
8"	80.00

According to the statistical section in the 2017 Comprehensive Annual Financial Report (CAFR), the water system added over 200 new connections over the three-year period of FY 2015 through FY 2017. Additionally, over 130 new sewer connections have been added over the same three-year period. The following sections provide more detailed analysis for the utility customers and the consumption statistics.

## Water Customer Statistics

The Town currently categorizes each customer into one of two primary classes for billing purposes consisting of residential and nonresidential. The nonresidential class also has several sub-classes including Town accounts, public accounts, and commercial accounts. These customers are then split between inside or outside Town service. The table below provides the number of accounts, meter equivalents, metered consumption and average monthly consumption per meter equivalent by customer classification for the FY 2017 billing data provided.

Table 7: FY 2017 Water Customer Statistics

Description (Meter Size)	Accounts	Meter Equivalents	Consumption (1,000 gallons)	Avg. Consumption per Month
<b>Residential Inside</b>				
3/4-inch	1,286	1,286	129,143	8.37
1-inch	5	12	785	5.45
<b>Residential Outside</b>				
3/4-inch	113	113	10,306	7.60
1-inch	2	5	213	3.55
<b>Subtotal Residential</b>	<b>1,406</b>	<b>1,416</b>	<b>140,447</b>	<b>8.27</b>
<b>Nonresidential Inside</b>				
3/4-inch	119	119	10,458	7.32
1-inch	28	66	7,627	9.63
1.5-inch	8	36	2,810	6.50
2-inch	24	173	23,243	11.20
3-inch	1	16	903	4.70
4-inch	1	27	3,564	11.00
<b>Nonresidential Outside</b>				
3/4-inch	2	2	62	2.58
3-inch	1	16	962	5.01
<b>Subtotal Nonresidential</b>	<b>184</b>	<b>455</b>	<b>49,629</b>	<b>9.09</b>
<b>Total Water System</b>	<b>1,590</b>	<b>1,871</b>	<b>190,076</b>	<b>8.47</b>

## EXHIBIT "A" - RESOLUTION 20-18

As shown above over 1,500 accounts and 1,800 meter equivalents are served water by the Town each month. Average monthly consumption per meter equivalent for all System connections is approximately 8,470 gallons, while the largest customer class, inside Town 3/4-inch residential accounts use approximately 8,370 gallons per month.

In addition to analyzing each customer class based on the average monthly accounts, equivalencies and consumption, it is necessary to accumulate the revenue gallons into the appropriate usage blocks. The usage blocks are utilized in the billing process and have been designed to promote conservation, as the rate applied to each block is inclining. The inclining usage block rates are extremely common in Florida and are viewed favorably by the water management districts. The rates applied to each block will be introduced later in this report, but the table below illustrates the gallons that will be billed for in each block.

Table 8: Usage Block Allowances

Description	Gallons Included
Block 1	0-10,000
Block 2	10,001-20,000
Block 3	20,001-40,000
Block 4	Above 40,000

The following table demonstrates, for each customer class, the amount of consumption billed in each usage block for FY 2017:

Table 9: Water Usage by Rate Block FY 2017

Classification	Block 1	Block 2	Block 3	Block 4	Total
Residential Inside	88,268	23,103	12,042	6,515	129,928
Residential Outside	7,470	1,483	821	745	10,519
Nonresidential Inside	10,719	5,221	6,970	25,695	48,605
Nonresidential Outside	179	122	215	508	1,024
<b>Total</b>	<b>106,636</b>	<b>29,929</b>	<b>20,048</b>	<b>33,463</b>	<b>190,076</b>
% Consumption in Block	56.1%	15.7%	10.6%	17.6%	100.0%

The customer billing data described above provides the basis for a customer forecast. The forecast includes the period from FY 2017 through FY 2023 and assumes growth in single family accounts of 85 in FY 2018, 65 in FY 2019 and 30 per year for FYs 2020 through 2023. The FY 2018 and FY 2019 growth figures are based on estimated growth amounts. For FY 2018, there was significant growth in the residential category, with anticipated growth to continue at a slightly elevated level in FY 2019. The future growth is considered conservative and any growth above this level would increase the projected operating margins. Water sales have been projected based on the usage trends identified above for each customer class. A summary of the customer forecast is provided below.



## EXHIBIT "A" - RESOLUTION 20-18

Table 10: Water Customer Forecast

Fiscal Year	Accounts	Equivalencies	Consumption (1,000 gallons)
FY 2017	1,590	1,871	190,076
FY 2018	1,675	1,956	198,580
FY 2019	1,740	2,021	205,080
FY 2020	1,770	2,051	208,090
FY 2021	1,800	2,081	211,090
FY 2022	1,830	2,111	214,090
FY 2023	1,860	2,141	217,090

## Sewer Customer Statistics

The table below provides the number of customers, equivalencies, metered consumption and average monthly consumption by customer classification for the FY 2017 billing data provided:

Table 11: FY 2017 Sewer Customer Statistics

Description	Accounts	Meter Equivalents	Consumption (1,000s gallons)	Avg. Consumption per Month
Residential Inside				
3/4-inch	415	415	63,697	12.79
Nonresidential Inside				
3/4-inch	33	33	3,761	9.50
1-inch	5	12	1,946	13.51
1.5-inch	4	20	1,463	6.10
2-inch	13	104	18,107	14.51
3-inch	1	25	903	3.01
Nonresidential Outside				
3-inch	1	25	962	3.21
<b>Subtotal Nonresidential</b>	<b>57</b>	<b>219</b>	<b>27,142</b>	<b>10.33</b>
<b>Total Sewer System</b>	<b>472</b>	<b>634</b>	<b>90,839</b>	<b>11.94</b>

As shown above, 415 of the 1,286 residential 3/4-inch water accounts also have sewer service, or about one-third. The consumption per month for these residential customers is significantly higher than the average for all customers that have water service, at almost 13,000 gallons per month. The majority of the sewer customers are located in relatively newer subdivisions that generally have outdoor irrigation systems connected to the primary water meter. While the residential accounts are not currently charged for consumption on a monthly basis, since there is a flat charge of \$60.95 per month, a focus of this study is to review the option of implementing a base and usage charge rate structure for the sewer system. The sewer usage information will be further detailed in the rate design section below.

The sewer customers have also been forecast in the future in order to determine future revenue recovery and also to be utilized in designing alternative rate structures. Most of the customer growth in the Town is occurring in newer neighborhoods, which have water and sewer service. Therefore, the estimated growth during FY 2018 of 85 new accounts is reflected on the sewer system as well. In future years, the growth identified for the water system has been slightly reduced for the sewer system to account for re-activation of water accounts and infill development in parts of Town that do not have sewer service available. Therefore, for FY 2019 customer growth is projected to be

## EXHIBIT "A" - RESOLUTION 20-18

60 new accounts, with an additional 20 per year for FYs 2020 through 2023. A summary of the customer forecast is provided below.

Table 12: Sewer Customer Forecast

<u>Fiscal Year</u>	<u>Accounts</u>	<u>Equivalencies</u>	<u>Consumption (1,000 gallons)</u>
FY 2017	472	634	90,839
FY 2018	557	719	103,880
FY 2019	617	779	113,090
FY 2020	637	799	116,160
FY 2021	657	819	119,230
FY 2022	677	839	122,300
FY 2023	697	859	125,370

## EXHIBIT "A" - RESOLUTION 20-18

# Section 4. Sewer Rate Design and Bill Comparisons

## General

This section provides the proposed sewer rate design. Included are various customer bill impacts and comparisons with other local utilities.

The previous sections outlined the net revenue requirements and the forecasted customer statistics for the sewer system. These forecasts provide the basis for a rate design analysis based on cost of service principles with the intention of equitably recovering costs between various customer classes and users. The existing sewer rates include a fixed monthly charge for all customers, with nonresidential customers also incurring a usage charge per 1,000 gallons of consumption as measured through the water meter. The residential customers do not incur any additional charge based on the amount of water used. To establish a more equitable cost recovery basis, this section will illustrate the analysis and results of implementing a new rate structure for all sewer customers.

The rate design alternative focuses on providing a similar rate structure for residential and nonresidential customers, while minimizing rate impacts where possible. With any significant change in rate structure, certain customers will receive larger changes to their monthly bill than others. These customer impacts have been reviewed and minimized, where possible, in order to provide a cost based and reasonable alternative to the Town.

The existing rates for sewer service are provided below and will be used throughout the comparisons with other local utilities:

**Table 13: Existing Monthly Sewer Rates**

Meter Size	Inside Town*
<b>Base Charge:</b>	
3/4"	\$60.95
1"	\$152.30
1.5"	\$304.61
2"	\$487.37
3"	\$1,533.00
4"	\$1,827.61
6"	\$3,837.99
8"	\$5,482.82
<b>Nonresidential Usage Charge per 1,000 gallons:</b>	
All Consumption	\$2.50

\* Customers outside Town limits receive a 25% surcharge, allowable pursuant to Florida Statutes section 180.191.

## EXHIBIT "A" - RESOLUTION 20-18

## Pricing Objectives and Rate Design Parameters

The sewer rate design, as mentioned previously, is based on the cost of providing service along with taking into consideration the various objectives identified in discussions with staff throughout the project. At the kick-off meeting, the existing rates were discussed and the primary pricing objectives were identified and included Affordability, should be Simple to Understand and Update, and should provide Revenue Stability. Many other pricing objectives were taken into consideration during the rate design process, such as Rate Stability which attempts to minimize rate shock by significantly changing a customers' monthly bill. Affordability was addressed in the rate structure by giving users the ability to lower their monthly bill along with reducing the amount of water they use each month. By providing a lower monthly fixed portion of the bill and introducing a charge per 1,000 gallons used, lower use customers will see a lower monthly bill, similar to the water system. The proposed rate structure is not more difficult to understand than the existing rate structure provided on the water portion of the bill and while Revenue Stability for the sewer system was reduced, it is still very stable and will be discussed in more detail later in this section.

In addition to the pricing objectives, certain policy and other considerations were reviewed while developing the proposed rate structure. The following provides a summary of each of these issues and considerations.

### Revenue Generated

The rates designed for implementation on March 1, 2019 have been calculated to provide slightly less revenue than existing rates. The revenue reduction of around \$78,000 has been identified to achieve various objectives including closer alignment of cost of providing service to revenues generated and to provide for greater affordability. For example, the existing sewer rates are anticipated to produce slightly greater than \$654,000 in revenue in FY 2020. The rate design rates will produce approximately \$576,000 in rate revenue. FY 2020 was chosen for comparison due to partial year implementation in FY 2019.

### Minimum Gallons for Residential

One of the most important equity considerations is the amount of usage included in the minimum bill. Currently, residential accounts have 100% of usage included in the minimum bill and commercial customers have no usage included. To achieve greater equity between customers classes, the residential customers are being adjusted to include a certain number of minimum gallons in the base charge, to establish a monthly base and usage component. To go along with a reduced fixed monthly bill, each residential customer will receive 4,000 gallons included in the minimum regardless of the meter size used for service. If a customer uses less than 4,000 gallons per month they will only be charged the monthly fixed base charge. If a customer uses in excess of the 4,000 gallons, usage charges will be applied to those gallons above the 4,000 included in the minimum. With a usage charge applied to gallons above 4,000 gallons there is an inherent incentive for residential customers to reduce usage to 4,000 gallons or less per month if they are able, which will allow for lower monthly bills. Additionally, this will help the Town promote water conservation, which is especially important now considering the cost of potential future water supply from the PRWC.

### Residential Sewer Usage Billing Cap

With the addition of a usage charge component to the residential customers sewer bill, there is also a monthly usage cap established. The purpose of establishing a usage cap is to minimize the potential amount of outdoor water use being captured by the sewer rates. For example, if a customer washes their car or waters the lawn, this water does not generally return to the sewer system. However, since most customers only have a single water meter, indoor and outdoor usage cannot be determined from monthly meter reads. After reviewing average monthly treatment at the wastewater plant and the usage characteristics of the water customers, it has been determined that a monthly residential sewer usage cap of 10,000 gallons is reasonable. Therefore, residential

## EXHIBIT "A" - RESOLUTION 20-18

customers will be billed usage rates for consumption between the amounts of 4,000 gallons and 10,000 gallons. This billing cap does not apply to non-residential customers since there is typically not a large demand for outdoor consumption.

## Sewer Rate Design

Relying on the costs identified in Section 2, the customer projections from Section 3 and the parameters and considerations discussed above, the following table presents the proposed sewer rates for implementation March 1, 2019.

**Table 14: Proposed Sewer Rates March 1, 2019**

Meter Size	Inside Town	Outside Town
<b>Base Charge:</b>		
3/4"	\$48.00	\$60.00
1"	\$120.00	\$150.00
1.5"	\$240.00	\$300.00
2"	\$384.00	\$480.00
3"	\$720.00	\$900.00
4"	\$1,200.00	\$1,500.00
6"	\$2,400.00	\$3,000.00
8"	\$3,840.00	\$4,800.00
<b>Usage Charges</b>		
<b>Residential:</b>		
0-4,000 gallons	\$0.00	\$0.00
4,001-10,000 gallons	\$2.50	\$3.12
Above 10,000 gallons	\$0.00	\$0.00
<b>Non-residential:</b>		
All usage	\$2.50	\$3.12

The proposed sewer base charges utilize a similar structure as the current rates, with increasing rates by meter size. The meter size ratios are based on standard American Water Works Association (AWWA) ratios, as established in the M6 manual. For the usage charges, residential customers have the first 4,000 gallons included and are then charged \$2.50 per 1,000 gallons up to 10,000 gallons per month. The non-residential customers pay the monthly base charge and then \$2.50 per 1,000 gallons of consumption. The proposed base charges are \$12.95 lower than the existing base charges, providing rate relief to customers who are conserving water each month. Any residential customer that uses 4,000 gallons or less will see the full reduction of \$12.95 on their sewer bill each month. The reduced base charge for residential customers from \$60.95 to \$48.00 will provide some rate relief to lower users of the system, but will be earned back from the usage rate of \$2.50.

## Bill Impacts and Comparison with Local Utilities

The tables and discussion below have been included for information purposes. Any change of rate structure has the potential for larger impacts to certain customers or customer classes.

Below is a table illustrating impacts at various usage levels for a majority of the System's customers, single family inside Town. The table below illustrates the full range of potential impacts to the single family customer class. The cumulative percentage of single family sewer bills has been included to provide context for how these proposed

## EXHIBIT "A" - RESOLUTION 20-18

rates will impact the customer base. For example, at the 4,000-gallon level 24.7% of the single family customers have been billed. Approximately 52.2% of the sewer bills were for usage of 9,000 gallons or less, each of these bills would see a reduced cost for sewer service under the proposed rate structure. Due to the billing cap of 10,000 gallons, the maximum increase for sewer service will be \$2.05 per month, for all users consuming 10,000 gallons or greater on a monthly basis.

Table 15: Single Family Sample Bill Impacts (Sewer Portion of Bill Only)

Usage (gallons)	Existing Rates	Proposed Rates	Difference	Cumulative % Single Family Bills
0	\$60.95	\$48.00	(\$12.95)	4.9%
1,000	\$60.95	\$48.00	(\$12.95)	7.9%
2,000	\$60.95	\$48.00	(\$12.95)	12.7%
3,000	\$60.95	\$48.00	(\$12.95)	18.8%
4,000	\$60.95	\$48.00	(\$12.95)	24.7%
5,000	\$60.95	\$50.50	(\$10.45)	30.9%
6,000	\$60.95	\$53.00	(\$7.95)	36.5%
7,000	\$60.95	\$55.50	(\$5.45)	42.2%
8,000	\$60.95	\$58.00	(\$2.95)	47.5%
9,000	\$60.95	\$60.50	(\$0.45)	52.2%
10,000 or greater	\$60.95	\$63.00	\$2.05	100.0%

Additionally, a table has been provided to show the proposed changes to a customer's total utility bill, including water and sewer service. This comparison is important since all sewer customers also have water service. As will be discussed further in Section 5, there is a projected increase of 3% to the water rates, which has been reflected in the total bill amounts on Table 16 below.

Table 16: Single Family Sample Bill Impacts (Water and Sewer)

Usage (gallons)	Existing Rates	Proposed Rates [1]	Difference	Cumulative % Single Family Bills
0	\$77.95	\$65.51	(\$12.44)	4.9%
1,000	\$78.90	\$66.49	(\$12.41)	7.9%
2,000	\$79.85	\$67.47	(\$12.38)	12.7%
3,000	\$80.80	\$68.45	(\$12.35)	18.8%
4,000	\$81.75	\$69.43	(\$12.32)	24.7%
5,000	\$82.70	\$72.91	(\$9.79)	30.9%
6,000	\$83.65	\$76.39	(\$7.26)	36.5%
7,000	\$84.60	\$79.87	(\$4.73)	42.2%
8,000	\$85.55	\$83.35	(\$2.20)	47.5%
9,000	\$86.50	\$86.83	\$0.33	52.2%
10,000	\$87.45	\$90.31	\$2.86	56.3%

[1] Water rates have been increased over existing rates by 3%, as further described in Section 5.

As can be seen on the table above the savings, as shown in the "Difference" column, are reduced but still applicable for all single family sewer bills less than 8,000 gallons. The cost of utility service for single family customers using greater than 8,000 gallons is increasing. With the utility facing potentially significant costs of water in the near future from the PRWC, providing current customers the incentive to reduce usage is very important and

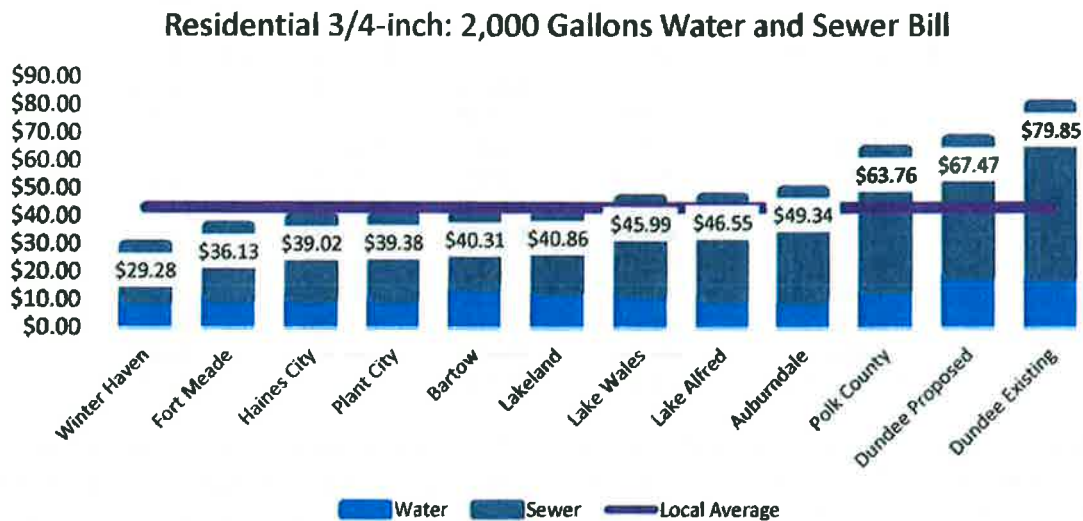


## EXHIBIT "A" - RESOLUTION 20-18

can lead to overall cost savings for the utility in the future. With increased bills for higher users and the ability to realize greater savings with lower usage, the proposed sewer rates structure supports water conservations efforts.

The figure below provides a comparison for a lower consumption single family user of 2,000 gallons with other local utilities:

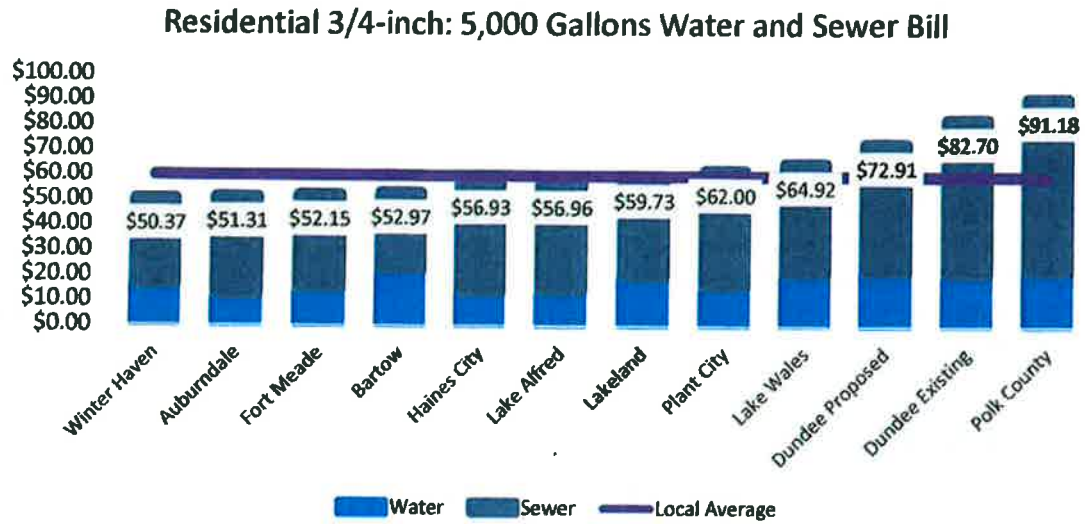
**Figure 1: Local Comparison: Single Family 2,000 Gallons**



In addition to the 2,000 gallons comparison, where the proposed bill is being reduced by greater than \$12, the figure below provides a comparison at 5,000 gallons of consumption. At 5,000 gallons of consumption a single family customer would also see a reduced bill of \$9.79 per month. It is important when reviewing bill comparisons and impacts to point out that not all customers use the same amount of water each month.

## EXHIBIT "A" - RESOLUTION 20-18

Figure 2: Local Comparison: Single Family 5,000 Gallons





## EXHIBIT "A" - RESOLUTION 20-18

# Section 5. Revenue Sufficiency Analysis

## General

The primary mechanism for generating revenues in order to recover the costs of providing quality water and sewer services are the adopted user rates. As discussed in Section 4, the sewer user rate structure has been re-designed and anticipated to be implemented in March of FY 2019. The revenues projected in this section are shown based on the change in rate structure in FY 2019 to reflect estimated future operating conditions. In addition to the user rates, the System also collects miscellaneous or ancillary charges for specifically requested services.

## Revenue Sufficiency

The projection of customers and sales discussed in Section 3 serves as the basis for the water and sewer revenue calculations. The revenue projections provided on Table 18 below shows the water revenue forecast at the rates effective October 1, 2018, as shown below on Table 17. The sewer revenue forecast is based on the proposed rate design shown on Table 14 in the previous section.

**Table 17: Existing Water Rates**

Meter Size	Inside Town*
<b>Base Charge:</b>	
3/4"	\$17.00
1"	\$39.50
1.5"	\$77.00
2"	\$122.00
3"	\$264.50
4"	\$452.00
6"	\$947.00
8"	\$1,352.00
<b>Usage Charges per 1,000 gallons</b>	
Block 1 (0 - 10,000)	\$0.95
Block 2 (10,001 - 20,000)	\$1.90
Block 3 (20,001 - 40,000)	\$2.85
Block 4 (Above 40,000)	\$3.35

\* Customers outside Town limits receive a 25% surcharge, allowable pursuant to Florida Statutes section 180.191.

The water and sewer revenue forecast provided below account for customer growth outlined in Section 3.

## EXHIBIT "A" - RESOLUTION 20-18

Table 18: Revenue Forecast

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Revenue	\$750,200	\$760,600	\$770,900	\$781,400	\$791,700
Sewer Revenue [1]	605,700	594,700	608,000	621,400	634,700
Total System	\$1,355,900	\$1,355,300	\$1,378,900	\$1,402,800	\$1,426,400

[1] Sewer revenue forecast assumes the proposed rate design from Section 4 is implemented in March 2019.

The first revenue test performed and shown on the table below is the projected revenue sufficiency from the revenues provided on Table 18 above as compared to the Net Revenue Requirements outlined on Tables 2 and 3. Table 19 illustrates the water and sewer revenue sufficiency separately for each system and then a total combined amount.

Table 19: Revenue Sufficiency Forecast

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Revenue [1]	\$750,200	\$760,600	\$770,900	\$781,400	\$791,700
Water Net Revenue Requirements	(766,464)	(783,126)	(801,826)	(861,894)	(922,162)
Water Sufficiency/(Deficiency)	(\$16,264)	(\$22,526)	(\$30,926)	(\$80,494)	(\$130,462)
Sewer Revenue [2]	\$595,100	\$576,100	\$589,000	\$602,000	\$614,800
Sewer Net Revenue Requirements	(421,009)	(430,259)	(439,859)	(449,659)	(459,559)
Sewer Sufficiency/(Deficiency)	\$174,091	\$145,841	\$149,141	\$152,341	\$155,241
<b>Combined Revenue Sufficiency</b>	<b>\$157,827</b>	<b>\$123,315</b>	<b>\$118,215</b>	<b>\$71,847</b>	<b>\$24,779</b>

[1] Water Revenue is forecast based on customers shown on Table 10 and the existing water rates shown on Table 17.

[2] Sewer Revenue is forecast based on customers shown on Table 12 and the proposed sewer rate design shown on Table 14.

As shown above, revenues generated by the existing water rates are anticipated to fall short of the forecasted net revenue requirements each year. The water revenue deficiency is forecast to get worse over time in the water system, due to inflationary impacts to ongoing expenses. The water forecast highlights the need for water rate increases to ensure those with water service are paying an adequate amount to cover the costs of providing them service. The necessary level of rate adjustments will be presented on Table 20.

The sewer rates are forecast to be sufficient to meet the full costs of providing sewer service. As can be seen on Table 19, the sewer revenue is slightly reduced in FY 2020, but still results in adequate revenue sufficiency. The additional revenues generated by the sewer system can be used to build an adequate reserve fund and to fund unidentified capital improvements in the future. As long as there are no material changes to the operations of the sewer system, the proposed rates from Section 4 are forecast to be sufficient for at least the next five-years.

For the water system, rate adjustments are necessary to address the annual shortfall in revenues generated. Since the Town is committed to prudent financial management of the utilities, each service should have the appropriate revenues to recover the costs of providing that service. This is especially important when a large number of customers are only connected to the water system. To provide adequate annual revenues, while avoiding rate shock to customers, it is forecast that a 3% increase be implemented in March 2019 and then each year thereafter a rate increase of 3.5% will be sufficient to keep pace with increasing costs. The updated water revenue sufficiency

## EXHIBIT "A" - RESOLUTION 20-18

forecast is provided below on Table 20. Exhibits 4 and 5 at the end of this report provide the full detail of the revenue sufficiency for water and sewer.

Table 20: Updated Water Revenue Sufficiency

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Revenue [1]	\$763,300	\$810,800	\$850,600	\$892,400	\$935,700
Water Net Revenue Requirements	(766,464)	(783,126)	(801,826)	(861,894)	(922,162)
Water Sufficiency/(Deficiency)	(\$3,164)	\$27,674	\$48,774	\$30,506	\$13,538
<b>Combined Revenue Sufficiency</b>	<b>\$170,927</b>	<b>\$173,515</b>	<b>\$197,915</b>	<b>\$182,847</b>	<b>\$168,779</b>

[1] Water Revenue forecast from Table 19 updated to reflect rate adjustments of 3% in March 2019 and then 3.5% annually beginning October 1, 2019, with the first increase March 1, 2019 accounting for only a partial year.

As shown on the table above, with an initial increase of 3.0% in March 2019 and 3.5% annual increases to the water rates thereafter, the projected revenues are sufficient to recover the forecasted revenue requirements. By phasing in the rates over time, it does not create a one-time large increase for customers that can result in rate shock and unnecessary large bill increases. One item to note is the trend towards the later years of the forecast for water, where the sufficiency in the water system is still positive but declining. This trend is due in part to a conservative forecast in customer growth, where it is anticipated that the current level of growth will not be maintained throughout the five-year forecast. The trend is also due in part to the aforementioned phasing out of the reliance on General Fund revenues to pay for water debt service. The Town should consider an update to the utility financial forecast in the next three to five years, largely depending on availability of new information from the PRWC and potential cost impacts on the utility system. The 5-year rate schedule for water is provided on Exhibits 6 through 10.

## Utility Cash Reserves

Days cash on hand or unrestricted reserves as a percentage of operating expenses is a widely used metric in the utility industry, especially by bond rating agencies. Establishing a reserve policy provides a basis for the Town to manage variances in revenue and expenses, and cope with potential fiscal emergencies such as revenue shortfalls, asset failure, natural disaster etc. It also provides guidelines for sound financial management with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs and emergencies. While the utility does not anticipate any large capital projects during the Forecast Period, it is always prudent to establish strong unrestricted cash reserves and capital project reserves in order to avoid or mitigate future debt issuances.

Raftelis recommends that the Town maintain at a minimum four months of operating expenses in unrestricted reserves. The primary purposes include to provide working capital to support the operation, maintenance, and administration of the System; and to fund future obligations that are necessary for maintaining reliable infrastructure. The recommended and achieved unrestricted reserves are presented below on Table 21.

## EXHIBIT "A" - RESOLUTION 20-18

Table 21: Unrestricted Reserve Funds

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Fund Balance	\$137,400	\$308,327	\$481,842	\$679,757	\$862,604
Combined Utility Surplus	170,927	173,515	197,915	182,847	168,779
Ending Fund Balance	\$308,327	\$481,842	\$679,757	\$862,604	\$1,031,383
<i>Target Minimum (4-months O&amp;M)</i>	<i>\$335,000</i>	<i>\$332,000</i>	<i>\$341,000</i>	<i>\$351,000</i>	<i>\$361,000</i>

As shown on the table above, the target minimum reserve balances are essentially being met and well exceeded throughout the Forecast Period. Having cash available will allow the Town to react to potential expansion of service opportunities and to additional requirements from the PRWC.

## EXHIBIT "A" - RESOLUTION 20-18

# Stormwater Review and Forecast

This section provides a discussion on the current stormwater rate structure and billing procedures along with necessary adjustments to achieve stable financial performance.

Stormwater fees are currently billed annually on the property tax bill, as a non-ad valorem fee. The non-ad valorem assessment is an effective way to ensure individual property owners will contribute their fair share of the stormwater program costs. Occasionally there can be a disconnect between individual properties and utility accounts, causing difficulty when assessing stormwater fees which are largely related to property characteristics. There are also challenges to property assessments due to various Florida statutes regulating property assessments and the additional costs of having the Property Appraiser and Tax Collector help administer and collect on the bills.

To determine the annual assessment amount for each property, a certain number of EDUs is assigned based on a combination of the impervious and non-impervious areas of the property. Each EDU is currently charged \$14.40 per year, which equates to \$1.20 per month. The Town currently assesses 2,453 properties annually for stormwater charges, for a total of 5,952 EDUs according to the 2018 tax roll. However, through further research into various properties on the tax roll, it was determined that certain State and/or County properties were included and are not generally subject to paying property taxes, ad valorem or non-ad valorem fees. Therefore, these properties were removed from the analysis to determine the real customer base that generates annual revenues. In total, two properties were removed with a total of 595 EDUs. Often times on the stormwater customer base and EDUs, new growth of utility accounts is not on a one to one basis as the properties are already accounted for in the stormwater assessment program. That being said, when properties are platted and new homes are built, there are generally additional EDUs added. Therefore, the table below illustrating the customer base and annual growth reflects a conservative level of growth reflecting ongoing development in the Town.

**Table 22: Stormwater Customers and Revenue Forecast**

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Accounts	2,461	2,471	2,481	2,491	2,501
EDUs	5,387	5,417	5,447	5,477	5,507
Existing Rate per EDU	\$14.40	\$14.40	\$14.40	\$14.40	\$14.40
Annual Stormwater Revenue	\$77,600	\$78,000	\$78,400	\$78,900	\$79,300

As shown above, the stormwater revenue forecast is slightly below \$80,000 annually throughout the Forecast Period at the existing rate level. On the expense side, the stormwater division is anticipating increased costs beginning in FY 2019 due to additional requirements from the National Pollutant Discharge Elimination System (NPDES) that provides the necessary permits and regulatory oversight for the Town to have a stormwater system. To address the requirements from the NPDES, the Town has identified that a second PCI crew can be utilized to perform additional maintenance on stormwater facilities. The Town also budgets for engineering expenses, ongoing repairs and maintenance, and other operating supplies. The total budgeted cost, in summary, for the stormwater department is provided on Table 23 below. The full line item budget is provided in Exhibit 3.

## EXHIBIT "A" - RESOLUTION 20-18

Table 23: Stormwater Expense Forecast

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Professional Fees and Engineering	\$31,000	\$31,700	\$32,500	\$33,400	\$34,200
PCI Workers	88,000	90,100	92,400	94,700	97,000
Repairs and Maintenance	15,000	15,400	15,800	16,200	16,600
Other Expenses	15,772	25,900	26,400	26,800	27,300
Total Expenses	\$149,772	\$163,100	\$167,100	\$171,100	\$175,100

As shown on the table above, the projected expenses for the stormwater system are increasing each year due to anticipated cost escalations. The other expenses line item in Table 23 above is showing an increase in FY 2020 due to the inclusion of assessment program related expenses such as early payment discounts and Property Appraiser and Tax Collector charges. It is customary for non-ad valorem assessments to factor in early payment discounts to ensure that the revenues needed are generated from the assessment program even if every property received the discounted cost. To administer the non-ad valorem assessments on the annual property tax bill, the Property Appraiser and Tax Collector will generally charge 1% of the assessed amount to recover the cost of their services. As can be seen, the total expenses are much greater than the forecasted revenues indicating the need for a rate adjustment. Due to the process of adjusting the non-ad valorem assessment rate, it is proposed that the annual rate is changed all at once to address the immediate needs of the utility.

To calculate the necessary rate adjustment a test year is chosen to compare the total expenses to the number of EDUs available. In addition to this calculation, an allowance for additional revenues over expenses is included to provide for unforeseen expenses and to establish a reserve fund for the stormwater system. The rate calculation is provided on the table below:

Table 24: Stormwater Rate Calculation

Description	Amount
Total Expenses	\$163,100
Allowance for Addt. Revenues	23,700
Total Revenue Requirements	\$186,800
FY 2020 EDUs	5,417
Calculated Rate per EDU	\$34.48
Rounded Rate per EDU	\$34.50

The table below provides a comparison of the existing stormwater rates for residential customers to other local communities.

## EXHIBIT "A" - RESOLUTION 20-18

Table 25: Local Stormwater Rate Comparison

Utility	Annual per EDU	Monthly per EDU
Dundee Existing	\$14.40	\$1.20
Dundee FY 2023 Forecast	\$34.50	\$2.88
<b>Other Utilities:</b>		
Bartow	\$45.00	\$3.75
Haines City [1]	\$59.24	\$4.94
Lake Alfred	\$24.00	\$2.00
Lakeland	\$100.80	\$8.40
Plant City	\$91.56	\$7.63
Winter Haven	\$83.40	\$6.95
<b>Average of Other Utilities</b>	<b>\$67.33</b>	<b>\$5.61</b>

[1] Stormwater management service assessment based on a two-tier rate structure. Tier 1 is a fixed assessment rate per tax parcel, and Tier 2 is a variable rate based on the size of the tax parcel in acres.

As can be seen on the table above, the new calculated rate remains comparable to other local communities, while providing the necessary revenues for the Town to operate the stormwater system.



Exhibit 1:

**Water Operating Budget  
Projection**



## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 1: Water Operating Budget Projection**

	FY 2019			Escalation Factor	Projected			
	Budgeted	Adjustments	Adjusted Budget		FY 2020	FY 2021	FY 2022	FY 2023
Salaries & Wages	\$188,729	\$0	\$188,729	Labor	\$194,400	\$200,200	\$206,200	\$212,400
Overtime	7,600	0	7,600	Labor	7,800	8,000	8,200	8,400
Payroll Taxes	14,438	0	14,438	Labor	14,900	15,300	15,800	16,300
Retirement Contributions	6,192	0	6,192	Labor	6,400	6,600	6,800	7,000
Life & Health Insurance	59,240	0	59,240	Ins-Health	62,200	65,300	68,600	72,000
Worker's Comp	2,403	0	2,403	Labor	2,500	2,600	2,700	2,800
Professional Services	1,300	0	1,300	CPI	1,300	1,300	1,300	1,300
Engineering	60,000	0	60,000	CPI	23,000	23,600	24,200	24,800
Sampling	6,000	0	6,000	CPI	6,100	6,300	6,500	6,700
Contract Labor	7,500	0	7,500	CPI	7,700	7,900	8,100	8,300
Travel & Training	2,000	0	2,000	CPI	2,000	2,100	2,200	2,300
IT Services	5,963	0	5,963	CPI	6,100	6,300	6,500	6,700
Postage	5,400	0	5,400	CPI	5,500	5,600	5,700	5,800
Utility Services	56,000	0	56,000	CPI	57,300	58,700	60,200	61,600
Rent/Lease/Mortgage	500	0	500	CPI	500	500	500	500
Property & Liability Insurance	11,609	0	11,609	CPI	11,900	12,200	12,500	12,800
Repairs & Maintenance	125,000	(55,000)	70,000	CPI	71,700	73,500	75,300	77,100
Repairs & Maint-Water Pumps	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Repairs & Maint-Vehicles	2,500	0	2,500	CPI	2,600	2,700	2,800	2,900
Other Current Charges	35,500	0	35,500	CPI	36,400	37,300	38,200	39,100
Office Supplies	1,000	0	1,000	CPI	1,000	1,000	1,000	1,000
Operating Supplies	70,000	0	70,000	CPI	71,700	73,500	75,300	77,100
Operating Supplies- Chemicals	22,000	0	22,000	CPI	22,500	23,100	23,700	24,300
Operating Supplies- Uniforms	1,500	0	1,500	CPI	1,500	1,500	1,500	1,500
Gas & Oil	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Dues & Subscriptions	7,500	0	7,500	CPI	7,700	7,900	8,100	8,300
Machinery & Equipment	2,000	0	2,000	CPI	2,000	2,100	2,200	2,300
Interfund Transfers	0	12,500	12,500	CPI	12,800	13,100	13,400	13,700
<b>Total</b>	<b>\$711,874</b>	<b>(\$42,500)</b>	<b>\$669,374</b>		<b>\$649,700</b>	<b>\$668,600</b>	<b>\$688,100</b>	<b>\$707,800</b>

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Budget Escalation Factors**

<u>Budget Escalation Factors</u>	<u>Reference</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Consumer Price Index (CPI)	CPI	2.2%	2.4%	2.5%	2.5%	2.4%
Labor	Labor	3.0%	3.0%	3.0%	3.0%	3.0%
Life/Health/Disability Insurance	Ins-Health	5.0%	5.0%	5.0%	5.0%	5.0%
Annual Customer Growth	Cust Growth	3.9%	1.7%	1.7%	1.7%	1.6%
CPI + Growth	CPI + Cust.	6.2%	4.1%	4.2%	4.2%	4.0%
Electric Cost per KWH	Electric	2.5%	2.5%	2.5%	2.5%	2.5%
Chemicals	Chemicals	2.5%	2.5%	2.5%	2.5%	2.5%
Input	Input					
Calculated	Calc					
Constant	Constant	0.0%	0.0%	0.0%	0.0%	0.0%

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 2:

**Sewer Operating Budget  
Projection**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 2: Sewer Operating Budget Projection**

	FY 2019			Escalation Factor	Projected			
	Proposed	Adjustments	Adjusted Budget		FY 2020	FY 2021	FY 2022	FY 2023
Wages & Salaries	\$70,893	\$0	\$70,893	Labor	\$73,000	\$75,200	\$77,500	\$79,800
Overtime	3,500	0	3,500	Labor	3,600	3,700	3,800	3,900
Payroll Taxes	5,423	0	5,423	Labor	5,600	5,800	6,000	6,200
Retirement Contributions	3,545	0	3,545	Labor	3,700	3,800	3,900	4,000
Life & Health Insurance	25,314	0	25,314	Ins-Health	26,600	27,900	29,300	30,800
Worker's Comp	1,402	0	1,402	Labor	1,400	1,400	1,400	1,400
Professional Services	1,000	0	1,000	CPI	1,000	1,000	1,000	1,000
Engineering	2,500	0	2,500	CPI	2,600	2,700	2,800	2,900
Sampling	7,500	0	7,500	CPI	7,700	7,900	8,100	8,300
Sludge Removal	23,400	0	23,400	CPI	24,000	24,600	25,200	25,800
Travel & Training	200	0	200	CPI	200	200	200	200
IT Services	5,963	0	5,963	CPI	6,100	6,300	6,500	6,700
Postage	5,400	0	5,400	CPI	5,500	5,600	5,700	5,800
Utilities	76,560	0	76,560	CPI	78,400	80,400	82,400	84,400
Rent/Lease/Mortgage	50	0	50	CPI	100	100	100	100
Property & Liability Insurance	12,300	0	12,300	CPI	12,600	12,900	13,200	13,500
Repairs & Maintenance	150,000	(100,000)	50,000	CPI	51,200	52,500	53,800	55,100
Repairs & Maint- Vehicles	3,500	0	3,500	CPI	3,600	3,700	3,800	3,900
Other Current Charges	500	0	500	CPI	500	500	500	500
Office Supplies	150	0	150	CPI	200	200	200	200
Operating Supplies	20,000	0	20,000	CPI	20,500	21,000	21,500	22,000
Operating Supplies- Chemicals	10,000	0	10,000	CPI	10,200	10,500	10,800	11,100
Operating Supplies- Uniforms	2,500	0	2,500	CPI	2,600	2,700	2,800	2,900
Transportation	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Dues & Subscriptions	750	0	750	CPI	800	800	800	800
Interfund Transfers	0	12,500	12,500	CPI	12,800	13,100	13,400	13,700
<b>Total</b>	<b>\$437,350</b>	<b>(\$87,500)</b>	<b>\$349,850</b>		<b>\$359,600</b>	<b>\$369,700</b>	<b>\$380,000</b>	<b>\$390,400</b>

Exhibit 3:

**Stormwater Operating Budget  
Projection**

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## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 3: Stormwater Operating Budget Projection**

	FY 2019			Escalation Factor	Projected			
	Budget	Adjustments	Adjusted Budget		FY 2020	FY 2021	FY 2022	FY 2023
Worker's Comp	401	0	401	Labor	400	400	400	400
Professional Fees	10,000	0	10,000	CPI	10,200	10,500	10,800	11,100
Engineering	21,000	0	21,000	CPI	21,500	22,000	22,600	23,100
Travel & Training	150	0	150	CPI	200	200	200	200
IT Services	5,955	0	5,955	CPI	6,100	6,300	6,500	6,700
Property & Liability Insurance	816	0	816	CPI	800	800	800	800
Repairs & Maintenance	15,000	0	15,000	CPI	15,400	15,800	16,200	16,600
Repairs & Maint-Vehicles	1,000	0	1,000	CPI	1,000	1,000	1,000	1,000
Operating Supplies	2,450	0	2,450	CPI	2,500	2,600	2,700	2,800
PCI Workers	88,000	0	88,000	CPI	90,100	92,400	94,700	97,000
Dues & Subscriptions	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Assessment Expenses	0	0	0	Calc	9,800	9,900	9,900	10,000
<b>Total</b>	<b>\$149,772</b>	<b>\$0</b>	<b>\$149,772</b>		<b>\$163,100</b>	<b>\$167,100</b>	<b>\$171,100</b>	<b>\$175,100</b>

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 4:

**Water Revenue Sufficiency  
Forecast**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 4: Water Revenue Sufficiency Forecast**

Description	Projected Fiscal Year Ending September 30,				
	2019	2020	2021	2022	2023
<b>Operating Expenses</b>	\$669,374	\$649,700	\$668,600	\$688,100	\$707,800
<b>Water System Debt Service</b>					
Series 2001 Revenue Bonds	\$0	\$0	\$0	\$0	\$0
Series 2007 Revenue Note	0	0	0	0	0
Series 2011 Revenue Bonds	163,072	163,072	163,072	163,072	163,072
Proposed Debt Service	0	0	0	0	0
Other Funding Offset: General Fund	(163,072)	(81,536)	(81,536)	(40,768)	0
Total Water Debt Service	\$0	\$81,536	\$81,536	\$122,304	\$163,072
<b>Other Expenses/Transfers</b>					
CIP Funding (Polk Regional)	\$82,090	\$82,090	\$82,090	\$82,090	\$82,090
Other CIP Projects	55,000	10,000	10,000	10,000	10,000
Total Other Expense/Transfers	\$137,090	\$92,090	\$92,090	\$92,090	\$92,090
Total Gross Water Revenue Requirements	\$806,464	\$823,326	\$842,226	\$902,494	\$962,962
<b>Less Revenues from Other Sources</b>					
Miscellaneous Revenues	\$40,000	\$40,200	\$40,400	\$40,600	\$40,800
Transfer from Utility Operating Reserve	0	0	0	0	0
Net Water Revenue Requirements	\$766,464	\$783,126	\$801,826	\$861,894	\$922,162
<b>Water Sales Revenue from Rates</b>					
Projected Revenue from Existing Rates	\$750,200	\$760,600	\$770,900	\$781,400	\$791,700
Total Revenue from Prior Increase	0	22,800	50,900	80,800	112,400
Total Revenue Before Current Year Adjustment	\$750,200	\$783,400	\$821,800	\$862,200	\$904,100
<b>Current Year Rate Adjustments</b>					
Current Year Rate Adjustment	3.00%	3.50%	3.50%	3.50%	3.50%
Effective Month	Mar.	Oct.	Oct.	Oct.	Oct.
% of Current Year Effective	58%	100%	100%	100%	100%
Total Revenue from Current Year Adjustments	\$13,100	\$27,400	\$28,800	\$30,200	\$31,600
Annual Water Rate Revenue	\$763,300	\$810,800	\$850,600	\$892,400	\$935,700
Net Revenue Surplus/Deficiency	(\$3,164)	\$27,674	\$48,774	\$30,506	\$13,538



## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 5:

**Sewer Revenue Sufficiency  
Forecast**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 5: Sewer Revenue Sufficiency Forecast**

Description	Projected Fiscal Year Ending September 30,				
	2019	2020	2021	2022	2023
<b>Operating Expenses</b>	\$349,850	\$359,600	\$369,700	\$380,000	\$390,400
<b>Wastewater System Debt Service</b>					
Series 2001 Revenue Bonds	\$101,159	\$101,159	\$101,159	\$101,159	\$101,159
Series 2007 Revenue Note	0	0	0	0	0
Series 2011 Revenue Bonds	0	0	0	0	0
Proposed Debt Service	0	0	0	0	0
Other Funding Offset: General Fund	0	0	0	0	0
Total Wastewater Debt Service	\$101,159	\$101,159	\$101,159	\$101,159	\$101,159
<b>Other Expenses/Transfers</b>					
CIP Funding	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Other Expense/Transfers	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Gross Wastewater Revenue Requirements	\$476,009	\$485,759	\$495,859	\$506,159	\$516,559
<b>Less Revenues from Other Sources</b>					
Miscellaneous Revenues	\$55,000	\$55,500	\$56,000	\$56,500	\$57,000
Transfer from Utility Operating Reserve	0	0	0	0	0
Net Wastewater Revenue Requirements	\$421,009	\$430,259	\$439,859	\$449,659	\$459,559
<b>Wastewater Sales Revenue from Rates</b>					
Projected Revenue from Existing Rates	\$639,600	\$654,200	\$668,800	\$683,500	\$698,100
Total Revenue from Prior Adjustment	0	(78,100)	(79,800)	(81,500)	(83,300)
Total Revenue Before Current Year Adjustment	\$639,600	\$576,100	\$589,000	\$602,000	\$614,800
<b>Current Year Rate Adjustments</b>					
Current Year Rate Adjustment	-11.9%	0.00%	0.00%	0.00%	0.00%
Effective Month	Mar.	Oct.	Oct.	Oct.	Oct.
% of Current Year Effective	58%	100%	100%	100%	100%
Total Revenue from Current Year Adjustments	(\$44,500)	\$0	\$0	\$0	\$0
Annual Wastewater Rate Revenue	\$595,100	\$576,100	\$589,000	\$602,000	\$614,800
Net Revenue Surplus/Deficiency	\$174,091	\$145,841	\$149,141	\$152,341	\$155,241

EXHIBIT "A" - RESOLUTION 20-18

Exhibit 6:

**Water Rates Effective March 2019**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 6: Water Rates Effective March 2019**

Meter Size	Inside	Outside
3/4"	\$17.51	\$21.88
1"	\$43.78	\$54.72
1.5"	\$87.55	\$109.43
2"	\$140.08	\$175.10
3"	\$262.65	\$328.31
4"	\$437.75	\$547.18
6"	\$875.50	\$1,094.37
8"	\$1,400.80	\$1,751.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$0.98	\$1.22
Block 2 (10,001 - 20,000)	\$1.96	\$2.45
Block 3 (20,001 - 40,000)	\$2.94	\$3.67
Block 4 (Above 40,000)	\$3.46	\$4.32

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 7:

**Water Rates Effective  
October 1, 2019**

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## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 7: Water Rates Effective October 1, 2019**

Meter Size	Inside	Outside
3/4"	\$18.13	\$22.66
1"	\$45.33	\$56.66
1.5"	\$90.65	\$113.31
2"	\$145.04	\$181.30
3"	\$271.95	\$339.93
4"	\$453.25	\$566.56
6"	\$906.50	\$1,133.12
8"	\$1,450.40	\$1,813.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.02	\$1.27
Block 2 (10,001 - 20,000)	\$2.03	\$2.53
Block 3 (20,001 - 40,000)	\$3.05	\$3.81
Block 4 (Above 40,000)	\$3.59	\$4.48

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 8:

**Water Rates Effective  
October 1, 2020**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 8: Water Rates Effective October 1, 2020**

Meter Size	Inside	Outside
3/4"	\$18.77	\$23.46
1"	\$46.93	\$58.66
1.5"	\$93.85	\$117.31
2"	\$150.16	\$187.70
3"	\$281.55	\$351.93
4"	\$469.25	\$586.56
6"	\$938.50	\$1,173.12
8"	\$1,501.60	\$1,877.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.06	\$1.32
Block 2 (10,001 - 20,000)	\$2.11	\$2.63
Block 3 (20,001 - 40,000)	\$3.16	\$3.95
Block 4 (Above 40,000)	\$3.72	\$4.65



## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 9:

**Water Rates Effective  
October 1, 2021**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 9: Water Rates Effective October 1, 2021**

Meter Size	Inside	Outside
3/4"	\$19.43	\$24.28
1"	\$48.58	\$60.72
1.5"	\$97.15	\$121.43
2"	\$155.44	\$194.30
3"	\$291.45	\$364.31
4"	\$485.75	\$607.18
6"	\$971.50	\$1,214.37
8"	\$1,554.40	\$1,943.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.10	\$1.37
Block 2 (10,001 - 20,000)	\$2.19	\$2.73
Block 3 (20,001 - 40,000)	\$3.28	\$4.10
Block 4 (Above 40,000)	\$3.86	\$4.82

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 10:

**Water Rates Effective  
October 1, 2022**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 10: Water Rates Effective October 1, 2022**

Meter Size	Inside	Outside
3/4"	\$20.12	\$25.15
1"	\$50.30	\$62.87
1.5"	\$100.60	\$125.75
2"	\$160.96	\$201.20
3"	\$301.80	\$377.25
4"	\$503.00	\$628.75
6"	\$1,006.00	\$1,257.50
8"	\$1,609.60	\$2,012.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.14	\$1.42
Block 2 (10,001 - 20,000)	\$2.27	\$2.83
Block 3 (20,001 - 40,000)	\$3.40	\$4.25
Block 4 (Above 40,000)	\$4.00	\$5.00

# TOWN OF **DUNDEE**

## **Water, Wastewater and Stormwater Rate Study**

Final Report / January 8, 2019



EXHIBIT "A" - RESOLUTION 20-18

## EXHIBIT "A" - RESOLUTION 20-18



January 8, 2019

Ms. Deena Ware, MPA  
Town Manager  
Town of Dundee  
P.O. Box 1000  
Dundee, Florida 33838

**Subject: Water, Sewer and Stormwater Rate Study Report**

Dear Ms. Ware,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Water, Sewer and Stormwater Rate Study Report (Report) for the Town of Dundee (Town) to address rate structure and revenue sufficiency needs over the next five years. We have summarized the results of our analysis in this Report for your consideration. This Report provides a forecast for the period of October 1, 2018 through September 30, 2022.

In our analysis, we have relied upon certain information and data compiled by the Town including, but not limited to capital improvement plans, Comprehensive Annual Financial Reports, the adopted annual budgets, periodic reports, financing documents, and other information and data provided. To the extent we have performed our analyses using the data and information obtained from the Town and others in the preparation of this report, we have relied upon such information to be accurate and no assurances are intended, and no representation or warranties are made with respect thereto or the use made herein.

It has been a pleasure working with you, and we thank you and the Town staff for the support provided during the course of this study.

Sincerely,

A handwritten signature in blue ink that reads 'Joe Williams'.

**Joe Williams**  
*Senior Consultant*

A handwritten signature in blue ink that reads 'Tony Hairston'.

**Tony Hairston**  
*Vice President*

# Table of Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
BACKGROUND OF THE STUDY .....	1
SYSTEM OVERVIEW .....	1
SEWER RATE DESIGN .....	3
RECOMMENDATIONS .....	5
<b>SECTION 1. INTRODUCTION .....</b>	<b>6</b>
BACKGROUND .....	6
SCOPE OF SERVICES .....	6
SUMMARY OF REPORT .....	6
<b>SECTION 2. REVENUE REQUIREMENTS .....</b>	<b>7</b>
GENERAL .....	7
PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS .....	7
REVENUE REQUIREMENTS SUMMARY .....	9
<b>SECTION 3. CUSTOMER STATISTICS .....</b>	<b>11</b>
GENERAL .....	11
WATER CUSTOMER STATISTICS .....	12
SEWER CUSTOMER STATISTICS .....	14
<b>SECTION 4. SEWER RATE DESIGN AND BILL COMPARISONS .....</b>	<b>16</b>
GENERAL .....	16
PRICING OBJECTIVES AND RATE DESIGN PARAMETERS .....	17
SEWER RATE DESIGN .....	18
BILL IMPACTS AND COMPARISON WITH LOCAL UTILITIES .....	18
<b>SECTION 5. REVENUE SUFFICIENCY ANALYSIS .....</b>	<b>22</b>
GENERAL .....	22
REVENUE SUFFICIENCY .....	22
UTILITY CASH RESERVES .....	24
<b>STORMWATER REVIEW AND FORECAST .....</b>	<b>26</b>



## EXHIBIT "A" - RESOLUTION 20-18

**List of Tables and Figures**

Figure ES 1 Water and Sewer Revenue Sufficiency – Existing Rates.....	2
Figure ES 2 Water and Sewer Revenue Sufficiency – Proposed Rates .....	2
Table ES 1: Existing and Proposed Sewer Rates .....	3
Table ES 2: Single Family Sample Bill Impacts (Sewer Portion of Bill Only) .....	4
Table ES 3: Single Family Sample Bill Impacts (Water and Sewer).....	4
Table 1: Five-Year Capital Improvement Expenditures and Sources.....	8
Table 2: Projected Water Net Revenue Requirements .....	9
Table 3: Projected Sewer Net Revenue Requirements .....	10
Table 4: FY 2017 Water Customer Summary.....	11
Table 5: FY 2017 Sewer Customer Summary.....	11
Table 6: AWWA Meter Equivalent Ratios.....	12
Table 7: FY 2017 Water Customer Statistics .....	12
Table 8: Usage Block Allowances .....	13
Table 9: Water Usage by Rate Block FY 2017 .....	13
Table 10: Water Customer Forecast.....	14
Table 11: FY 2017 Sewer Customer Statistics .....	14
Table 12: Sewer Customer Forecast .....	15
Table 13: Existing Monthly Sewer Rates .....	16
Table 14: Proposed Sewer Rates March 1, 2019.....	18
Table 15: Single Family Sample Bill Impacts (Sewer Portion of Bill Only) .....	19
Table 16: Single Family Sample Bill Impacts (Water and Sewer) .....	19
Figure 1: Local Comparison: Single Family 2,000 Gallons.....	20
Figure 2: Local Comparison: Single Family 5,000 Gallons.....	21
Table 17: Existing Water Rates .....	22
Table 18: Revenue Forecast.....	23
Table 19: Revenue Sufficiency Forecast .....	23
Table 20: Updated Water Revenue Sufficiency.....	24
Table 21: Unrestricted Reserve Funds.....	25
Table 22: Stormwater Customers and Revenue Forecast .....	26
Table 23: Stormwater Expense Forecast.....	27
Table 24: Stormwater Rate Calculation.....	27
Table 25: Local Stormwater Rate Comparison .....	28

**List of Exhibits**

- Exhibit 1: Water Operating Budget Projection
- Exhibit 2: Sewer Operating Budget Projection
- Exhibit 3: Stormwater Operating Budget Projection
- Exhibit 4: Water Revenue Sufficiency Forecast
- Exhibit 5: Sewer Revenue Sufficiency Forecast
- Exhibit 6: Water Rates Effective March 2019
- Exhibit 7: Water Rates Effective October 1, 2019
- Exhibit 8: Water Rates Effective October 1, 2020
- Exhibit 9: Water Rates Effective October 1, 2021
- Exhibit 10: Water Rates Effective October 1, 2022

## EXHIBIT "A" - RESOLUTION 20-18

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## EXHIBIT "A" - RESOLUTION 20-18

# Executive Summary

## Background of the Study

The Town of Dundee (Town) provides water and sewer service to properties located within and outside of the Town limits. The Town accounts for the water and sewer funds and financial reporting as a combined enterprise fund (System). As an enterprise fund the costs of providing service are recovered primarily through user fees. Specifically, the Town recovers its water and sewer utility costs through user rates and ancillary charges. The Town also operates a stormwater utility for those properties located within Town limits, which are assessed a fee annually on their property tax bill.

The Town has engaged Raftelis Financial Consultants, Inc. (Raftelis) to conduct a rate study, including provisions for a revenue sufficiency projection and alternative rate design options. Raftelis has prepared this report to document our findings and conclusions. Raftelis created an Excel-based financial model with the primary purpose to provide the Town with a management tool to anticipate future needs, enhance operation and capital planning, and diminish the probability of sudden rate adjustments or other adverse financial conditions. This model can be updated periodically to estimate impacts of certain events such as new customer growth, large capital projects, etc. and overall revenue sufficiency over a multi-year period.

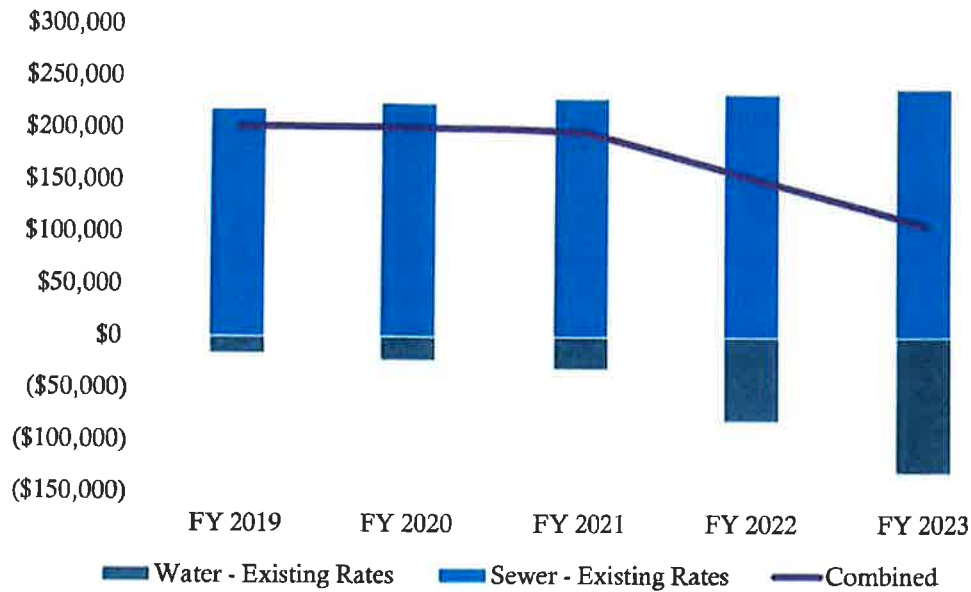
This executive summary provides an overview of the study and includes findings and recommendations for sewer rate design options and financial policies.

## System Overview

The Town has been able to maintain water and sewer service over the past few years, without any rate increases since 2014. From 2014 through 2018, average rate increases for utilities across the State of Florida have averaged approximately 2.4% annually for both water and sewer services, according to the 2018 Florida Water and Wastewater Rate Survey. At this rate, many utilities have increased rates by close to 10% since 2014. Since the Town has not updated rate levels in five years, a comprehensive review was warranted. Figure 1 below provides a visual illustration of how the water and sewer funds are operating individual and on a combined basis. The dark blue bar represents the forecast water revenue sufficiency over the next five years, assuming that outstanding water debt service is phased in and paid from water revenues instead of ad valorem taxes, which is discussed in further detail in the body of the report. As can be seen on the chart, the existing water revenues are not forecast to be sufficient, indicating a rate adjustment is necessary. On the other hand, the sewer system is generating adequate revenue to cover all the costs of providing sewer service. On a combined basis, as illustrated by the purple line, the water and sewer funds are generating adequate revenues. However, in order to ensure equitable rates of all users of the System, certain rate adjustments and rate structure modifications have been identified.

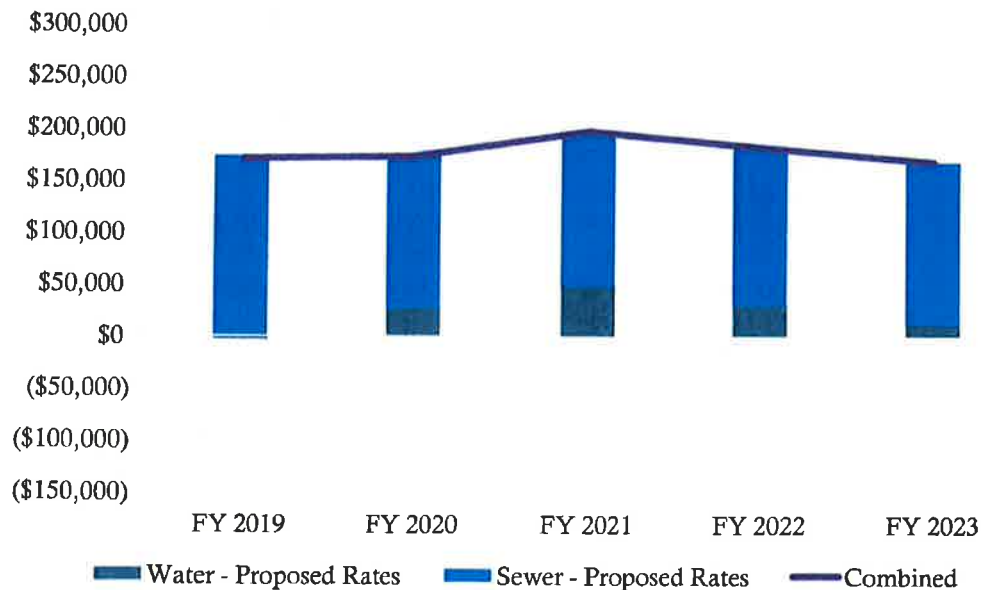
## EXHIBIT "A" - RESOLUTION 20-18

Figure ES 1 Water and Sewer Revenue Sufficiency – Existing Rates



As will be discussed further in the next sub-section, the sewer rates were slightly re-designed and the overall revenue collected from sewer rates will be less. On the other hand, the water rates will be increased each year in order to correct the negative operating balances presented on Figure 1. The revenue and expense forecasts are detailed throughout this report, and are provide in summary on Figure 2 below. The water rates are forecast to increase by 3% in March 2019, and annually by 3.5% thereafter beginning October 1, 2019 through October 1, 2022.

Figure ES 2 Water and Sewer Revenue Sufficiency – Proposed Rates



## EXHIBIT "A" - RESOLUTION 20-18

As shown above on Figure 2, the annual water rate adjustments provide for sufficient water revenues to cover the costs of providing service. Additionally, the slight reduction to the sewer rates does not significantly impact the overall positive operations of the System. Additionally, with the implantation of the water rate adjustments the revenue sufficiency trend in the last two years of the forecast has been improved. In Figure 1, it can be seen that the overall revenue sufficiency is beginning to decline, whereas in Figure 2 the revenue sufficiency is being maintained.

## Sewer Rate Design

The sewer rate design is based on the cost of providing sewer service along with taking into consideration certain pricing objectives identified in discussions with the Town. The primary pricing objectives targeted during the rate design were to promote affordability for customers that use less water, to maintain revenue stability and to keep a rate structure that is simple to understand and update. The proposed rate design provides a lower monthly base charge and allows residential users to lower their monthly bill by using less water. The lower monthly base charge is offset by a higher usage charge, which might cause higher use customers to conserve water to mitigate increases to their bills. More specifics relating to the pricing objectives identified are discussed in Section 4, but the overall approach used in this analysis provides lower bills at lower consumption levels to achieve affordability.

Provided on the following table is the existing and proposed rates. The proposed rates are designed to be implemented on the first billing cycle in March 2019:

Table ES 1: Existing and Proposed Sewer Rates

Description [1]	Existing Rates	Proposed Rates [2]
<b>Base Charge:</b>		
3/4"	\$60.95	\$48.00
1"	\$152.30	\$120.00
1.5"	\$304.61	\$240.00
2"	\$487.37	\$384.00
3"	\$1,533.00	\$720.00
4"	\$1,827.61	\$1,200.00
6"	\$3,837.99	\$2,400.00
8"	\$5,482.82	\$3,840.00
<b>Usage Charges</b>		
<b>Residential:</b>		
0-4,000 gallons	\$0.00	\$0.00
4,001-10,000 gallons	\$0.00	\$2.50
Above 10,000 gallons	\$0.00	\$0.00
<b>Non-residential:</b>		
All usage	\$2.50	\$2.50

[1] Customers outside Town limits receive a 25% surcharge, allowable pursuant to Florida Statutes section 180.191.

[2] Proposed implementation in March 2019.

The following tables illustrate residential water and sewer bill impacts, for those customers that have both services, at various usage levels:

## EXHIBIT "A" - RESOLUTION 20-18

Table ES 2: Single Family Sample Bill Impacts (Sewer Portion of Bill Only)

Usage (gallons)	Existing Rates	Proposed Rates	Difference	Cumulative % Single Family Bills
0	\$60.95	\$48.00	(\$12.95)	4.9%
1,000	\$60.95	\$48.00	(\$12.95)	7.9%
2,000	\$60.95	\$48.00	(\$12.95)	12.7%
3,000	\$60.95	\$48.00	(\$12.95)	18.8%
4,000	\$60.95	\$48.00	(\$12.95)	24.7%
5,000	\$60.95	\$50.50	(\$10.45)	30.9%
6,000	\$60.95	\$53.00	(\$7.95)	36.5%
7,000	\$60.95	\$55.50	(\$5.45)	42.2%
8,000	\$60.95	\$58.00	(\$2.95)	47.5%
9,000	\$60.95	\$60.50	(\$0.45)	52.2%
10,000 or greater	\$60.95	\$63.00	\$2.05	100.0%

The total utility bill comparison, as provided on Table ES 3 below, is important since all sewer customers also have water service. As discussed further in Section 5, there is a projected increase of 3% to the water rates, which has been reflected in the total bill amounts below.

Table ES 3: Single Family Sample Bill Impacts (Water and Sewer)

Usage (gallons)	Existing Rates	Proposed Rates [1]	Difference	Cumulative % Single Family Bills
0	\$77.95	\$65.51	(\$12.44)	4.9%
1,000	\$78.90	\$66.49	(\$12.41)	7.9%
2,000	\$79.85	\$67.47	(\$12.38)	12.7%
3,000	\$80.80	\$68.45	(\$12.35)	18.8%
4,000	\$81.75	\$69.43	(\$12.32)	24.7%
5,000	\$82.70	\$72.91	(\$9.79)	30.9%
6,000	\$83.65	\$76.39	(\$7.26)	36.5%
7,000	\$84.60	\$79.87	(\$4.73)	42.2%
8,000	\$85.55	\$83.35	(\$2.20)	47.5%
9,000	\$86.50	\$86.83	\$0.33	52.2%
10,000	\$87.45	\$90.31	\$2.86	56.3%

[1] Water rates have been increased over existing rates by 3%, as further described in Section 5.

## EXHIBIT "A" - RESOLUTION 20-18

**Recommendations**

As set forth herein, we recommend the Town should:

1. Implement proposed rates effective on March 1, 2019 which will provide rate equity among the various water and sewer customers, more affordable bills for lower use customers, and will promote water conservation.
2. Perform an in depth review of the stormwater customers to ensure accurate EDU amounts. Implement the updated stormwater non-ad valorem assessment proposed in this report by September 2019. Necessary resolutions, ordinances and mailed notices to customers will need to occur in advance of September, per provisions in the Florida Statutes, including those outlined in 197.3632 and 197.3635.
3. Monitor the utility financial performance annually for each service separately, and in whole, to ensure that the utility system remains in a strong financial position. Perform a review of the rate structure and forecast of revenue sufficiency every three to five years as operating conditions, regulatory requirements and/or future water supply needs change.

## EXHIBIT "A" - RESOLUTION 20-18

# Section 1. Introduction

## Background

The Town operates a combined water and sewer utility Enterprise Fund (System) to serve customers with quality utility services within the Town limits and extending to certain contiguous areas outside the Town limits. Included in the Enterprise Fund are the sanitation and stormwater utilities, providing services primarily within Town limits. The purpose of establishing the utility as an Enterprise Fund is to operate as a business-type unit and ensure that it generates the necessary revenues to cover all costs related to providing service. To generate the appropriate revenues, it is necessary to review the fixed and consumption-based user rates of the water and sewer utility and also the annual stormwater utility assessment. The sanitation utility was not reviewed as part of this study.

Since the water, sewer and stormwater utility is a proprietary or enterprise fund, the cost of providing service is primarily funded with user fees. The goal of this study is to assist the Town in identifying future rate levels necessary to recover the projected cost of operating, maintaining, repairing and financing the utility assets.

## Scope of Services

In an effort to ensure adequate funding for utility operations, regulatory requirements, and equitable revenue recovery among all users of the System, the Town has engaged Raftelis Financial Consultants, Inc. (Raftelis) to perform a rate study. This report includes a five-year financial forecast of the System along with specific recommendations of sewer rate structure adjustments to achieve the Town's rate objectives through FY 2023.

## Summary of Report

**Section 2. Revenue Requirements** – This section summarizes the financial forecast, which serves as the basis for the revenue sufficiency analysis. Also included is a discussion of the assumptions utilized in forecasting the adopted operating budget, debt service, and capital needs into the future.

**Section 3. Customer Statistics** – This section summarizes historical and projected customers and sales. Projections are primarily based off of recent historical trends and expected future sales with a conservative outlook.

**Section 4. Sewer Rate Design and Bill Comparisons** – This section provides the analysis and results for the proposed sewer rate structure adjustments. As discussed further in this section, the rate design provides for more equitable cost recovery between customer classes and provides conservation incentives. This section also includes a review of bill impacts for a wide range of customers.

**Section 5. Revenue Sufficiency Analysis** – This section summarizes projected future utility rates over a five-year period to achieve sufficient revenue and reserve fund balances.

**Section 6. Stormwater Review and Forecast** – This section summarizes the revenue requirements forecast, customers, and stormwater rates over the next five years.



## Section 2. Revenue Requirements

### General

Utility cash revenue requirements is the term that generally defines the various components of cost associated with operating and maintaining a municipally-owned utility system, as well as the cost of financing the renewal and replacement of facilities and capital improvements for upgrades and expansion. The sum of these cost components, less any miscellaneous utility revenues, represents the net revenue requirements that must be funded from the utility rates. The revenue requirements for this study are predicated on an analysis of projected water and sewer costs for the five-year period ending FY 2023. The projected revenue requirements include the various generalized cost components below:

- Operating Expenses: These expenses include the cost of labor, insurance, electricity, chemicals, materials, supplies, administration and other items necessary for the operation and maintenance of the System.
- Debt Service: Debt service includes the principal and interest on the System's current outstanding debt obligations payable from the System's net operating revenues. The System currently has the Series 2001 Revenue Bonds outstanding with payments due through FY 2040 and the 2011 Revenue Bonds with payments due through FY 2050. Both of these debts are issued through the United States Department of Agriculture (USDA), Rural Utilities Service.
- Other Revenue Requirements: This component of cost includes, in general, any ongoing capital improvements (capital outlay) to be financed from revenues, transfers to System reserves for future rehabilitation, and funding of certain capital projects on a pay-as-you-go basis.

### Principal Assumptions and Considerations

The projected revenue requirements are summarized in this section and are provided in more detail in Exhibits 4 and 5 at the end of this report. The major assumptions, considerations and analyses that are included in the development of the projected revenue requirements are as follows:

1. The Town's adopted budget for water and sewer services for FY 2019 (the "Budget") served as the basis for expenditure projections. Unless otherwise noted, the underlying assumptions and expenditure amounts included therein are assumed to be reasonable and reflect anticipated operations. Such budgetary amounts are incorporated into the revenue requirement component of the study, except for adjustments and assumptions as noted below.
2. System operating and maintenance expenditures budgeted for FY 2019 are projected for the remaining four years of the Forecast Period (i.e., through FY 2023). Schedules providing budget line item detail of projected operating expenses are shown on Exhibits 1 and 2 at the end of this report. The primary assumptions associated with the projected operating expenses as developed for the Forecast Period are as follows:
  - System salaries and wages were increased above FY 2019 budgeted amounts by 3.0% annually to reflect wage adjustments resulting from promotions and merit increases as well as cost of living

## EXHIBIT "A" - RESOLUTION 20-18

adjustments due to inflationary pressures. Health care expenditures are projected to increase by 5.0% annually, much faster than salaries and taxes due to recent trends in the industry.

- The utility enterprise fund currently transfers \$125,000 annually to the General Fund. The transfer is made to recognize administrative staff time spent managing the enterprise fund, including the Town Manager, Finance Director, and others. The allocation reflects that these employees spend a portion of their time managing and ensuring that the high quality of services are maintained collectively from the water, sewer, stormwater and sanitation funds. Based on the Town's current budgeting practices it has been assumed that the bulk of this transfer is covered by the sanitation fund. Only 20%, or \$25,000 collectively, has been allocated the water and sewer funds. The remaining amount is recovered from the sanitation fund.
  - Other operating costs such as utility services, operating supplies, chemicals and uniforms have been increased above the FY 2019 Budget by approximately 2.4% annually to account for general inflation. General inflation is usually measured by the CPI-U, which is the Consumer Price Index – All Urban Consumers Report. The CPI-U has increased the past two years at the rate of 2.1% each year for 2016 and 2017, respectively. The Congressional Budget Office (CBO) Economic Projections, from April 2018, forecasts annual CPI-U increases ranging from 2.2% up to 2.5% from 2019 through 2023.
3. Each year the budget also specifies amounts related to minor operating capital expenditures. Much of this amount has been included in the operating costs above but it should be mentioned that there is ongoing System maintenance being performed, which provides the ability to postpone and/or avoid major repairs and replacements. The water system budgets approximately \$70,000 per year for ongoing maintenance and the sewer system budgets approximately \$50,000 per year.
  4. In addition to the provisions for ongoing maintenance and repairs, certain capital improvements have been identified. Capital improvements are usually larger one-time expenses or can be related to a program of improvements such as replacing vulnerable water lines. In discussions with Town staff, the following capital improvement plan (CIP) was developed for the Forecast Period. All the projects below will be funded through the rate revenues discussed throughout this report. The largest CIP item shown includes amounts for the Polk Regional Water Cooperative (PRWC). The PRWC includes most of the municipalities within Polk County and was formed to identify and obtain future water supplies for the region. The costs shown below only include planning costs, which are being financed for the Town through an SRF loan. The full agreement and terms of this financing have not been fully vetted, so conservative terms (i.e., 5% interest rate) have been used. As additional funding requirements are identified by the PRWC, the Town will likely need to review its future rate levels and impact fees to ensure adequate recovery of more expensive water supply.

Table 1: Five-Year Capital Improvement Expenditures and Sources

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Line Replacements	\$55,000	\$10,000	\$10,000	\$10,000	\$10,000
Polk Regional Cost Share	82,090	82,090	82,090	82,090	82,090
Ongoing Sewer Improvements	25,000	25,000	25,000	25,000	25,000
Total Expenditures	\$162,090	\$117,090	\$117,090	\$117,090	\$117,090
<b>Funding Sources:</b>					
Water Rates	\$137,090	\$92,090	\$92,090	\$92,090	\$92,090
Sewer Rates	25,000	25,000	25,000	25,000	25,000
Total Sources	\$162,090	\$117,090	\$117,090	\$117,090	\$117,090

## EXHIBIT "A" - RESOLUTION 20-18

5. As of September 30, 2018, there are two outstanding debt obligations with pledges on the revenues generated by the System. The Series 2001 Revenue Bonds (2001 Bonds) were issued in the amount of approximately \$1.86 million to refund prior debt issues from 1998 and 1999, and primarily funded sewer system improvements. The Series 2011 Revenue Bonds (2011 Bonds) were issued in the amount of \$3.136 million to construct a new water plant. The 2001 Bonds have annual payments of \$101,160 through 2040. The 2011 Bonds have annual payment of \$163,072 through 2050. These payments are included in the annual revenue requirements for each system respectively throughout the Forecast Period.
6. The System should strive to maintain adequate cash reserves to meet day-to-day funding needs as well as to be able to provide funds to meet any unexpected emergencies requiring immediate financial resources. Based on prudent utility business principles, which are discussed further in Section 5, the equivalent of four months of operation and maintenance expenses is targeted as the minimum unrestricted operating reserves to be achieved by the end of the Forecast Period.
7. The System also collects other operating revenues from miscellaneous charges for specific customer services such as tap fees, non-payment fees, late fees and meter fees. These miscellaneous revenues are available to reduce the amount of revenue requirements needed to be collected from monthly user rates.

## Revenue Requirements Summary

The projected net revenue requirements for the water department, less miscellaneous income, are summarized below:

**Table 2: Projected Water Net Revenue Requirements**

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Operating Expenses	\$669,374	\$649,700	\$668,600	\$688,100	\$707,800
Debt Service	163,072	163,072	163,072	163,072	163,072
Gen. Gov. Debt Service Offset [1]	(163,072)	(81,536)	(81,536)	(40,768)	0
Capital from Rates	137,090	92,090	92,090	92,090	92,090
Gross Revenue Requirements	\$806,464	\$823,326	\$842,226	\$902,494	\$962,962
Less Miscellaneous Revenues	(40,000)	(40,200)	(40,400)	(40,600)	(40,800)
Net Revenue Requirements	\$766,464	\$783,126	\$801,826	\$861,894	\$922,162

[1] The Town currently budgets for the 2011 Bonds debt service to be paid from ad valorem revenues. However, based on prudent utility financial practices Raftelis is recommending that the Town phases out the reliance on ad valorem revenues to fund this debt service. This adjustment shifts the debt repayment from ad valorem revenue to rate revenue, which reflects the cost of providing service. The rate adjustments necessary to achieve this will be shown in Section 5.

As can be seen on the table above, Net Revenue Requirements are increasing each year primarily due to estimated budget escalation from inflationary pressures and the reduced reliance on General Fund revenues to fund the water debt service payments. By FY 2023 the water system is forecast to be fully recovering the cost of annual debt service from the 2011 Bonds. The operating expenses are slightly decreased in FY 2020 from FY 2019 due to a one-year budget increase for professional services in FY 2019. The revenue sufficiency discussion for the water and sewer funds is provided in Section 5.

## EXHIBIT "A" - RESOLUTION 20-18

Table 3: Projected Sewer Net Revenue Requirements

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Operating Expenses	\$349,850	\$359,600	\$369,700	\$380,000	\$390,400
Debt Service	101,159	101,159	101,159	101,159	101,159
Capital from Rates	25,000	25,000	25,000	25,000	25,000
Gross Revenue Requirements	\$476,009	\$485,759	\$495,859	\$506,159	\$516,559
Less Miscellaneous Revenues	(55,000)	(55,500)	(56,000)	(56,500)	(57,000)
Net Revenue Requirements	\$421,009	\$430,259	\$439,859	\$449,659	\$459,559

As shown above, the operating expenses are increasing annually due to inflationary pressures. The current sewer rates are sufficient to fully fund the 2001 Bonds annual debt service requirements, so there are no anticipated ad valorem revenues needed to support the sewer system.

## EXHIBIT "A" - RESOLUTION 20-18

# Section 3. Customer Statistics

## General

A major component in the determination of sustained revenue sufficiency for water and sewer service is the development of a forecast of customers and sales. The Town provided historical billing statistics including the number of customers, by class and meter size, and metered monthly usage, which provides the basis for the recent historical trends and the forecast of customers through FY 2023. In addition to accumulating the number of customers and sales, additional analysis was performed in order to review options for modifying the rate structure, which is discussed at length below.

The FY 2017 water and sewer customer summaries are provided on Tables 4 and 5, respectively.

**Table 4: FY 2017 Water Customer Summary**

Description	Residential	Nonresidential	Total
Accounts	1,406	184	1,590
Meter Equivalents [1]	1,416	455	1,871
Consumption (1,000s gallons)	140,447	49,629	190,076
Avg. Consumption per Month [2]	8.27	9.09	8.47

[1] The Town bills monthly base charges pursuant to the water meter size serving each account. Larger meter sizes are charged greater than one equivalency, as discussed later in this section.

[2] Average consumption per month is calculated by dividing the consumption by the meter equivalents and then dividing by 12.

**Table 5: FY 2017 Sewer Customer Summary**

Description	Residential	Nonresidential	Total
Accounts	415	57	472
Meter Equivalents [1]	415	219	634
Consumption (1,000s gallons)	63,697	27,142	90,839
Avg. Consumption per Month [2]	12.79	10.33	11.94

[1] The Town bills monthly base charges pursuant to the water meter size serving each account. Larger meter sizes are charged greater than one equivalency, as discussed later in this section.

[2] Average consumption per month is calculated by dividing the consumption by the meter equivalents and then dividing by 12.

Meter equivalents convert each account to an equivalent demand basis. The basis for determining meter equivalents is the meter size used for water service and the rate of flow, or water demand, that meter can place on the water system. Larger meters are designed to allow higher rates of flow, as established by the American Water Works Association (AWWA). These AWWA meter flow ratios are used to determine the meter equivalents based on the customers meter size. A 3/4-inch meter is set as the standard ratio of 1.0, with larger meter sizes increasing. The meter equivalent ratios from AWWA are provided on the table below.

## EXHIBIT "A" - RESOLUTION 20-18

Table 6: AWWA Meter Equivalent Ratios

Meter Size	AWWA Ratio
3/4"	1.00
1"	2.50
1.5"	5.00
2"	8.00
3"	15.00
4"	25.00
6"	50.00
8"	80.00

According to the statistical section in the 2017 Comprehensive Annual Financial Report (CAFR), the water system added over 200 new connections over the three-year period of FY 2015 through FY 2017. Additionally, over 130 new sewer connections have been added over the same three-year period. The following sections provide more detailed analysis for the utility customers and the consumption statistics.

## Water Customer Statistics

The Town currently categorizes each customer into one of two primary classes for billing purposes consisting of residential and nonresidential. The nonresidential class also has several sub-classes including Town accounts, public accounts, and commercial accounts. These customers are then split between inside or outside Town service. The table below provides the number of accounts, meter equivalents, metered consumption and average monthly consumption per meter equivalent by customer classification for the FY 2017 billing data provided.

Table 7: FY 2017 Water Customer Statistics

Description (Meter Size)	Accounts	Meter Equivalents	Consumption (1,000 gallons)	Avg. Consumption per Month
<b>Residential Inside</b>				
3/4-inch	1,286	1,286	129,143	8.37
1-inch	5	12	785	5.45
<b>Residential Outside</b>				
3/4-inch	113	113	10,306	7.60
1-inch	2	5	213	3.55
<b>Subtotal Residential</b>	<b>1,406</b>	<b>1,416</b>	<b>140,447</b>	<b>8.27</b>
<b>Nonresidential Inside</b>				
3/4-inch	119	119	10,458	7.32
1-inch	28	66	7,627	9.63
1.5-inch	8	36	2,810	6.50
2-inch	24	173	23,243	11.20
3-inch	1	16	903	4.70
4-inch	1	27	3,564	11.00
<b>Nonresidential Outside</b>				
3/4-inch	2	2	62	2.58
3-inch	1	16	962	5.01
<b>Subtotal Nonresidential</b>	<b>184</b>	<b>455</b>	<b>49,629</b>	<b>9.09</b>
<b>Total Water System</b>	<b>1,590</b>	<b>1,871</b>	<b>190,076</b>	<b>8.47</b>

## EXHIBIT "A" - RESOLUTION 20-18

As shown above over 1,500 accounts and 1,800 meter equivalents are served water by the Town each month. Average monthly consumption per meter equivalent for all System connections is approximately 8,470 gallons, while the largest customer class, inside Town 3/4-inch residential accounts use approximately 8,370 gallons per month.

In addition to analyzing each customer class based on the average monthly accounts, equivalencies and consumption, it is necessary to accumulate the revenue gallons into the appropriate usage blocks. The usage blocks are utilized in the billing process and have been designed to promote conservation, as the rate applied to each block is inclining. The inclining usage block rates are extremely common in Florida and are viewed favorably by the water management districts. The rates applied to each block will be introduced later in this report, but the table below illustrates the gallons that will be billed for in each block.

Table 8: Usage Block Allowances

Description	Gallons Included
Block 1	0-10,000
Block 2	10,001-20,000
Block 3	20,001-40,000
Block 4	Above 40,000

The following table demonstrates, for each customer class, the amount of consumption billed in each usage block for FY 2017:

Table 9: Water Usage by Rate Block FY 2017

Classification	Block 1	Block 2	Block 3	Block 4	Total
Residential Inside	88,268	23,103	12,042	6,515	129,928
Residential Outside	7,470	1,483	821	745	10,519
Nonresidential Inside	10,719	5,221	6,970	25,695	48,605
Nonresidential Outside	179	122	215	508	1,024
<b>Total</b>	<b>106,636</b>	<b>29,929</b>	<b>20,048</b>	<b>33,463</b>	<b>190,076</b>
% Consumption in Block	56.1%	15.7%	10.6%	17.6%	100.0%

The customer billing data described above provides the basis for a customer forecast. The forecast includes the period from FY 2017 through FY 2023 and assumes growth in single family accounts of 85 in FY 2018, 65 in FY 2019 and 30 per year for FYs 2020 through 2023. The FY 2018 and FY 2019 growth figures are based on estimated growth amounts. For FY 2018, there was significant growth in the residential category, with anticipated growth to continue at a slightly elevated level in FY 2019. The future growth is considered conservative and any growth above this level would increase the projected operating margins. Water sales have been projected based on the usage trends identified above for each customer class. A summary of the customer forecast is provided below.



## EXHIBIT "A" - RESOLUTION 20-18

Table 10: Water Customer Forecast

Fiscal Year	Accounts	Equivalencies	Consumption (1,000 gallons)
FY 2017	1,590	1,871	190,076
FY 2018	1,675	1,956	198,580
FY 2019	1,740	2,021	205,080
FY 2020	1,770	2,051	208,090
FY 2021	1,800	2,081	211,090
FY 2022	1,830	2,111	214,090
FY 2023	1,860	2,141	217,090

## Sewer Customer Statistics

The table below provides the number of customers, equivalencies, metered consumption and average monthly consumption by customer classification for the FY 2017 billing data provided:

Table 11: FY 2017 Sewer Customer Statistics

Description	Accounts	Meter Equivalents	Consumption (1,000s gallons)	Avg. Consumption per Month
Residential Inside				
3/4-inch	415	415	63,697	12.79
Nonresidential Inside				
3/4-inch	33	33	3,761	9.50
1-inch	5	12	1,946	13.51
1.5-inch	4	20	1,463	6.10
2-inch	13	104	18,107	14.51
3-inch	1	25	903	3.01
Nonresidential Outside				
3-inch	1	25	962	3.21
<b>Subtotal Nonresidential</b>	<b>57</b>	<b>219</b>	<b>27,142</b>	<b>10.33</b>
<b>Total Sewer System</b>	<b>472</b>	<b>634</b>	<b>90,839</b>	<b>11.94</b>

As shown above, 415 of the 1,286 residential 3/4-inch water accounts also have sewer service, or about one-third. The consumption per month for these residential customers is significantly higher than the average for all customers that have water service, at almost 13,000 gallons per month. The majority of the sewer customers are located in relatively newer subdivisions that generally have outdoor irrigation systems connected to the primary water meter. While the residential accounts are not currently charged for consumption on a monthly basis, since there is a flat charge of \$60.95 per month, a focus of this study is to review the option of implementing a base and usage charge rate structure for the sewer system. The sewer usage information will be further detailed in the rate design section below.

The sewer customers have also been forecast in the future in order to determine future revenue recovery and also to be utilized in designing alternative rate structures. Most of the customer growth in the Town is occurring in newer neighborhoods, which have water and sewer service. Therefore, the estimated growth during FY 2018 of 85 new accounts is reflected on the sewer system as well. In future years, the growth identified for the water system has been slightly reduced for the sewer system to account for re-activation of water accounts and infill development in parts of Town that do not have sewer service available. Therefore, for FY 2019 customer growth is projected to be



## EXHIBIT "A" - RESOLUTION 20-18

60 new accounts, with an additional 20 per year for FYs 2020 through 2023. A summary of the customer forecast is provided below.

Table 12: Sewer Customer Forecast

<u>Fiscal Year</u>	<u>Accounts</u>	<u>Equivalencies</u>	<u>Consumption (1,000 gallons)</u>
FY 2017	472	634	90,839
FY 2018	557	719	103,880
FY 2019	617	779	113,090
FY 2020	637	799	116,160
FY 2021	657	819	119,230
FY 2022	677	839	122,300
FY 2023	697	859	125,370

## Section 4. Sewer Rate Design and Bill Comparisons

### General

This section provides the proposed sewer rate design. Included are various customer bill impacts and comparisons with other local utilities.

The previous sections outlined the net revenue requirements and the forecasted customer statistics for the sewer system. These forecasts provide the basis for a rate design analysis based on cost of service principles with the intention of equitably recovering costs between various customer classes and users. The existing sewer rates include a fixed monthly charge for all customers, with nonresidential customers also incurring a usage charge per 1,000 gallons of consumption as measured through the water meter. The residential customers do not incur any additional charge based on the amount of water used. To establish a more equitable cost recovery basis, this section will illustrate the analysis and results of implementing a new rate structure for all sewer customers.

The rate design alternative focuses on providing a similar rate structure for residential and nonresidential customers, while minimizing rate impacts where possible. With any significant change in rate structure, certain customers will receive larger changes to their monthly bill than others. These customers impacts have been reviewed and minimized, where possible, in order to provide a cost based and reasonable alternative to the Town.

The existing rates for sewer service are provided below and will be used throughout the comparisons with other local utilities:

**Table 13: Existing Monthly Sewer Rates**

Meter Size	Inside Town*
<b>Base Charge:</b>	
3/4"	\$60.95
1"	\$152.30
1.5"	\$304.61
2"	\$487.37
3"	\$1,533.00
4"	\$1,827.61
6"	\$3,837.99
8"	\$5,482.82
<b>Nonresidential Usage Charge per 1,000 gallons:</b>	
All Consumption	\$2.50

\* Customers outside Town limits receive a 25% surcharge, allowable pursuant to Florida Statutes section 180.191.

## EXHIBIT "A" - RESOLUTION 20-18

## Pricing Objectives and Rate Design Parameters

The sewer rate design, as mentioned previously, is based on the cost of providing service along with taking into consideration the various objectives identified in discussions with staff throughout the project. At the kick-off meeting, the existing rates were discussed and the primary pricing objectives were identified and included Affordability, should be Simple to Understand and Update, and should provide Revenue Stability. Many other pricing objectives were taken into consideration during the rate design process, such as Rate Stability which attempts to minimize rate shock by significantly changing a customers' monthly bill. Affordability was addressed in the rate structure by giving users the ability to lower their monthly bill along with reducing the amount of water they use each month. By providing a lower monthly fixed portion of the bill and introducing a charge per 1,000 gallons used, lower use customers will see a lower monthly bill, similar to the water system. The proposed rate structure is not more difficult to understand than the existing rate structure provided on the water portion of the bill and while Revenue Stability for the sewer system was reduced, it is still very stable and will be discussed in more detail later in this section.

In addition to the pricing objectives, certain policy and other considerations were reviewed while developing the proposed rate structure. The following provides a summary of each of these issues and considerations.

### Revenue Generated

The rates designed for implementation on March 1, 2019 have been calculated to provide slightly less revenue than existing rates. The revenue reduction of around \$78,000 has been identified to achieve various objectives including closer alignment of cost of providing service to revenues generated and to provide for greater affordability. For example, the existing sewer rates are anticipated to produce slightly greater than \$654,000 in revenue in FY 2020. The rate design rates will produce approximately \$576,000 in rate revenue. FY 2020 was chosen for comparison due to partial year implementation in FY 2019.

### Minimum Gallons for Residential

One of the most important equity considerations is the amount of usage included in the minimum bill. Currently, residential accounts have 100% of usage included in the minimum bill and commercial customers have no usage included. To achieve greater equity between customers classes, the residential customers are being adjusted to include a certain number of minimum gallons in the base charge, to establish a monthly base and usage component. To go along with a reduced fixed monthly bill, each residential customer will receive 4,000 gallons included in the minimum regardless of the meter size used for service. If a customer uses less than 4,000 gallons per month they will only be charged the monthly fixed base charge. If a customer uses in excess of the 4,000 gallons, usage charges will be applied to those gallons above the 4,000 included in the minimum. With a usage charge applied to gallons above 4,000 gallons there is an inherent incentive for residential customers to reduce usage to 4,000 gallons or less per month if they are able, which will allow for lower monthly bills. Additionally, this will help the Town promote water conservation, which is especially important now considering the cost of potential future water supply from the PRWC.

### Residential Sewer Usage Billing Cap

With the addition of a usage charge component to the residential customers sewer bill, there is also a monthly usage cap established. The purpose of establishing a usage cap is to minimize the potential amount of outdoor water use being captured by the sewer rates. For example, if a customer washes their car or waters the lawn, this water does not generally return to the sewer system. However, since most customers only have a single water meter, indoor and outdoor usage cannot be determined from monthly meter reads. After reviewing average monthly treatment at the wastewater plant and the usage characteristics of the water customers, it has been determined that a monthly residential sewer usage cap of 10,000 gallons is reasonable. Therefore, residential

## EXHIBIT "A" - RESOLUTION 20-18

customers will be billed usage rates for consumption between the amounts of 4,000 gallons and 10,000 gallons. This billing cap does not apply to non-residential customers since there is typically not a large demand for outdoor consumption.

## Sewer Rate Design

Relying on the costs identified in Section 2, the customer projections from Section 3 and the parameters and considerations discussed above, the following table presents the proposed sewer rates for implementation March 1, 2019.

**Table 14: Proposed Sewer Rates March 1, 2019**

Meter Size	Inside Town	Outside Town
<b>Base Charge:</b>		
3/4"	\$48.00	\$60.00
1"	\$120.00	\$150.00
1.5"	\$240.00	\$300.00
2"	\$384.00	\$480.00
3"	\$720.00	\$900.00
4"	\$1,200.00	\$1,500.00
6"	\$2,400.00	\$3,000.00
8"	\$3,840.00	\$4,800.00
<b>Usage Charges</b>		
<b>Residential:</b>		
0-4,000 gallons	\$0.00	\$0.00
4,001-10,000 gallons	\$2.50	\$3.12
Above 10,000 gallons	\$0.00	\$0.00
<b>Non-residential:</b>		
All usage	\$2.50	\$3.12

The proposed sewer base charges utilize a similar structure as the current rates, with increasing rates by meter size. The meter size ratios are based on standard American Water Works Association (AWWA) ratios, as established in the M6 manual. For the usage charges, residential customers have the first 4,000 gallons included and are then charged \$2.50 per 1,000 gallons up to 10,000 gallons per month. The non-residential customers pay the monthly base charge and then \$2.50 per 1,000 gallons of consumption. The proposed base charges are \$12.95 lower than the existing base charges, providing rate relief to customers who are conserving water each month. Any residential customer that uses 4,000 gallons or less will see the full reduction of \$12.95 on their sewer bill each month. The reduced base charge for residential customers from \$60.95 to \$48.00 will provide some rate relief to lower users of the system, but will be earned back from the usage rate of \$2.50.

## Bill Impacts and Comparison with Local Utilities

The tables and discussion below have been included for information purposes. Any change of rate structure has the potential for larger impacts to certain customers or customer classes.

Below is a table illustrating impacts at various usage levels for a majority of the System's customers, single family inside Town. The table below illustrates the full range of potential impacts to the single family customer class. The cumulative percentage of single family sewer bills has been included to provide context for how these proposed

## EXHIBIT "A" - RESOLUTION 20-18

rates will impact the customer base. For example, at the 4,000-gallon level 24.7% of the single family customers have been billed. Approximately 52.2% of the sewer bills were for usage of 9,000 gallons or less, each of these bills would see a reduced cost for sewer service under the proposed rate structure. Due to the billing cap of 10,000 gallons, the maximum increase for sewer service will be \$2.05 per month, for all users consuming 10,000 gallons or greater on a monthly basis.

**Table 15: Single Family Sample Bill Impacts (Sewer Portion of Bill Only)**

Usage (gallons)	Existing Rates	Proposed Rates	Difference	Cumulative % Single Family Bills
0	\$60.95	\$48.00	(\$12.95)	4.9%
1,000	\$60.95	\$48.00	(\$12.95)	7.9%
2,000	\$60.95	\$48.00	(\$12.95)	12.7%
3,000	\$60.95	\$48.00	(\$12.95)	18.8%
4,000	\$60.95	\$48.00	(\$12.95)	24.7%
5,000	\$60.95	\$50.50	(\$10.45)	30.9%
6,000	\$60.95	\$53.00	(\$7.95)	36.5%
7,000	\$60.95	\$55.50	(\$5.45)	42.2%
8,000	\$60.95	\$58.00	(\$2.95)	47.5%
9,000	\$60.95	\$60.50	(\$0.45)	52.2%
10,000 or greater	\$60.95	\$63.00	\$2.05	100.0%

Additionally, a table has been provided to show the proposed changes to a customer's total utility bill, including water and sewer service. This comparison is important since all sewer customers also have water service. As will be discussed further in Section 5, there is a projected increase of 3% to the water rates, which has been reflected in the total bill amounts on Table 16 below.

**Table 16: Single Family Sample Bill Impacts (Water and Sewer)**

Usage (gallons)	Existing Rates	Proposed Rates [1]	Difference	Cumulative % Single Family Bills
0	\$77.95	\$65.51	(\$12.44)	4.9%
1,000	\$78.90	\$66.49	(\$12.41)	7.9%
2,000	\$79.85	\$67.47	(\$12.38)	12.7%
3,000	\$80.80	\$68.45	(\$12.35)	18.8%
4,000	\$81.75	\$69.43	(\$12.32)	24.7%
5,000	\$82.70	\$72.91	(\$9.79)	30.9%
6,000	\$83.65	\$76.39	(\$7.26)	36.5%
7,000	\$84.60	\$79.87	(\$4.73)	42.2%
8,000	\$85.55	\$83.35	(\$2.20)	47.5%
9,000	\$86.50	\$86.83	\$0.33	52.2%
10,000	\$87.45	\$90.31	\$2.86	56.3%

[1] Water rates have been increased over existing rates by 3%, as further described in Section 5.

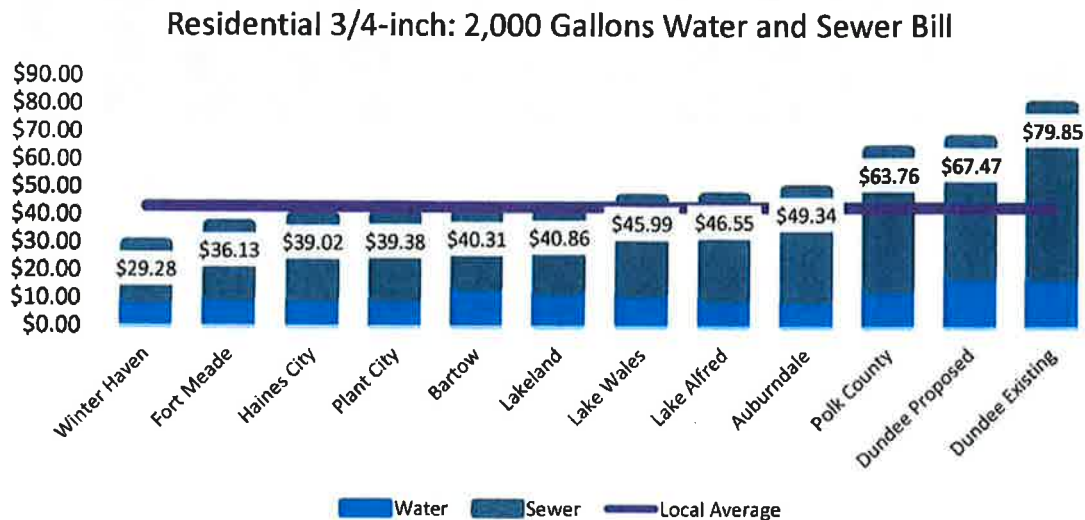
As can be seen on the table above the savings, as shown in the "Difference" column, are reduced but still applicable for all single family sewer bills less than 8,000 gallons. The cost of utility service for single family customers using greater than 8,000 gallons is increasing. With the utility facing potentially significant costs of water in the near future from the PRWC, providing current customers the incentive to reduce usage is very important and

## EXHIBIT "A" - RESOLUTION 20-18

can lead to overall cost savings for the utility in the future. With increased bills for higher users and the ability to realize greater savings with lower usage, the proposed sewer rates structure supports water conservations efforts.

The figure below provides a comparison for a lower consumption single family user of 2,000 gallons with other local utilities:

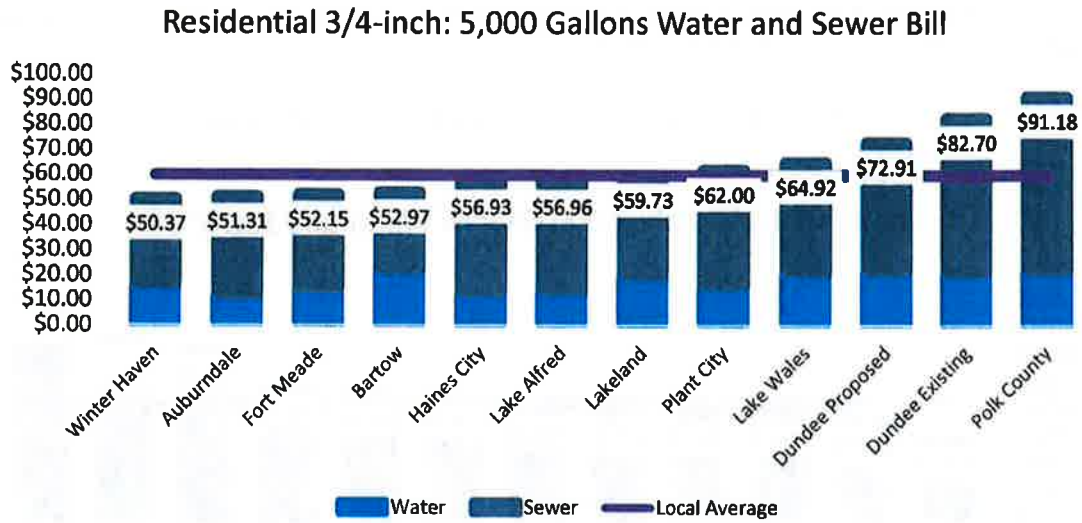
**Figure 1: Local Comparison: Single Family 2,000 Gallons**



In addition to the 2,000 gallons comparison, where the proposed bill is being reduced by greater than \$12, the figure below provides a comparison at 5,000 gallons of consumption. At 5,000 gallons of consumption a single family customer would also see a reduced bill of \$9.79 per month. It is important when reviewing bill comparisons and impacts to point out that not all customers use the same amount of water each month.

EXHIBIT "A" - RESOLUTION 20-18

Figure 2: Local Comparison: Single Family 5,000 Gallons





# Section 5. Revenue Sufficiency Analysis

## General

The primary mechanism for generating revenues in order to recover the costs of providing quality water and sewer services are the adopted user rates. As discussed in Section 4, the sewer user rate structure has been re-designed and anticipated to be implemented in March of FY 2019. The revenues projected in this section are shown based on the change in rate structure in FY 2019 to reflect estimated future operating conditions. In addition to the user rates, the System also collects miscellaneous or ancillary charges for specifically requested services.

## Revenue Sufficiency

The projection of customers and sales discussed in Section 3 serves as the basis for the water and sewer revenue calculations. The revenue projections provided on Table 18 below shows the water revenue forecast at the rates effective October 1, 2018, as shown below on Table 17. The sewer revenue forecast is based on the proposed rate design shown on Table 14 in the previous section.

**Table 17: Existing Water Rates**

Meter Size	Inside Town*
<b>Base Charge:</b>	
3/4"	\$17.00
1"	\$39.50
1.5"	\$77.00
2"	\$122.00
3"	\$264.50
4"	\$452.00
6"	\$947.00
8"	\$1,352.00
<b>Usage Charges per 1,000 gallons</b>	
Block 1 (0 - 10,000)	\$0.95
Block 2 (10,001 - 20,000)	\$1.90
Block 3 (20,001 - 40,000)	\$2.85
Block 4 (Above 40,000)	\$3.35

\* Customers outside Town limits receive a 25% surcharge, allowable pursuant to Florida Statutes section 180.191.

The water and sewer revenue forecast provided below account for customer growth outlined in Section 3.



## EXHIBIT "A" - RESOLUTION 20-18

Table 18: Revenue Forecast

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Revenue	\$750,200	\$760,600	\$770,900	\$781,400	\$791,700
Sewer Revenue [1]	605,700	594,700	608,000	621,400	634,700
Total System	\$1,355,900	\$1,355,300	\$1,378,900	\$1,402,800	\$1,426,400

[1] Sewer revenue forecast assumes the proposed rate design from Section 4 is implemented in March 2019.

The first revenue test performed and shown on the table below is the projected revenue sufficiency from the revenues provided on Table 18 above as compared to the Net Revenue Requirements outlined on Tables 2 and 3. Table 19 illustrates the water and sewer revenue sufficiency separately for each system and then a total combined amount.

Table 19: Revenue Sufficiency Forecast

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Revenue [1]	\$750,200	\$760,600	\$770,900	\$781,400	\$791,700
Water Net Revenue Requirements	(766,464)	(783,126)	(801,826)	(861,894)	(922,162)
Water Sufficiency/(Deficiency)	(\$16,264)	(\$22,526)	(\$30,926)	(\$80,494)	(\$130,462)
Sewer Revenue [2]	\$595,100	\$576,100	\$589,000	\$602,000	\$614,800
Sewer Net Revenue Requirements	(421,009)	(430,259)	(439,859)	(449,659)	(459,559)
Sewer Sufficiency/(Deficiency)	\$174,091	\$145,841	\$149,141	\$152,341	\$155,241
<b>Combined Revenue Sufficiency</b>	<b>\$157,827</b>	<b>\$123,315</b>	<b>\$118,215</b>	<b>\$71,847</b>	<b>\$24,779</b>

[1] Water Revenue is forecast based on customers shown on Table 10 and the existing water rates shown on Table 17.

[2] Sewer Revenue is forecast based on customers shown on Table 12 and the proposed sewer rate design shown on Table 14.

As shown above, revenues generated by the existing water rates are anticipated to fall short of the forecasted net revenue requirements each year. The water revenue deficiency is forecast to get worse over time in the water system, due to inflationary impacts to ongoing expenses. The water forecast highlights the need for water rate increases to ensure those with water service are paying an adequate amount to cover the costs of providing them service. The necessary level of rate adjustments will be presented on Table 20.

The sewer rates are forecast to be sufficient to meet the full costs of providing sewer service. As can be seen on Table 19, the sewer revenue is slightly reduced in FY 2020, but still results in adequate revenue sufficiency. The additional revenues generated by the sewer system can be used to build an adequate reserve fund and to fund unidentified capital improvements in the future. As long as there are no material changes to the operations of the sewer system, the proposed rates from Section 4 are forecast to be sufficient for at least the next five-years.

For the water system, rate adjustments are necessary to address the annual shortfall in revenues generated. Since the Town is committed to prudent financial management of the utilities, each service should have the appropriate revenues to recover the costs of providing that service. This is especially important when a large number of customers are only connected to the water system. To provide adequate annual revenues, while avoiding rate shock to customers, it is forecast that a 3% increase be implemented in March 2019 and then each year thereafter a rate increase of 3.5% will be sufficient to keep pace with increasing costs. The updated water revenue sufficiency

## EXHIBIT "A" - RESOLUTION 20-18

forecast is provided below on Table 20. Exhibits 4 and 5 at the end of this report provide the full detail of the revenue sufficiency for water and sewer.

Table 20: Updated Water Revenue Sufficiency

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Revenue [1]	\$763,300	\$810,800	\$850,600	\$892,400	\$935,700
Water Net Revenue Requirements	(766,464)	(783,126)	(801,826)	(861,894)	(922,162)
Water Sufficiency/(Deficiency)	(\$3,164)	\$27,674	\$48,774	\$30,506	\$13,538
<b>Combined Revenue Sufficiency</b>	<b>\$170,927</b>	<b>\$173,515</b>	<b>\$197,915</b>	<b>\$182,847</b>	<b>\$168,779</b>

[1] Water Revenue forecast from Table 19 updated to reflect rate adjustments of 3% in March 2019 and then 3.5% annually beginning October 1, 2019, with the first increase March 1, 2019 accounting for only a partial year.

As shown on the table above, with an initial increase of 3.0% in March 2019 and 3.5% annual increases to the water rates thereafter, the projected revenues are sufficient to recover the forecasted revenue requirements. By phasing in the rates over time, it does not create a one-time large increase for customers that can result in rate shock and unnecessary large bill increases. One item to note is the trend towards the later years of the forecast for water, where the sufficiency in the water system is still positive but declining. This trend is due in part to a conservative forecast in customer growth, where it is anticipated that the current level of growth will not be maintained throughout the five-year forecast. The trend is also due in part to the aforementioned phasing out of the reliance on General Fund revenues to pay for water debt service. The Town should consider an update to the utility financial forecast in the next three to five years, largely depending on availability of new information from the PRWC and potential cost impacts on the utility system. The 5-year rate schedule for water is provided on Exhibits 6 through 10.

## Utility Cash Reserves

Days cash on hand or unrestricted reserves as a percentage of operating expenses is a widely used metric in the utility industry, especially by bond rating agencies. Establishing a reserve policy provides a basis for the Town to manage variances in revenue and expenses, and cope with potential fiscal emergencies such as revenue shortfalls, asset failure, natural disaster etc. It also provides guidelines for sound financial management with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs and emergencies. While the utility does not anticipate any large capital projects during the Forecast Period, it is always prudent to establish strong unrestricted cash reserves and capital project reserves in order to avoid or mitigate future debt issuances.

Raftelis recommends that the Town maintain at a minimum four months of operating expenses in unrestricted reserves. The primary purposes include to provide working capital to support the operation, maintenance, and administration of the System; and to fund future obligations that are necessary for maintaining reliable infrastructure. The recommended and achieved unrestricted reserves are presented below on Table 21.

## EXHIBIT "A" - RESOLUTION 20-18

Table 21: Unrestricted Reserve Funds

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Fund Balance	\$137,400	\$308,327	\$481,842	\$679,757	\$862,604
Combined Utility Surplus	170,927	173,515	197,915	182,847	168,779
Ending Fund Balance	\$308,327	\$481,842	\$679,757	\$862,604	\$1,031,383
<i>Target Minimum (4-months O&amp;M)</i>	<i>\$335,000</i>	<i>\$332,000</i>	<i>\$341,000</i>	<i>\$351,000</i>	<i>\$361,000</i>

As shown on the table above, the target minimum reserve balances are essentially being met and well exceeded throughout the Forecast Period. Having cash available will allow the Town to react to potential expansion of service opportunities and to additional requirements from the PRWC.

## EXHIBIT "A" - RESOLUTION 20-18

# Stormwater Review and Forecast

This section provides a discussion on the current stormwater rate structure and billing procedures along with necessary adjustments to achieve stable financial performance.

Stormwater fees are currently billed annually on the property tax bill, as a non-ad valorem fee. The non-ad valorem assessment is an effective way to ensure individual property owners will contribute their fair share of the stormwater program costs. Occasionally there can be a disconnect between individual properties and utility accounts, causing difficulty when assessing stormwater fees which are largely related to property characteristics. There are also challenges to property assessments due to various Florida statutes regulating property assessments and the additional costs of having the Property Appraiser and Tax Collector help administer and collect on the bills.

To determine the annual assessment amount for each property, a certain number of EDUs is assigned based on a combination of the impervious and non-impervious areas of the property. Each EDU is currently charged \$14.40 per year, which equates to \$1.20 per month. The Town currently assesses 2,453 properties annually for stormwater charges, for a total of 5,952 EDUs according to the 2018 tax roll. However, through further research into various properties on the tax roll, it was determined that certain State and/or County properties were included and are not generally subject to paying property taxes, ad valorem or non-ad valorem fees. Therefore, these properties were removed from the analysis to determine the real customer base that generates annual revenues. In total, two properties were removed with a total of 595 EDUs. Often times on the stormwater customer base and EDUs, new growth of utility accounts is not on a one to one basis as the properties are already accounted for in the stormwater assessment program. That being said, when properties are platted and new homes are built, there are generally additional EDUs added. Therefore, the table below illustrating the customer base and annual growth reflects a conservative level of growth reflecting ongoing development in the Town.

**Table 22: Stormwater Customers and Revenue Forecast**

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Accounts	2,461	2,471	2,481	2,491	2,501
EDUs	5,387	5,417	5,447	5,477	5,507
Existing Rate per EDU	\$14.40	\$14.40	\$14.40	\$14.40	\$14.40
Annual Stormwater Revenue	\$77,600	\$78,000	\$78,400	\$78,900	\$79,300

As shown above, the stormwater revenue forecast is slightly below \$80,000 annually throughout the Forecast Period at the existing rate level. On the expense side, the stormwater division is anticipating increased costs beginning in FY 2019 due to additional requirements from the National Pollutant Discharge Elimination System (NPDES) that provides the necessary permits and regulatory oversight for the Town to have a stormwater system. To address the requirements from the NPDES, the Town has identified that a second PCI crew can be utilized to perform additional maintenance on stormwater facilities. The Town also budgets for engineering expenses, ongoing repairs and maintenance, and other operating supplies. The total budgeted cost, in summary, for the stormwater department is provided on Table 23 below. The full line item budget is provided in Exhibit 3.

## EXHIBIT "A" - RESOLUTION 20-18

Table 23: Stormwater Expense Forecast

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Professional Fees and Engineering	\$31,000	\$31,700	\$32,500	\$33,400	\$34,200
PCI Workers	88,000	90,100	92,400	94,700	97,000
Repairs and Maintenance	15,000	15,400	15,800	16,200	16,600
Other Expenses	15,772	25,900	26,400	26,800	27,300
Total Expenses	\$149,772	\$163,100	\$167,100	\$171,100	\$175,100

As shown on the table above, the projected expenses for the stormwater system are increasing each year due to anticipated cost escalations. The other expenses line item in Table 23 above is showing an increase in FY 2020 due to the inclusion of assessment program related expenses such as early payment discounts and Property Appraiser and Tax Collector charges. It is customary for non-ad valorem assessments to factor in early payment discounts to ensure that the revenues needed are generated from the assessment program even if every property received the discounted cost. To administer the non-ad valorem assessments on the annual property tax bill, the Property Appraiser and Tax Collector will generally charge 1% of the assessed amount to recover the cost of their services. As can be seen, the total expenses are much greater than the forecasted revenues indicating the need for a rate adjustment. Due to the process of adjusting the non-ad valorem assessment rate, it is proposed that the annual rate is changed all at once to address the immediate needs of the utility.

To calculate the necessary rate adjustment a test year is chosen to compare the total expenses to the number of EDUs available. In addition to this calculation, an allowance for additional revenues over expenses is included to provide for unforeseen expenses and to establish a reserve fund for the stormwater system. The rate calculation is provided on the table below:

Table 24: Stormwater Rate Calculation

Description	Amount
Total Expenses	\$163,100
Allowance for Addt. Revenues	23,700
Total Revenue Requirements	\$186,800
FY 2020 EDUs	5,417
Calculated Rate per EDU	\$34.48
Rounded Rate per EDU	\$34.50

The table below provides a comparison of the existing stormwater rates for residential customers to other local communities.

## EXHIBIT "A" - RESOLUTION 20-18

Table 25: Local Stormwater Rate Comparison

Utility	Annual per EDU	Monthly per EDU
Dundee Existing	\$14.40	\$1.20
Dundee FY 2023 Forecast	\$34.50	\$2.88
<b>Other Utilities:</b>		
Bartow	\$45.00	\$3.75
Haines City [1]	\$59.24	\$4.94
Lake Alfred	\$24.00	\$2.00
Lakeland	\$100.80	\$8.40
Plant City	\$91.56	\$7.63
Winter Haven	\$83.40	\$6.95
<b>Average of Other Utilities</b>	<b>\$67.33</b>	<b>\$5.61</b>

[1] Stormwater management service assessment based on a two-tier rate structure. Tier 1 is a fixed assessment rate per tax parcel, and Tier 2 is a variable rate based on the size of the tax parcel in acres.

As can be seen on the table above, the new calculated rate remains comparable to other local communities, while providing the necessary revenues for the Town to operate the stormwater system.

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 1:

**Water Operating Budget  
Projection**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 1: Water Operating Budget Projection**

	FY 2019			Escalation Factor	Projected			
	Budgeted	Adjustments	Adjusted Budget		FY 2020	FY 2021	FY 2022	FY 2023
Salaries & Wages	\$188,729	\$0	\$188,729	Labor	\$194,400	\$200,200	\$206,200	\$212,400
Overtime	7,600	0	7,600	Labor	7,800	8,000	8,200	8,400
Payroll Taxes	14,438	0	14,438	Labor	14,900	15,300	15,800	16,300
Retirement Contributions	6,192	0	6,192	Labor	6,400	6,600	6,800	7,000
Life & Health Insurance	59,240	0	59,240	Ins-Health	62,200	65,300	68,600	72,000
Worker's Comp	2,403	0	2,403	Labor	2,500	2,600	2,700	2,800
Professional Services	1,300	0	1,300	CPI	1,300	1,300	1,300	1,300
Engineering	60,000	0	60,000	CPI	23,000	23,600	24,200	24,800
Sampling	6,000	0	6,000	CPI	6,100	6,300	6,500	6,700
Contract Labor	7,500	0	7,500	CPI	7,700	7,900	8,100	8,300
Travel & Training	2,000	0	2,000	CPI	2,000	2,100	2,200	2,300
IT Services	5,963	0	5,963	CPI	6,100	6,300	6,500	6,700
Postage	5,400	0	5,400	CPI	5,500	5,600	5,700	5,800
Utility Services	56,000	0	56,000	CPI	57,300	58,700	60,200	61,600
Rent/Lease/Mortgage	500	0	500	CPI	500	500	500	500
Property & Liability Insurance	11,609	0	11,609	CPI	11,900	12,200	12,500	12,800
Repairs & Maintenance	125,000	(55,000)	70,000	CPI	71,700	73,500	75,300	77,100
Repairs & Maint-Water Pumps	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Repairs & Maint-Vehicles	2,500	0	2,500	CPI	2,600	2,700	2,800	2,900
Other Current Charges	35,500	0	35,500	CPI	36,400	37,300	38,200	39,100
Office Supplies	1,000	0	1,000	CPI	1,000	1,000	1,000	1,000
Operating Supplies	70,000	0	70,000	CPI	71,700	73,500	75,300	77,100
Operating Supplies- Chemicals	22,000	0	22,000	CPI	22,500	23,100	23,700	24,300
Operating Supplies- Uniforms	1,500	0	1,500	CPI	1,500	1,500	1,500	1,500
Gas & Oil	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Dues & Subscriptions	7,500	0	7,500	CPI	7,700	7,900	8,100	8,300
Machinery & Equipment	2,000	0	2,000	CPI	2,000	2,100	2,200	2,300
Interfund Transfers	0	12,500	12,500	CPI	12,800	13,100	13,400	13,700
Total	\$711,874	(\$42,500)	\$669,374		\$649,700	\$668,600	\$688,100	\$707,800



## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Budget Escalation Factors**

<u>Budget Escalation Factors</u>	<u>Reference</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Consumer Price Index (CPI)	CPI	2.2%	2.4%	2.5%	2.5%	2.4%
Labor	Labor	3.0%	3.0%	3.0%	3.0%	3.0%
Life/Health/Disability Insurance	Ins-Health	5.0%	5.0%	5.0%	5.0%	5.0%
Annual Customer Growth	Cust Growth	3.9%	1.7%	1.7%	1.7%	1.6%
CPI + Growth	CPI + Cust.	6.2%	4.1%	4.2%	4.2%	4.0%
Electric Cost per KWH	Electric	2.5%	2.5%	2.5%	2.5%	2.5%
Chemicals	Chemicals	2.5%	2.5%	2.5%	2.5%	2.5%
Input	Input					
Calculated	Calc					
Constant	Constant	0.0%	0.0%	0.0%	0.0%	0.0%

Exhibit 2:

**Sewer Operating Budget  
Projection**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 2: Sewer Operating Budget Projection**

	FY 2019			Escalation Factor	Projected			
	Proposed	Adjustments	Adjusted Budget		FY 2020	FY 2021	FY 2022	FY 2023
Wages & Salaries	\$70,893	\$0	\$70,893	Labor	\$73,000	\$75,200	\$77,500	\$79,800
Overtime	3,500	0	3,500	Labor	3,600	3,700	3,800	3,900
Payroll Taxes	5,423	0	5,423	Labor	5,600	5,800	6,000	6,200
Retirement Contributions	3,545	0	3,545	Labor	3,700	3,800	3,900	4,000
Life & Health Insurance	25,314	0	25,314	Ins-Health	26,600	27,900	29,300	30,800
Worker's Comp	1,402	0	1,402	Labor	1,400	1,400	1,400	1,400
Professional Services	1,000	0	1,000	CPI	1,000	1,000	1,000	1,000
Engineering	2,500	0	2,500	CPI	2,600	2,700	2,800	2,900
Sampling	7,500	0	7,500	CPI	7,700	7,900	8,100	8,300
Sludge Removal	23,400	0	23,400	CPI	24,000	24,600	25,200	25,800
Travel & Training	200	0	200	CPI	200	200	200	200
IT Services	5,963	0	5,963	CPI	6,100	6,300	6,500	6,700
Postage	5,400	0	5,400	CPI	5,500	5,600	5,700	5,800
Utilities	76,560	0	76,560	CPI	78,400	80,400	82,400	84,400
Rent/Lease/Mortgage	50	0	50	CPI	100	100	100	100
Property & Liability Insurance	12,300	0	12,300	CPI	12,600	12,900	13,200	13,500
Repairs & Maintenance	150,000	(100,000)	50,000	CPI	51,200	52,500	53,800	55,100
Repairs & Maint-Vehicles	3,500	0	3,500	CPI	3,600	3,700	3,800	3,900
Other Current Charges	500	0	500	CPI	500	500	500	500
Office Supplies	150	0	150	CPI	200	200	200	200
Operating Supplies	20,000	0	20,000	CPI	20,500	21,000	21,500	22,000
Operating Supplies- Chemicals	10,000	0	10,000	CPI	10,200	10,500	10,800	11,100
Operating Supplies- Uniforms	2,500	0	2,500	CPI	2,600	2,700	2,800	2,900
Transportation	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Dues & Subscriptions	750	0	750	CPI	800	800	800	800
Interfund Transfers	0	12,500	12,500	CPI	12,800	13,100	13,400	13,700
<b>Total</b>	<b>\$437,350</b>	<b>(\$87,500)</b>	<b>\$349,850</b>		<b>\$359,600</b>	<b>\$369,700</b>	<b>\$380,000</b>	<b>\$390,400</b>

Exhibit 3:

**Stormwater Operating Budget  
Projection**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 3: Stormwater Operating Budget Projection**

	FY 2019			Escalation Factor	Projected			
	Budget	Adjustments	Adjusted Budget		FY 2020	FY 2021	FY 2022	FY 2023
Worker's Comp	401	0	401	Labor	400	400	400	400
Professional Fees	10,000	0	10,000	CPI	10,200	10,500	10,800	11,100
Engineering	21,000	0	21,000	CPI	21,500	22,000	22,600	23,100
Travel & Training	150	0	150	CPI	200	200	200	200
IT Services	5,955	0	5,955	CPI	6,100	6,300	6,500	6,700
Property & Liability Insurance	816	0	816	CPI	800	800	800	800
Repairs & Maintenance	15,000	0	15,000	CPI	15,400	15,800	16,200	16,600
Repairs & Maint-Vehicles	1,000	0	1,000	CPI	1,000	1,000	1,000	1,000
Operating Supplies	2,450	0	2,450	CPI	2,500	2,600	2,700	2,800
PCI Workers	88,000	0	88,000	CPI	90,100	92,400	94,700	97,000
Dues & Subscriptions	5,000	0	5,000	CPI	5,100	5,200	5,300	5,400
Assessment Expenses	0	0	0	Calc	9,800	9,900	9,900	10,000
<b>Total</b>	<b>\$149,772</b>	<b>\$0</b>	<b>\$149,772</b>		<b>\$163,100</b>	<b>\$167,100</b>	<b>\$171,100</b>	<b>\$175,100</b>

Exhibit 4:

**Water Revenue Sufficiency  
Forecast**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 4: Water Revenue Sufficiency Forecast**

Description	Projected Fiscal Year Ending September 30,				
	2019	2020	2021	2022	2023
<b>Operating Expenses</b>	\$669,374	\$649,700	\$668,600	\$688,100	\$707,800
<b>Water System Debt Service</b>					
Series 2001 Revenue Bonds	\$0	\$0	\$0	\$0	\$0
Series 2007 Revenue Note	0	0	0	0	0
Series 2011 Revenue Bonds	163,072	163,072	163,072	163,072	163,072
Proposed Debt Service	0	0	0	0	0
Other Funding Offset: General Fund	(163,072)	(81,536)	(81,536)	(40,768)	0
Total Water Debt Service	\$0	\$81,536	\$81,536	\$122,304	\$163,072
<b>Other Expenses/Transfers</b>					
CIP Funding (Polk Regional)	\$82,090	\$82,090	\$82,090	\$82,090	\$82,090
Other CIP Projects	55,000	10,000	10,000	10,000	10,000
Total Other Expense/Transfers	\$137,090	\$92,090	\$92,090	\$92,090	\$92,090
Total Gross Water Revenue Requirements	\$806,464	\$823,326	\$842,226	\$902,494	\$962,962
<b>Less Revenues from Other Sources</b>					
Miscellaneous Revenues	\$40,000	\$40,200	\$40,400	\$40,600	\$40,800
Transfer from Utility Operating Reserve	0	0	0	0	0
Net Water Revenue Requirements	\$766,464	\$783,126	\$801,826	\$861,894	\$922,162
<b>Water Sales Revenue from Rates</b>					
Projected Revenue from Existing Rates	\$750,200	\$760,600	\$770,900	\$781,400	\$791,700
Total Revenue from Prior Increase	0	22,800	50,900	80,800	112,400
Total Revenue Before Current Year Adjustment	\$750,200	\$783,400	\$821,800	\$862,200	\$904,100
<b>Current Year Rate Adjustments</b>					
Current Year Rate Adjustment	3.00%	3.50%	3.50%	3.50%	3.50%
Effective Month	Mar.	Oct.	Oct.	Oct.	Oct.
% of Current Year Effective	58%	100%	100%	100%	100%
Total Revenue from Current Year Adjustments	\$13,100	\$27,400	\$28,800	\$30,200	\$31,600
Annual Water Rate Revenue	\$763,300	\$810,800	\$850,600	\$892,400	\$935,700
Net Revenue Surplus/Deficiency	(\$3,164)	\$27,674	\$48,774	\$30,506	\$13,538

Exhibit 5:

**Sewer Revenue Sufficiency  
Forecast**



## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 5: Sewer Revenue Sufficiency Forecast**

Description	Projected Fiscal Year Ending September 30,				
	2019	2020	2021	2022	2023
<b>Operating Expenses</b>	\$349,850	\$359,600	\$369,700	\$380,000	\$390,400
<b>Wastewater System Debt Service</b>					
Series 2001 Revenue Bonds	\$101,159	\$101,159	\$101,159	\$101,159	\$101,159
Series 2007 Revenue Note	0	0	0	0	0
Series 2011 Revenue Bonds	0	0	0	0	0
Proposed Debt Service	0	0	0	0	0
Other Funding Offset: General Fund	0	0	0	0	0
Total Wastewater Debt Service	\$101,159	\$101,159	\$101,159	\$101,159	\$101,159
<b>Other Expenses/Transfers</b>					
CIP Funding	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Other Expense/Transfers	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Gross Wastewater Revenue Requirements	\$476,009	\$485,759	\$495,859	\$506,159	\$516,559
<b>Less Revenues from Other Sources</b>					
Miscellaneous Revenues	\$55,000	\$55,500	\$56,000	\$56,500	\$57,000
Transfer from Utility Operating Reserve	0	0	0	0	0
Net Wastewater Revenue Requirements	\$421,009	\$430,259	\$439,859	\$449,659	\$459,559
<b>Wastewater Sales Revenue from Rates</b>					
Projected Revenue from Existing Rates	\$639,600	\$654,200	\$668,800	\$683,500	\$698,100
Total Revenue from Prior Adjustment	0	(78,100)	(79,800)	(81,500)	(83,300)
Total Revenue Before Current Year Adjustment	\$639,600	\$576,100	\$589,000	\$602,000	\$614,800
<b>Current Year Rate Adjustments</b>					
Current Year Rate Adjustment	-11.9%	0.00%	0.00%	0.00%	0.00%
Effective Month	Mar.	Oct.	Oct.	Oct.	Oct.
% of Current Year Effective	58%	100%	100%	100%	100%
Total Revenue from Current Year Adjustments	(\$44,500)	\$0	\$0	\$0	\$0
Annual Wastewater Rate Revenue	\$595,100	\$576,100	\$589,000	\$602,000	\$614,800
Net Revenue Surplus/Deficiency	\$174,091	\$145,841	\$149,141	\$152,341	\$155,241

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 6:

**Water Rates Effective March 2019**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 6: Water Rates Effective March 2019**

Meter Size	Inside	Outside
3/4"	\$17.51	\$21.88
1"	\$43.78	\$54.72
1.5"	\$87.55	\$109.43
2"	\$140.08	\$175.10
3"	\$262.65	\$328.31
4"	\$437.75	\$547.18
6"	\$875.50	\$1,094.37
8"	\$1,400.80	\$1,751.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$0.98	\$1.22
Block 2 (10,001 - 20,000)	\$1.96	\$2.45
Block 3 (20,001 - 40,000)	\$2.94	\$3.67
Block 4 (Above 40,000)	\$3.46	\$4.32

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 7:

**Water Rates Effective  
October 1, 2019**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 7: Water Rates Effective October 1, 2019**

Meter Size	Inside	Outside
3/4"	\$18.13	\$22.66
1"	\$45.33	\$56.66
1.5"	\$90.65	\$113.31
2"	\$145.04	\$181.30
3"	\$271.95	\$339.93
4"	\$453.25	\$566.56
6"	\$906.50	\$1,133.12
8"	\$1,450.40	\$1,813.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.02	\$1.27
Block 2 (10,001 - 20,000)	\$2.03	\$2.53
Block 3 (20,001 - 40,000)	\$3.05	\$3.81
Block 4 (Above 40,000)	\$3.59	\$4.48

Exhibit 8:

**Water Rates Effective  
October 1, 2020**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 8: Water Rates Effective October 1, 2020**

Meter Size	Inside	Outside
3/4"	\$18.77	\$23.46
1"	\$46.93	\$58.66
1.5"	\$93.85	\$117.31
2"	\$150.16	\$187.70
3"	\$281.55	\$351.93
4"	\$469.25	\$586.56
6"	\$938.50	\$1,173.12
8"	\$1,501.60	\$1,877.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.06	\$1.32
Block 2 (10,001 - 20,000)	\$2.11	\$2.63
Block 3 (20,001 - 40,000)	\$3.16	\$3.95
Block 4 (Above 40,000)	\$3.72	\$4.65

## EXHIBIT "A" - RESOLUTION 20-18

Exhibit 9:

**Water Rates Effective  
October 1, 2021**



## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 9: Water Rates Effective October 1, 2021**

Meter Size	Inside	Outside
3/4"	\$19.43	\$24.28
1"	\$48.58	\$60.72
1.5"	\$97.15	\$121.43
2"	\$155.44	\$194.30
3"	\$291.45	\$364.31
4"	\$485.75	\$607.18
6"	\$971.50	\$1,214.37
8"	\$1,554.40	\$1,943.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.10	\$1.37
Block 2 (10,001 - 20,000)	\$2.19	\$2.73
Block 3 (20,001 - 40,000)	\$3.28	\$4.10
Block 4 (Above 40,000)	\$3.86	\$4.82

Exhibit 10:

**Water Rates Effective  
October 1, 2022**

## EXHIBIT "A" - RESOLUTION 20-18

**Town of Dundee**  
**2018 Utility Rate Study**  
**Exhibit 10: Water Rates Effective October 1, 2022**

Meter Size	Inside	Outside
3/4"	\$20.12	\$25.15
1"	\$50.30	\$62.87
1.5"	\$100.60	\$125.75
2"	\$160.96	\$201.20
3"	\$301.80	\$377.25
4"	\$503.00	\$628.75
6"	\$1,006.00	\$1,257.50
8"	\$1,609.60	\$2,012.00

## Usage Charges (per 1,000 gallons)

	Inside	Outside
Block 1 (0 - 10,000)	\$1.14	\$1.42
Block 2 (10,001 - 20,000)	\$2.27	\$2.83
Block 3 (20,001 - 40,000)	\$3.40	\$4.25
Block 4 (Above 40,000)	\$4.00	\$5.00



June 29, 2020

Tandra Davis  
Interim Town Manager/Finance Director  
Town of Dundee  
202 E. Main Street  
Dundee, Florida 33838-4306

Subject: 2020 Review of Phase 1 U.S. 27 Wastewater System Improvement Project Agreement with the Town of Lake Hamilton

Dear Ms. Davis,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this review pertaining primarily to the wastewater rate analysis on behalf of the Town of Dundee for service to the Town of Lake Hamilton pursuant to the Phase 1 Project Agreement dated July 25, 2017.

### *Background*

Dundee and Lake Hamilton entered into an agreement dated July 25, 2017 and titled Phase 1 U.S. 27 Wastewater System Improvement Project Agreement (Project Agreement) that enabled interconnection between Dundee and Lake Hamilton for wastewater service. Since Dundee has a wastewater treatment plant and collection system with adequate capacity, certain businesses along U.S. 27 were able to connect to a central sewer system and eliminate septic tanks. The Town of Lake Hamilton serves as the retail wastewater provider for these customers with service including local wastewater collection and maintenance, customer service, rendering bills, and collecting revenues. Lake Hamilton constructed an extension from the Dundee sewer collection system to reach the new customers and installed a master flow meter where all flow entering the Dundee collection system from Lake Hamilton would be measured. Due to the arrangement for wastewater service the calculation of the rates for Lake Hamilton, pursuant to Section 11 of the Project Agreement: "Wastewater Charges of the Project Agreement", have been calculated in a fashion that represent service provided to a large user or wholesale user and are typically lower than rates paid by retail customers.

The Project Agreement indicates that Lake Hamilton anticipates wastewater consumption of 150,000 gallons per day (gpd) in 2025 and increasing to 250,000 gpd in 2035, pursuant to Section 13. This future capacity, although not reserved, represents approximately 40% of the total Dundee wastewater treatment plant existing capacity of 620,000 gpd. Additionally, at the current level of service of 270 gpd per equivalent residential connection (ERC) the anticipated consumption of 150,000 gpd in 2025 represents over 550 ERCs. Current flows for the period of January 2020 through April 2020 from Lake Hamilton averaged 223,000 gallons per month, or 7,340 gpd.

Raftelis has been engaged to develop an updated rate for the Lake Hamilton Project Agreement. This letter report summarizes our recommendations on the approach and calculation of wastewater rates for Lake Hamilton. The following summarizes the existing and proposed wastewater rate for Lake Hamilton, as set forth in the Methodology following this summary.

**Table 1: Existing and Proposed Wastewater Charges**

Description	Existing Rates	Proposed Rates
Monthly Base Charge per ERC [1]	\$0.00	\$0.00
Usage Rate per Th. Gallons [2]	\$3.00	\$13.61
<b>Existing Consumption:</b>		
Estimated Consumption per Month (Th. Gallons)	223	223
Estimated Total Monthly Charges (base plus usage)	\$669.00	\$3,035.68
Average Rate per Thousand Gallons	\$3.00	\$13.61

[1] The Town is basing the monthly charges on the sewer flow measured at the master flow meter, with no monthly fixed component of the bill.

[2] From Table 2.

### *Methodology*

The methodology for the Lake Hamilton wastewater rate analysis is based on the actual costs to operate the Dundee wastewater plant, less the cost for those services such as operating costs and maintenance for local lift stations that do not serve Lake Hamilton customers. Dundee provides central sewer service to over 700 equivalent residential connections (ERCs) throughout its service area. Dundee owns and operates a single wastewater treatment plant, located in the Southeastern portion of the City. The interconnection point between Dundee and Lake Hamilton is on the Northwestern portion of Dundee, resulting in a use of Dundee's entire wastewater transmission system to convey wastewater from the Lake Hamilton lift station.

The Dundee retail wastewater rates are based on water meter readings, which are fundamentally different than sewer flow meter readings. The water meter readings will typically include non-return water such as irrigation, pool filling, car washing, etc. The measurement of this non-return water is not discernable in the aggregate meter reading taken each month and is therefore billed on the monthly wastewater bill, which increases the amount of wastewater consumption reported. Due to this occurrence, which is common in all water and wastewater systems, the rate per thousand gallons applied for wastewater is lower than it otherwise would be due to the additional gallons factored into the calculation. Evidence to this measurement basis can be provided through an in-depth review of the Dundee water and wastewater customer data. Those customers that are connected to the wastewater system were forecast to use approximately 113,000,000 gallons in FY 2019 based on water meter readings, while plant flows for FY 2019 were only reported at a total of 38,051,000 gallons based on the monthly discharge monitoring reports (DMRs) for the period of October 2018 through September 2019. The FY 2019 DMRs yield an average flow of 0.104 MGD. The FY 2020 DMRs from October 2019 through March 2020 show an uptick in the overall average flows to 0.117 MGD, which has been relied on for the calculation of the Lake Hamilton rate. Additional information obtained from the customer billing data shows that the typical residential user on the wastewater system has a water meter reading of 9,000 gallons per month and for the non-residential users the water meter reading is 13,000 gallons per month. However, based on the reported total of 38,051,000 gallons treated at the plant and Dundee having 719 ERCs connected to the wastewater system the average flow, including I&I, is approximately 4,400 gallons per month.

The basis for the wastewater rate to Lake Hamilton begins with the average rate levels for Dundee's retail wastewater customers and then deducts for costs not incurred by Dundee for service provided to Lake Hamilton, which is connected through a single master sewer meter. The cost deductions include localized costs such as power and maintenance for neighborhood lift stations within the Dundee service area. It should be noted that Dundee does not currently allocate a significant level of customer service/billing and administrative costs to the wastewater system (only \$7,500 per year), so these costs have not been deducted from the rate calculation. If Dundee adjusts its budgeting practices in the future to increase the level of customer service/billing and administrative costs recovered directly from wastewater customers, an update

to this Lake Hamilton rate calculation may be warranted. Any costs associated with master lift stations are included in the cost structure for Lake Hamilton as they rely on the full wastewater transmission system.

Table 2 below summarizes the cost structure in place for the Dundee wastewater system along with the allocations identified by line item for providing service to Lake Hamilton, based on principles generally developed for a wholesale and/or large user agreement. Any component of the cost basis for Dundee to provide wastewater service that Lake Hamilton can offset on their side of the meter has been deducted and not included in the Lake Hamilton rate calculation.

The table is divided into operating and maintenance expenses (O&M Expenses) and debt service and capital recovery. At the bottom of the table the average rate per thousand gallons of wastewater flow generated by all customers connected to the Dundee wastewater system, after being reduced by a provision for I&I, is calculated based on the full cost and the reduced cost amounts. As can be seen on the table, the average cost of serving all wastewater connections is \$14.43 per thousand gallons, based on current flow levels. After making reductions for Lake Hamilton the average rate per thousand gallons is \$13.61. Since Lake Hamilton is a customer outside Town limits, F.S. 180.191 allows for an additional 25% surcharge. However, the Town of Dundee is currently choosing to forgo this surcharge.

**Table 2: Wastewater Cost Allocations**

Description	FY 2020	Lake Hamilton Allocation	Lake Hamilton Amount
O&M Expenses			
Wages and Salaries	\$114,391	100.0%	\$114,391
Professional Services	27,250	100.0%	27,250
Testing and Sludge	42,500	100.0%	42,500
Operating	42,900	100.0%	42,900
Power [1]	58,500	78.2%	45,740
Repair and Maintenance [1]	85,000	78.2%	66,460
Other	32,206	100.0%	32,206
Subtotal: O&M Expenses	\$402,747	92.2%	\$371,447
Allowance for Capital [2]	50,600	100.0%	50,600
Debt Service	101,159	100.0%	101,159
Total	\$554,506	94.4%	\$523,206
Total Wastewater Flow (1,000s) [3]	38,435		38,435
Calculated Rate per 1,000 Gallons [4]	\$14.43		\$13.61

[1] Reduced by allocation to neighborhood lift stations identified on Table 4.

[2] Allowance for capital expenditures after payment of O&M Expenses and debt service, to achieve a 150% net revenue to debt service coverage ratio.

[3] Amount reflects the 0.117 MGD, converted to total annual gallons and reduced to account for an allowance of 10% system I&I.

[4] Outside surcharge pursuant to F.S. 180.191 has not been applied pursuant to the direction of the City.

As illustrated above, the total cost allocation to a large user that provides an offset for certain localized costs inside the City of Dundee municipal boundaries is 94.4%. Based on the principle of “economies of scale” the average rate paid for wastewater service in Dundee will continue to decrease as the plant realizes a higher level of utilization. Since the Lake Hamilton rates are being calculated on actual cost and plant flow data, it is anticipated that as economies of scale are achieved the Lake Hamilton rate per thousand gallons will continue to decrease.

The detailed analysis developed to reduce the power and repair and maintenance line items is provided on the following table, that identifies the total annual power costs divided between the treatment plant and the lift stations, as well as a further breakdown of the lift station costs between the master lift stations and neighborhood lift stations. In lieu of relying on a specific schedule of renewal and replacement projects that would occur across Dundee’s wastewater system and involve the wastewater plant, major transmission

facilities and localized collection facilities, the same percentage identified for power costs is applied to the repair and maintenance costs.

**Table 3: Power Budget Reduction**

Description	Percent	Amount
Total Power Budget		\$58,500
Functional Allocation		
Power at Plant	60%	\$35,100
Power at Lift Stations	40%	23,400
Total		\$58,500
Lift Station Allocation [1]		
Master Lift Stations	45%	\$10,640
Neighborhood Lift Stations	55%	12,760
Total Lift Station Power		\$23,400
Percent allocation to neighborhood lift stations		21.8%

[1] Town staff has identified that there are 11 total lift stations, of which five are master lift stations and six are neighborhood lift stations.

### *Growth Considerations*

Dundee and Lake Hamilton have commenced discussions regarding the Grand subdivision, that will have single family homes within the municipal boundaries of each town. It is anticipated there will be approximately 312 new homes in this subdivision that would all be connected to the Dundee wastewater plant along with some non-residential uses in Lake Hamilton. The homes and non-residential uses within this subdivision within the municipal boundaries of Lake Hamilton are proposed to be connected to the Dundee wastewater system through a master sewer meter, in a similar arrangement as the current Project Agreement. Based on a preliminary and high-level forecast related to the addition of these 312 homes, it is estimated that the rate for Lake Hamilton would be reduced to around \$11.60 per 1,000 gallons. To appropriately determine a rate based on these additional connections, a review with the Town's engineer is necessary to ensure the appropriate cost increases and additions are considered.

### *Impact Fees*

Section 8 of the Project Agreement is related to the collection of impact fees for a specific group of 32 initial businesses along with the potential connection of future business to a central wastewater system. This section identifies that Dundee will only receive 50% of the adopted impact fee, with Lake Hamilton keeping the other 50%. Based on our review of the facilities utilized by Lake Hamilton for wastewater service it is recommended that Dundee should receive 100% of the Dundee wastewater impact fees from these connections. The full treatment and transmission system that Dundee has in place is utilized by the Lake Hamilton customers and there have been no facilities dedicated that would serve as duplications to the Dundee wastewater system.

### *Conclusion*

The Town of Dundee should implement the following with regard to wastewater service to Lake Hamilton:

1. Modify the rates charged to Lake Hamilton pursuant to the Project Agreement to be \$13.61 per thousand gallons. As additional customers connect to the wastewater system and the sewer flows at the Dundee wastewater plant increase, it is anticipated that the Dundee customers will be able

to realize cost savings due to economies of scale. By establishing Lake Hamilton rates on actual cost and flow data, this would allow Lake Hamilton to realize the cost savings in the future as well when the rates are updated from time to time.

2. Modify the Project Agreement so that the full Dundee wastewater impact fee is collected and transmitted to Dundee for each new connection per ERC.
3. Develop an administrative process to share ERC connection and capacity request information from Lake Hamilton so that Dundee can plan to have adequate capacity in its transmission, treatment, and disposal facilities and to ensure that Dundee is fairly compensated for such costs.

I appreciate the opportunity to be of service to the Town of Dundee with this important engagement. Please do not hesitate to contact me at 407-960-1806 with any questions or concerns.

Very truly yours,  
**RAFTELIS**



**Joe Williams**  
Manager



**ORDINANCE: 2021-04**

**AN ORDINANCE OF THE TOWN OF LAKE HAMILTON, FLORIDA, RELATING TO WATER AND SEWER UTILITIES; AMENDING THE CODE OF ORDINANCES OF THE TOWN OF LAKE HAMILTON, FLORIDA (THE "CODE"); AMENDING SECTIONS 32-14 & 32-15, LAKE HAMILTON CODE; ESTABLISHING WATER & SEWER MONTHLY USER CHARGES BY ORDINANCE; PROVIDING FOR THIS ORDINANCE TO CONTROL IN THE EVENT OF CONFLICT WITH PRIOR ORDINANCES OR RESOLUTIONS; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.**

**NOW THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LAKE HAMILTON, FLORIDA, as follows:**

**SECTION 1. TITLE; FINDINGS.**

(a) Title. This Ordinance shall be entitled the "Town Water and Wastewater Rate Ordinance," and shall be codified within Sections 32-14 and 32-15 of the Town Code.

(b) Findings. In adopting this Ordinance and modifying the Town Code, the Town Council of Lake Hamilton, Florida, hereby makes the following findings:

(1) The Town is authorized, pursuant to general and special law and its home rule powers contained in statutes and the Florida Constitution, to own, manage, operate, provide and extend central water, wastewater, and reclaimed water services both within and without the Town of Lake Hamilton, Florida.

(2) In furtherance thereof, the Town declared beginning in 2013 and continuously thereafter an exclusive water and wastewater service area both within and without the Town limits.

(3) The Town has previously adopted water rates by Ordinance No. 2014-01 and is adopting wastewater rates by Resolution No. 2021-01.

(4) The Town is authorized by its Charter, Section 166.201, Florida Statutes, and Sections 180.13 and 180.191, Florida Statutes, to establish and fix rates, fees, and charges for customers within and without the boundaries of the Town.

(5) The rates, fees, and charges established herein provide funding for water and wastewater utility services which promote the health, safety, and general welfare of the Town's customers as therefore beneficial to the rate payers of the Town's water and wastewater utility system.

(6) The Town has provided the required public notice and held the necessary public hearing(s) in order to adopt these rules.

**SECTION 2. REVISIONS TO SECTION 32-14, LAKE HAMILTON CODE.**

Section 32-14 of the Code of Ordinances of the Town of Lake Hamilton, Florida, (the "Lake Hamilton Code") is hereby amended to read as follows:

**"Sec. 32-14. - User charges, billing, delinquent accounts.**

All customers of the town's water and sewer systems shall pay all applicable monthly user charges, connection fees, lines extension charges and all related charges at rates established by the town council. Billing for water and sewer service shall be rendered monthly, or as otherwise determined by the Town council. Requests for re-connection after service has been terminated shall be accompanied by payment of a re-connection service fee established by resolution of the town council. Payment of the entire amount of the delinquent bill and additional payment to offset any deficiencies in the required deposit account shall be required. Re-institution of service shall be accomplished only by the department of public works. Any unauthorized connection shall subject the violator to the full penalties of the law.

(1) Adoption of Water System Rates. The Town hereby establishes and adopts the following water rates:

(a) Users of potable water for residences located inside the Corporate Limits of the Town of Lake Hamilton shall pay a minimum monthly sum, which shall be known as the "Service Fee", plus the per thousand gallon consumption charges shown in Table 1a, which is marked as Exhibit A of this Ordinance.

(b) Users of potable water for residences located outside the Corporate Limits of the Town of Lake Hamilton and all non-residential uses whether located inside or outside the Corporate Limits shall pay a minimum monthly sum, which shall be known as the "Service Fee", plus the per thousand gallon consumption charges shown in Table 2a, which is marked as Exhibit B of this Ordinance.

(2) Adoption of Wastewater System Rates. The Town Council of the Town of Lake Hamilton hereby establishes a Retail Wastewater Service Base Rate of 48.51 and a Usage Rate in the amount of \$13.65 per thousand gallons of wastewater, as measured by retail water meter reading. A current schedule of the Wholesale Wastewater Service Rate shall be on file in the office of the Town Clerk.

(3) Annual Indexing Adjustment of Rates. That each October 1 from and after October 1, 2021, the latest water and wastewater charges shall be adjusted by the greater of (1) 3%, or (2) the amount of the annual increase in the index numbers of based upon the change in that year's Consumer Price Index for all Urban Consumers: water, sewer, and trash collection services in U.S. City Average.

(4) Miscellaneous Rates. The Town adopts the following miscellaneous rates:

Water Connection and Meter Fees for Residents and Business

<u>Service Charge Description</u>	<u>Amount</u>
<u>New Account Admin Charge (to open an account)</u>	<u>\$30</u>
<u>Closing Account Admin Charge added to the account prior to return of Deposit</u>	<u>\$30</u>
<u>New Account Deposit – required to open a new account</u>	<u>\$200</u>
<u>Non-Sufficient Fund Fee</u>	<u>\$30</u>
<u>Delinquent Account increased deposit</u>	<u>\$400</u>
<u>Restoration of service to existing account next business day response time</u>	<u>\$30</u>
<u>Turn-off to existing meter not for closing account</u>	<u>\$30</u>
<u>Same day reconnection service in addition to reconnection fee during normal posted utility billing hours (not available with payment plan)</u>	<u>\$30</u>
<u>Same day reconnection service in addition to reconnection fee after normal posted utility billing hours (not available with payment plan)</u>	<u>\$60</u>
<u>Late Fee is 10% of unpaid water use balance assessed after the 20<sup>th</sup> COB</u>	<u>10%</u>
<u>Water audit and/or disputed meter reading if results of audit determine meter is working accurately. This Fee is Waived if Meter is not Registering within AWWA Standards</u>	<u>\$60</u>
<u>New meter and connection set fee <math>\frac{3}{4}</math>" (new meters installed 4 business days minimum after application is submitted).</u>	<u>\$200 labor + cost of parts</u>
<u>New meter and connection set fee 1" (new meters installed 4 business days minimum after application is submitted). Maximum Residential size.</u>	<u>\$200 labor + cost of parts</u>
<u>New meter and connection set fee 2" (new meters installed 4 business days minimum after application is submitted).</u>	<u>\$300 labor + cost of parts</u>
<u>New Meter and connection above 2" will need to be included in building permit and approved by the town. The installation and cost will be the responsibility of the account holder and must be done by a licensed professional.</u>	
<u>Relocate existing meter.</u>	<u>Set fee minus cost of meter</u>
<u>Construction Meter – Admin new account and closing fee (\$60) + Set up and take down fee (\$60) + monthly service fee for duration of the project + equipment deposit (\$1500.00) + Water Deposit (\$200) + Water Usage</u>	
<u>Penalty for Meter Tampering/Theft of Service 1<sup>st</sup> infraction</u>	<u>Statutory</u>
<u>Damage to meter Box</u>	<u>Labor and replacement cost</u>
<u>Damage to meter</u>	
<u>Damage to any appurtenances to the water system</u>	
<u>Penalty for Meter Tampering/Theft of Service 1<sup>st</sup> infraction</u>	<u>Statutory</u>
<u>Penalty for Meter Tampering/Theft of Service 2<sup>nd</sup> infraction</u>	<u>Statutory</u>
<u>Penalty for Meter Tampering/Theft of Service 3<sup>rd</sup> infraction</u>	<u>Statutory</u>
<u>Penalty for Obscured Meter</u>	<u>Statutory</u>
<u>Penalty for Cross Connection</u>	<u>Statutory</u>
<u>Penalty for Connection to Other Systems</u>	<u>Statutory</u>

**SECTION 3. REVISIONS TO SECTION 32-15, LAKE HAMILTON CODE.**

Section 32-15 of the Code of Ordinances of the Town of Lake Hamilton, Florida, (the "Lake Hamilton Code") is hereby amended to read as follows:

**Sec. 32-15. - Utility service policies.**

The town council hereby ~~authorizes the administrator/clerk to prepare and maintain~~ adopts user service rules, regulations, policies and fees as set forth below. ~~The administrator/clerk may for convenience publish these utility service policies in a document~~ containing the utility service application with instructions for completing it, referencing pertinent state laws affecting water customers, and specifying the current fees for deposits, impact fees and setting meters, and other information that the administrator/clerk may determine is needed from time to time.

(1) Establishment of Water Service. Every residential dwelling unit and every non-residential land use, be it a business, an industrial operation, a non-profit or a church, shall apply to the Town for water service. Upon payment of deposits and fees by the applicant, the Town will establish the water service connection, which shall be the only potable water connection for the customer. Water service will be immediate and continuous as long the account remains current.

(a) A water meter set fee, based on the size of the meter that has been chosen by the customer, shall be charged by the Town for tapping the water main and furnishing and installing a water meter. The fee is the same whether the property and the customer are located within or outside the town.

(b) The Town will construct, extend and provide water service from the water main adjacent to the property requesting water service; shall set the water meter and check valve, and shall connect the water meter to the water service.

(c) If the property is on the opposite side of the road from the water main, the applicant shall hire a licensed plumber or underground utilities contractor to tap the main and bore a water service line under the road. The plumber or contractor is responsible for applying for and receiving an approved permit from the Town, or in the case of crossing a Polk County or Florida State road or highway, a permit from the appropriate agency. Materials and methods employed shall be specified by the permitting agency.

(2) Water Application and Fees.

(a) The applicant must apply for water service from the town as a new applicant. They shall complete a Water Service application provided by the town, provide required documentation and pay to the Utility Billing Office a deposit in the amount established by the Town Council as amended from time to time, which is currently \$200.00. An administrative fee of \$30 is also due at time of application.

(b) As a part of the application, the applicant shall provide a picture ID; and documents' showing the applicant is authorized to reside or conduct business at the address shown on the application.

(c) The town will have water turned on at said address the next business day, of completed application being accepted by the Utility Billing office. Applicants may pay an additional service fee to have service established sooner. Applications made on a Friday may not be turned on until the next Monday.

(d) Water may be turned on for inspection purposes with an application and a \$60 fee. Service will remain on for 48 hours.

(3) Other Services Provided. Upon the opening of a water utility account, the account holder agrees to be charged for other municipal services provided by the Town. For residential properties located in the town limits, the services and charges include: Water, sewer, and associated taxes and service, Garbage and Recycle, Trash, and Stormwater. For commercial customers, charges include: Water and associated taxes and Stormwater. For accounts located outside the town limits, charges include: Water, sewer and associated taxes and service.

(4) Rates. Rates are set forth in sec. 32-14 of the Town Code.

(5) Payment for Services. Water meters are read on/or near the 20<sup>th</sup> of every month. Users are billed monthly on the last business day of each month. Payments are due on the 20<sup>th</sup> of every month.

(a) Payments can be made in person at town hall on any Monday, Wednesday, or Friday not a state or federal holiday by cash, check, money order or credit card (service fees apply). Payments can be dropped in the after-hours payment box located outside of town hall. Credit card payments by phone can only be done on Fridays and the 20<sup>th</sup> of the month. A credit card company convenience fee will be charged for all credit card payments. A town service charge is collected for all in person or over the phone credit card payments.

(b) User and service charges not paid on or before the 20th of the month will have a late charge added to the bill and said fee shall be payable by the next month on the 20th. If the 20<sup>th</sup> falls on a weekend or a holiday, the late charge will be applied to the unpaid bill on the working day following the due date.

(c) Accounts will be considered delinquent after sixty (60) days of nonpayment and will be subject to water service being discontinued with no further notice. A \$30 disconnect fee will be applied to the account. Monthly water base fee and all other service charges will continue to be billed.

(d) Water service that has been discontinued for non-payment shall require the payment of any and all balances due before service will be resumed. A reconnection fee of \$30.00 will be charged on the next bill. At any time that the User's Account is delinquent for more than sixty (60) days and is over \$200, the amount on deposit for the customer will be withdrawn from the deposit account and applied toward payment of the delinquent bill. Such amount will then be invoiced to the User's Account. In the case of an account that has become so delinquent that the original deposit has been depleted, the deposit to re-establish water service will be double the current deposit of \$200, which would be \$400.

(e) Hardship Status – The town understands that some customers may not be able to pay the full balance due to a hardship. If that is the case, the town must have a signed-approved payment plan from the account holder. If a payment plan has been approved, future late fees will be waived if the payment plan is being adhered to. If the account holder does not abide by the payment plan, the account will be turned off and item 5(d) above will prevail. Payment plans cannot extend past three months.

(6) Restore Water – Upon receipt of payment of the full past due amount and disconnect fee from the customer, or in case of a hardship, a signed payment plan with specified payment being received and recorded, the Utilities Department shall have the water service restored to the customer the next business day. Payments to restore water made on Friday may not be turned on until Monday.

(7) Insufficient Funds. Should a payment made by check not be accepted by the bank, water service will be discontinued, and all future payments must be paid by cash, money order, certified check or credit card. A \$30 administrative fee, a \$30 disconnect and a \$30 reconnection fee, plus all bank fees associated with such payments will be charged to the account holder.

(8) Destruction and Tampering. By opening an account for services, you agree not to maliciously, willfully or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance or equipment which is a part of the water system of the town.

(a) If you or any person using your property willfully tampers with, damages, or illegally connects to, diverts or extends the system without first applying for and receiving service from the town, you are in violation of Sections 812.14(2)-(5), Florida Statutes and can be charged with a misdemeanor of the first degree, which is punishable by a fine of \$1,000.

(b) If a meter has been locked by staff because of a delinquent account or no application for service on file to the property and it is determined that the lock was removed without staff authorization, the meter will be removed, the account will be considered delinquent and all past balances must be paid to reestablish a new account and all fees must be paid to reinstall the meter.

(9) Putting Account on Vacation Mode/Transfer Account. You may submit an Application to modify your account for any time you will be away from your residence for more than six months. This will take off the charges for garbage and trash. The bill will still show the Water Base Rate and Stormwater charges. If you relocate to another property which is served by the Town of Lake Hamilton, you must file an application to establish services at the new property. You do not need to pay another deposit but your account must be current in order to transfer.

(10) Reporting a Possible Leak/Dispute a High Bill. If a water customer desires the town to check their meter for a leak or possible defective meter or service line, they should report it to the utility billing specialist and a work order will be completed and given to the Water Department. If there is no issue with the meter or town service line, the customer will be billed \$60. The water customer should follow up with the Clerk's office to determine the outcome.

(a) The town is not responsible for service lines beyond the meter.

(b) If there is an issue with the meter and components, the town will repair the meter and components at no cost to the customer.

(11) Payment for Water Service in the Event of a Leak. In the event an inordinate increase in water usage by any customer is discovered in the billing process, it is the duty of the



customer to immediately determine if there is a leak within the building or buildings on his property or in the service line from the meter to the building(s).

(a) It shall further be the responsibility of a customer that discovers a leak to make immediate repairs and report their completion to the Town. The customer shall provide the Town with a copy of the invoices related to the repairs. A town employee shall not be used to repair such leaks. It is suggested that the customer take pictures before and after repair to document properly. The Town will send a Town employee to confirm the repairs.

(b) The town may provide the customer financial relief in accordance with applicable law.

(c) This relief shall only be available to a property address once per year.

(12) Payment for Zero Consumption – Water consumption is measured through mechanical water meters. These meters are owned by the Town and maintained on a specified schedule. The maintenance schedule has been established to promote accurate readings and protect the interest of the customer and the investment of the Town. Being a mechanical device, there are instances when a meter may "slow down" or may fail completely and stop totalizing water flow. The Utility Billing System normally detects these problems and provides a "Zero Consumption - Low Meter Use Report". This report checks the latest meter reading and lists those active accounts with zero consumption. Utility Maintenance staff reviews this report and generates a work order to have field personnel investigate. The meter is then checked, replaced and/or repaired, and the results given Utility Billing via the completed work order form. Based on that information, the customer will be "BACK BILLED" for all water consumed but not registered as follows:

(a) The period in question may not be any greater than the previous twelve (12) months.

(b) The average water consumption per month will be determined.

(c) The average water consumption per month, totaled for the number of months in question will be the amount the customer will be back billed.

(d) It shall be determined if the monthly base charge was paid or should be back billed.

(e) The customer will be allowed to pay the total amount due over the same number of months as the months in question, up to a maximum of twelve (12) months.

(13) Closing an Account. The Town must receive a signed application or electronic communication from the account holder to Modify an Account. When the application is received a final meter reading will take place and the applicant's deposit will be used to pay the final bill, disconnect fee and any delinquent charges. If the deposit is not enough to pay the outstanding balance an invoice will be mailed to the applicant and payment must be received within 15 days of date the invoice was mailed.

**SECTION 4. CONFLICTS.** If the event of a conflict with any other Town ordinances or part of ordinances, the provisions of this Ordinance shall control.

**SECTION 5. INCLUSION IN CODE.** The Town Council intends that the provisions of this ordinance shall become and shall be made part of the Code of the Town of Lake Hamilton.

**SECTION 6. SEVERABILITY.** If any section, subsection, sentence, clause, phrase, word or other part of this Chapter is for any reason declared unconstitutional or invalid by any court of competent jurisdiction, such part shall be deemed separate, distinct and independent and the remainder of this Chapter shall continue in full force and effect.

**SECTION 7. EFFECTIVE DATE.** This ordinance shall take effect on February 2, 2021.

INTRODUCED on first reading this 12<sup>th</sup> day of January, 2021.

PASSED on second reading this 2<sup>nd</sup> day of February, 2021.

TOWN OF LAKE HAMILTON, FLORIDA

  
MICHAEL KEHOE, MAYOR

ATTEST:

  
BRITTNEY SANDOVALSOTO, TOWN CLERK

Approved as to form:

  
JEFFREY S. DAWSON, TOWN ATTORNEY

Record of Vote	Yes	No	
Wagner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Roberson	<input type="checkbox"/>	<input type="checkbox"/>	A
Tomlinson	<input type="checkbox"/>	<input type="checkbox"/>	A
O'Neill	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Kehoe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	



**Town of Lake Hamilton**

100 Smith Ave

PO Box 126

Lake Hamilton, FL 33851

8634391910

Presorted First-Class Mail  
U.S. Postage Paid  
Lakeland, FL  
Permit # 457

Service Address		Invoice Date		Acc...
FLORIDINOS ITALIAN KITCHEN 29400 HWY 27 LAKE HAMILTON, FL 33851		2/26/2021		2410
		Due Date		
		3/20/2021		
Description	Prev...	Pres...	Qty	Amount
Water Service			1	24.00T
Water Service	1229	1323	94	4.50T
Water Usage	1229	1323	94	703.02T
Sewer Service			1	48.00
Sewer Usage	1229	1323	94	1,279.34
Stormwater			1	10.00
Sales Tax (10.0%) 73.15		Current Billing		\$2,142.01
Previous Balance				\$117.41
Total Balance Due				\$2,098.18

**NOTICE**

Accounts are delinquent after the 20th and subject to a 10% late fee. Delinquent accounts will be shut off and additional charges will be added to the account to restore service per Resolution 2017-26. NO SECOND NOTICE WILL BE GIVEN

Temp-Returned Service Requested

FLORIDINOS ITALIAN  
KITCHEN  
29400 HWY 27  
DUNDEE, FL 33838

*This institution is an equal opportunity provider.*



# Town of LAKE HAMILTON

## AGENDA REQUEST FORM

Per Town Council Rules of Procedures adopted 10/1/13

### A. General Information

Requested By: \_\_\_\_\_ Agenda Date: \_\_\_\_\_ Agenda Number: \_\_\_\_\_

Agenda Title: \_\_\_\_\_

Agenda Type: ☐ New Business ☐ Budget Transfer

Brief Description of Request: \_\_\_\_\_

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### B. Budget Information

Is this request associated with the Budget? ☐ YES (Provide Budget Information below) ☐ NO

Funding Source: ☐ General Fund ☐ Enterprise Fund ☐ Grant Fund

Budgeted Amount: \$ \_\_\_\_\_ Actual Cost: \$ \_\_\_\_\_

Account # \_\_\_\_\_ Account Name: \_\_\_\_\_

### C. Staff Information

Staff Information (If any): \_\_\_\_\_

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### D. Attachments

☐ Back-Up Documents ☐ Ordinance ☐ Resolution ☐ Other: \_\_\_\_\_

**ORDINANCE O-21-05**

AN ORDINANCE OF THE TOWN OF LAKE HAMILTON, FLORIDA, SUPERSEDING AND RESCINDING ORDINANCE 0-2020-14; ENACTING A TEMPORARY MORATORIUM IN ORDER TO STUDY, REVIEW AND TO AMEND THE LAND DEVELOPMENT REGULATIONS FOR CERTAIN NON-RESIDENTIAL LAND USES AND COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS; LOCATED ADJACENT TO THE STATE ROAD 17 AND U.S. HIGHWAY 27 TRANSPORTATION CORRIDORS; PROVIDING FOR A SIX-MONTH TERM TO BE EXTENDED IF NECESSARY, BY THE TOWN COUNCIL; PROVIDING FOR EARLY TERMINATION IF THE PROJECT IS COMPLETE; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, pursuant to Section 2(b), Article VIII of the Florida Constitution and Chapter 166 of the Florida Statutes, the Town of Lake Hamilton possesses the powers to enact ordinances in order to protect the health, safety, and welfare of the Town's citizens and residents; and

**WHEREAS**, the Town Council determines that it is in the best interest of its residents, businesses and visitors to enact sufficient regulations to protect the public health, safety and welfare; and

**WHEREAS**, the Town Council of the Town of Lake Hamilton has adopted and enforced ordinances that pertain to and regulate the location, character, design and operation of commercial, industrial and all other non-residential land uses, but now finds that the rate of development requires a thorough review of the Land Development Code in order to preserve and protect the value and character of existing and future development in the two major transportation corridors of the Town; and

**WHEREAS**, a moratorium is needed in order to review, study, hold public hearings, and prepare and adopt an amendment or amendments to the Lake Hamilton Land Development Code, Chapter 16 of the Code of Ordinances; and

**WHEREAS**, the Town Council for the Town of Lake Hamilton, Florida finds and declares that this ordinance is in the best interest of the public health, safety and welfare of the citizens and residents of the Town of Lake Hamilton, Florida and that it advances a significant and important governmental interest.

**WHEREAS, the Town Council for the Town of Lake Hamilton, Florida adopted Ordinance O-2020-14 to enact a moratorium for the purposes stated herein but believes that a more specific geographic area needs to be specified along with the zoning affected.**

**NOW, THEREFORE,** be it enacted by the people of the Town of Lake Hamilton, Florida that:

### **SECTION 1. Purpose**

The purpose of this ordinance is to enable the Town of Lake Hamilton sufficient time to review, hold public hearings and adopt an amendment or amendments to the Town of Lake Hamilton Land Development Code and/or Code of Ordinances, relating to the location, design and operation of commercial, industrial and other non-residential land uses, including agriculture. Land included in the moratorium area is defined as land physically adjacent to the rights-of-way along the State Road 17 and U.S. Highway 27 transportation corridors and zoned C-1 Highway Commercial, C-2 Limited Commercial, M-1 Industrial, AG Agriculture, or PI Public Institutional. The Town will not approve any application or issue any permits for such land uses while the moratorium is in effect. This Ordinance supersedes and rescinds Ordinance O-2020-14.

### **SECTION 2. Imposition of Temporary Moratorium**

A temporary moratorium is hereby imposed in order to study, hold public hearings and amend the Land Development Code. No application for permit, authorization or any other official action of the Town having the effect of permitting or processing of applications for the issuance of site plan approvals, conditional uses, building permits, development permits, or any other official action of the Town of Lake Hamilton permitting or having the effect of allowing commercial ~~and~~ industrial land development, and other non-residential land uses, including agriculture will be authorized during the term of the moratorium, except as may be required by applicable law.

### **SECTION 3. Term**

The moratorium imposed by this ordinance is temporary and, unless repealed earlier by the Town, shall automatically dissolve in six (6) months from the effective date of this ordinance, unless extended in accordance with applicable law. This moratorium may be reasonably extended, if necessary, by ordinance of the Town Council.

### **SECTION 4. Early Termination**

The moratorium imposed by this ordinance shall terminate prior to its six (6) month period upon the passage of ordinances regulating permitting or allowing the construction of commercial, industrial, and other non-residential land uses, provided that:

1. Specific language terminating the moratorium is contained within said enacted ordinance; or by

ORDINANCE O-21-05  
Page 3

2. Passage of another ordinance providing for termination by the Town Council.

**SECTION 5. Repeal of Laws in Conflict**

All local laws and ordinances in conflict with any provision of this ordinance are hereby repealed to the extent of any conflict.

**SECTION 6. Effective Date**

This ordinance shall take effect immediately upon passage after second reading/public hearing.

**INTRODUCED AND PASSED** on First Reading this 2<sup>nd</sup> day of February, 2021.

**PASSED AND DULY ADOPTED**, on Second Reading with a quorum present and voting, by the Town Council, this the 1<sup>st</sup> day of February, 2021.

TOWN OF LAKE HAMILTON, FLORIDA

  
MICHAEL KEHOE, MAYOR

ATTEST:

  
BRITTNEY SANDOVALSOTO, TOWN CLERK

Approved as to form:

  
JEFFREY S. DAWSON, TOWN ATTORNEY

Record of Vote	Yes	No	
Wagner	<u>✓</u>	<u>    </u>	
Roberson	<u>    </u>	<u>    </u>	A
Tomlinson	<u>✓</u>	<u>    </u>	
O'Neill	<u>✓</u>	<u>    </u>	
Kehoe	<u>✓</u>	<u>    </u>	

**From:** [Brittney Sandovalsoto](#)  
**To:** [Jim Edwards](#)  
**Cc:** [Doug Leonard](#)  
**Subject:** RE: Kitto project  
**Date:** Thursday, August 20, 2020 2:31:00 PM

---

I will leave your copies up front with Gloriana for pick up.  
Sincerely,

Brittney Sandovalsoto  
Town Clerk  
Town of Lake Hamilton  
P.O. Box 126  
Lake Hamilton, FL 33851-0126  
(863) 439-1910 Office  
(863) 439-1421 Fax  
[Brittney@townoflakehamilton.com](mailto:Brittney@townoflakehamilton.com)  
[www.townoflakehamilton.com](http://www.townoflakehamilton.com)

Every Body Counts so Everybody Count and Answer!  
Click below to complete your Census questionnaire.

Please Note: Florida has a very broad Public Records Law. Most written communications to or from State and Local Officials regarding State or Local business are public records available to the public and media upon request. Your email communications may therefore be subject to public disclosure.

-----Original Message-----

From: Jim Edwards <[jim@keyescandc.com](mailto:jim@keyescandc.com)>  
Sent: Thursday, August 20, 2020 1:52 PM  
To: Brittney Sandovalsoto <[brittney@townoflakehamilton.com](mailto:brittney@townoflakehamilton.com)>  
Cc: Doug Leonard <[planner@townoflakehamilton.com](mailto:planner@townoflakehamilton.com)>  
Subject: Kitto project

Good afternoon Brittney

Doug sent me an email in regards to the kitto project after speaking to Keven Kitto he is electing not to move forward with the project let me know when would be a good time to come by and pick up the plans and permit application. Thanks Jim Edwards

**From:** [Jim Edwards](#)  
**To:** [Brittney Sandovalsoto](#)  
**Cc:** [Doug Leonard](#)  
**Subject:** Kitto project  
**Date:** Thursday, August 20, 2020 1:52:26 PM

---

Good afternoon Brittney

Doug sent me an email in regards to the kitto project after speaking to Keven Kitto he is electing not to move forward with the project let me know when would be a good time to come by and pick up the plans and permit application. Thanks Jim Edwards



## Memorandum

To: Town Council

From: Town Clerk, Brittney Sandovalsoto, CMC

Date: April 1, 2021

Subject: Monthly Update

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We are continuing the process of implementation of our new utility billing software and currently everything is on track to go live the beginning of May.

Training on our new BTR system was completed and that module is now live and operational. We implemented our golf cart and chicken permits to be used on the same system for easy tracking.

We will be closed and unavailable for more of the week with the Utility Billing system training.

Other business as usual.



From the Desk of ...

*Chief Michael Teague*



April 1, 2021

**TO:** Staff

**SUBJECT:** Council Report

August Items:

- Officer McIntosh has left the agency for Auburndale PD
- Sgt. Knecht is on Light Duty
- Gina had a D.A.V.I.D. audit which we passed with no issues.
- Almost completely moved into the new building
- 4 Applicants being processed at this time
- 

Michael Teague

STAT SHEET		21-Mar									
Officer		Citations	Reports/SAO	Admin Calls	Evidence Items	Validations	Visitors	Subpoenas	Accidents Mailed	Emails Checked	Training Hours
Gina		44	52	116			43	13	11	1267	
Total		44	52	116			43	13	11	1267	

[illegible]

## Monthly Proficiency Reports -March 2021

## Lake Hamilton Police Department

## Patrol

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Year to Date	Same Month Last Year	(+ / -) (%)
<b>Patrol</b>															
Calls	2442	1680	1438										5560	1350	(+) 06%
Lima	63	54	44										161	49	(-) 10%
Warrant Arrest	0	0	3										3	2	(+) 33 %
Felony Arrest	4	2	3										9	0	(+) 100%
Misd. Arrest	20	8	4										32	10	(-) 60%
Total Arrest	24	10	10										44	12	(-) 17%
Cannabis	7.8	0	0										7.8	0	(+-) 0%
Cocaine	0	0	0										0	0	(+-) 0%
Methamphetamine	0	0	0										0	0	(+-) 0%
Firearms	0	0	0										0	0	(+-) 0%
Pills	0	0	0										0	0	(+-) 0%
K2	0	0	0										0	0	(+-) 0%
<b>Traffic</b>															
Citations	123	44	43										210	40	(+) 07%
Criminal Citations	18	8	6										32	9	(-) 33%
Warnings	183	100	117										400	203	(-) 48%
Crashes	9	7	9										25	7	(+) 22%
DUI	0	0	0										0	0	(+-)0%
DRE	0	0	0										0	0	(+-) 0%
<b>K9</b>															
Deployments	0	0	0										0	0	
Apprehensions/Arrests	0	0	0										0	0	
Hours Trained	0	40	80										120	0	(+) 100%
Demos	0	0	0										0	0	
Searches	0	0	0										0	0	
Heroin	0	0	0										0	0	
<b>Patrol Cont</b>															
														0	(+-)0%
Seized Vehicles	0	0	0										0	0	(+-)0%
Deaths	0	0	0										0	0	(+-)0%
Seized Currency	0	0	0										0	0	(+-)0%



# LAKE HAMILTON POLICE DEPARTMENT

PO Box 126, 100 Smith Ave, Lake Hamilton, FL 33851

PHONE: 863-437-4711/ FAX: 863-439-1136

## MARCH 2021 - MONTHLY ACTIVITY REPORT

	TOTAL CALLS
ABANDONED/ IMPOUNDED	0
ABANDONED / FOUND PROPERTY	2
ABDUCTION	0
AED ASSIST	0
ALARM	4
ANIMAL COMPLAINT	0
ANIMAL COMPLAINT - DOMESTIC	0
ANIMAL COMPLAINT - LIVESTOCK	0
ANIMAL COMPLAINT - WILDLIFE	0
ASSAULT	0
ASSAULT - AGGRAVATED	0
ASSIST OTHER AGENCY	15
ATTEMPT TO CONTACT	5
BATTERY	0
BATTERY - AGGRAVATED	0
BATTERY - DOMESTIC	0
BURGLARY - BUSINESS	0
BURGLARY - CONVEYANCE	0
BURGLARY - RESIDENTIAL	1
BURGLARY - STRUCTURE	0
CHILD ABUSE	0
CRIMINAL MISCHIEF	0
CRUELTY TO ANIMALS	0
CURFEW VIOLATION	0
CUTTING	0
DANGEROUS SHOOTING	0
DEATH INVESTIGATION	0
DIRECTED TRAFFIC ASSIGNMENT	5
DISABLED VEHICLE	5
DISTURBANCE - CIVIL	5
DISTURBANCE - FAMILY	2
DISTURBANCE - JUVENILE	0
DISTURBANCE - NOISE	9
DISTURBANCE - VEHICLE NOISE	4
DISTURBANCE - WEAPON	1
DISTURBANCE	5
DROWNING	0
DRUNK DRIVER	0

DRUNK PERSON	0
ESCAPED PRISONER	0
EXCITED DELIRIUM	0
EXTORTION	0
FELONY	0
FIGHT	0
FILING FALSE REPORT	0
FIRE	1
FIRE ASSIST	0
FIRST RESPONDER REQUEST	0
FRAUD/FORGERY/COUNTERFEITING/UTTERING	0
FUNERAL ESCORT	0
GAMBLING	0
GRAND THEFT	1
HARRASSING PHONE CALLS	1
HIT & RUN FATALITY	0
HIT & RUN INJURIES	1
HIT & RUN PROPERTY DAMAGE ONLY	1
HIT & RUN SERIOUS INJURY TO RESULT IN DEATH	0
HITCHHIKER	0
HIGHWAY OBSTRUCTION	1
IDENTITY THEFT	0
INDUSTRIAL ACCIDENT	0
INFORMATION	159
INJURED PERSON	0
INVESTIGATION	7
LAW ENFORCEMENT CALL	1
LEWD ACT	0
LITTERING	2
LOST PROPERTY	1
LOST/ABANDONED TAG OR DECAL	0
MAIL THEFT	0
MEDICAL ASSIST	0
MENTALLY ILL PERSON	4
MISDEMEANOR	2
MISSING / ENDANGERED PERSON	0
MOLESTING	0
MURDER	0
NARCOTICS VIOLATION	0
NATURAL DISASTER	0
OPEN DOOR / WINDOW	2
OVERDOSE	0
PATROL BUSINESS	620
PATROL REQUEST	1
PATROL RESIDENCE	1
PERIMETER CHECK	347
PETIT THEFT	0

POSS FIREARM BY FELON	0
PROPERTY DAMAGE NON-CRIMINAL	2
PROWLER	0
RESISTING OFFICER	0
RETAIL THEFT	0
RIOT	0
ROBBERY	0
RUNAWAY	0
SERVE CIVIL PROCESS	0
SEXUAL BATTERY (FAMILY,UNK,KNOWN)	0
SHOOTING/THROWING MISSILE INTO BUILDING	0
SHOOTING/THROWING MISSILE INTO VEHICLE	0
SHOOTING/ PERSON	0
SOLICITATION VIOLATION	0
SPECIAL DETAIL	10
STOLEN TAG / DECAL	0
STOLEN VEHICLE	0
STOLEN VEHICLE RECOVERED	0
SUBJECT STOP	4
SUICIDE ATTEMPT	0
SUSPICIOUS AIRCRAFT	0
SUSPICIOUS INCIDENT	1
SUSPICIOUS PERSON	5
SUSPICIOUS VEHICLE	10
TAMPERING	0
THEFT	0
TRAFFIC ASSIGNMENT	0
TRAFFIC COMPLAINT	6
TRAFFIC STOP	140
TRESPASSING	0
UNCONFIRMED EMERGENCY	7
VEHICLE CRASH	9
WORTHLESS CHECK	0
VIOLATION OF INUNCTION	0
WARRANT / CAPIAS ARREST	2
<b>OVERALL TOTAL</b>	<b>1438</b>
	<b>TOTAL CITATIONS</b>
CRIMINAL TRAFFIC	6
NON-CRIMINAL TRAFFIC	43
PARKING TICKETS	0
WARNINGS	117
<b>OVERALL TOTAL</b>	<b>43</b>
	<b>TOTAL WGT / VALUE</b>
Recovered Cannabis	0
Recovered Cocaine	0

Recovered Meth	0
Recovered Heroin	0
Recovered Pills	0
Seized Currency	0
Based on Property received in Prop Room and not marked Dispo=COR Action=FX	





213

[illegible]

214

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TOTAL ARRESTS	
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# Memorandum

To: Town Council

From: Tom Mulvaney, Code Enforcement

Date: April 01, 2021

Subject: Monthly Update

---

## Operations:

Code enforcement continues to focus its 2021 operations efforts on reconciling outstanding code cases and aging liens from as early as 2016. Moving forward with abatement activities, foreclosure proceedings, and other manner of financial collections and legal action is showing positive results.

The Town of Dundee has elected to terminate the interlocal agreement with Lake Hamilton for part-time code enforcement services, provided a 60-day notice and citing growth projections and cultural changes as factors in the decision. LH CE will continue to provide services to the Town of Dundee until the effective termination date of May 24, 2021.

Code enforcement is tracking Senate Bill 60 relating to Municipal Code Enforcement and the handling of anonymous code enforcement complaints. <https://www.flsenate.gov/Session/Bill/2021/60>

## Public Health & Safety Announcement:

**April is Distracted Driving Awareness Month.** According to the National Safety Council, more than 700 people are injured in distracted driving crashes each day. Code enforcement encourages everyone to commit to driving distraction-free by taking the NSC Just Drive Pledge:

<https://cloud.safe.nsc.org/ddam-pledge>

Respectfully Submitted,  
Tom Mulvaney, Code Enforcement



## Memorandum

To: Town Council

From: Doug Leonard, Community Development Director

Date: April 1, 2021

Subject: Status of Projects for April 6, 2021 Council Meeting

- 
1. **USDA Water Distribution System Improvement Project.** The project is proceeding on schedule and more than half of the lines in the center part of town have been cleared by the Health Department for connection.
  2. **State Road 17 (Scenic Highway) Sewer Project.** Staff met with Haines City staff to make progress on the interlocal. A draft interlocal is Haines City staff for final review and should be presented to Haines City Commission this month.
  3. **Floridino's Project.** The restaurant is under construction.
  4. **Hamilton Ridge.** Construction of homes has begun. The initial base for Main Street in front of the subdivision has been completed.
  5. **The Grand at Lake Hamilton.** Staff is coordinating with the engineers for the next phase and is reviewing the PUD for updates as it is now two years old.
  6. **Planning Project with Calvin, Giordano & Associates (CalGA)** – The consultants met with the Planning Commission on March 23<sup>rd</sup> for discussion on their suggested direction for revisions to the zoning districts and design criteria for land uses in the U.S.27 and S.R.17 highway corridors.
  7. **FRDAP.** The initial packages are submitted for Detour Road Ballfield and Gunter Park.
  8. **Water Use Permit Renewal** – Staff has met with the engineers several times to establish correct projections. We are working on the forms for the submittal and the water model, also with the engineers. A request for service form is being presented to the developers for use in the application process. Anticipated submission of the application is June.

Status of Projects

March 2, 2021 Council Meeting

Page 2

9. **Preliminary Wastewater Report** – Staff continues to work with the engineers for capacity and system design. Tom Cloud and Gerry Hartman have the developer financial agreements to review. Once staff has the finalized agreements we will present to the developers to secure commitments.
10. **Repaving & Road Project** – The engineer sent the 50% design plans for staff review this week. There are several areas to be addressed further.



## Memorandum

To: Town Council

From: The Director of Public Work and Utilities

Date: 4/2/21

Subject: Monthly Update for March 2021

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**Sanitation:** Chris resigned, Hank is dealing with medical issues and is on light duty and we hired someone to replace Chris.

**Parks:** Normal Operations.

**Streets:** Normal Operations.

**Water:** We continue to make forward progress on the distribution project, everything is on schedule.

**Sewer:** Normal Operations.

**Town Hall:** PD is moved in, we are probable two weeks from moving into the Town Hall side. Mark has taken over the finish work and the quality has improved.