



Groveland

FLORIDA

*City with Natural Charm*<sup>TM</sup>

Utility Rates

# Why is there a rate increase proposed?

## Myth

- ▶ The City's contracting with Woodard and Curran is what is driving the rate increase up.

## Fact

- ▶ The Woodard and Curran contract is expected to save the City \$40,000 annually.
- ▶ City has been subsidizing the Utility Fund from the Sanitation Fund and Discretionary Sales Surtaxes for over 10 years



# What is an Operational Gap and why is it important?

- ▶ An Operational Gap is the difference between the current revenues and current expenses.
- ▶ Understanding the Operational Gap is important as an enterprise utility should be a self-sustaining operation which can provide for all of it's expense and capital needs through the service charges.
- ▶ The City has allowed the Gap to grow because of a few different factors with a main factor being the maintaining of rates.
  - ▶ Water Rates have been unchanged since 2002
  - ▶ Sewer Rates have been unchanged since 2009
  - ▶ Reclaimed Rates removed the base charge in 2016
  - ▶ Proposed rates are based on the 2017 PRMG Rate study with CPI



# What is the Current Operational Gap and how can we reduce it?

- ▶ In the FY2020 Budget, the Operational Gap without a rate increase would be \$1.7 million.
- ▶ Adopting the proposed rate increase is expected to reduce the gap this year by \$500,000.
- ▶ The City will be working with Woodard and Curran to review and identifying operational efficiencies to reduce costs and improve service.
- ▶ City has adopted an Industrial Pretreatment Plan to identify, monitor, and charge for high strength waste entering the sewer system from Industrial users.





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Water and Sewer  
Rates

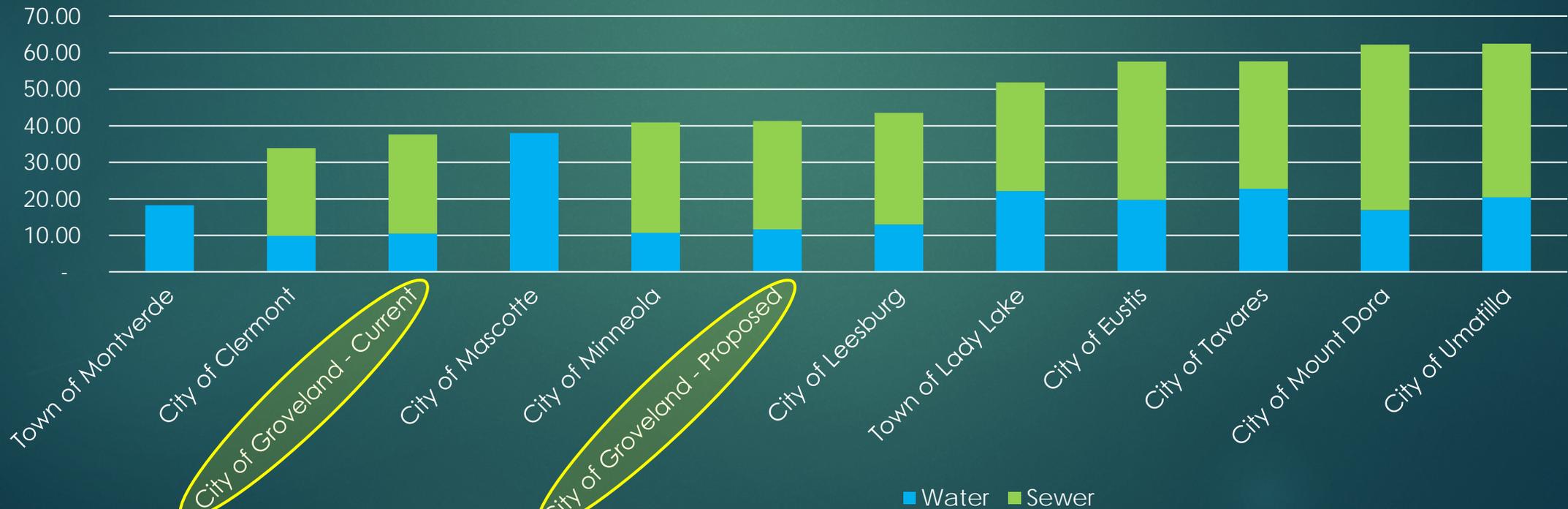
# How do we the rates compare?

## Myth

- ▶ Groveland has the highest rates in Lake County.

## Fact

- ▶ 6 of the 10 Lake County Cities would have a higher monthly cost for 4,000 gallons of service.



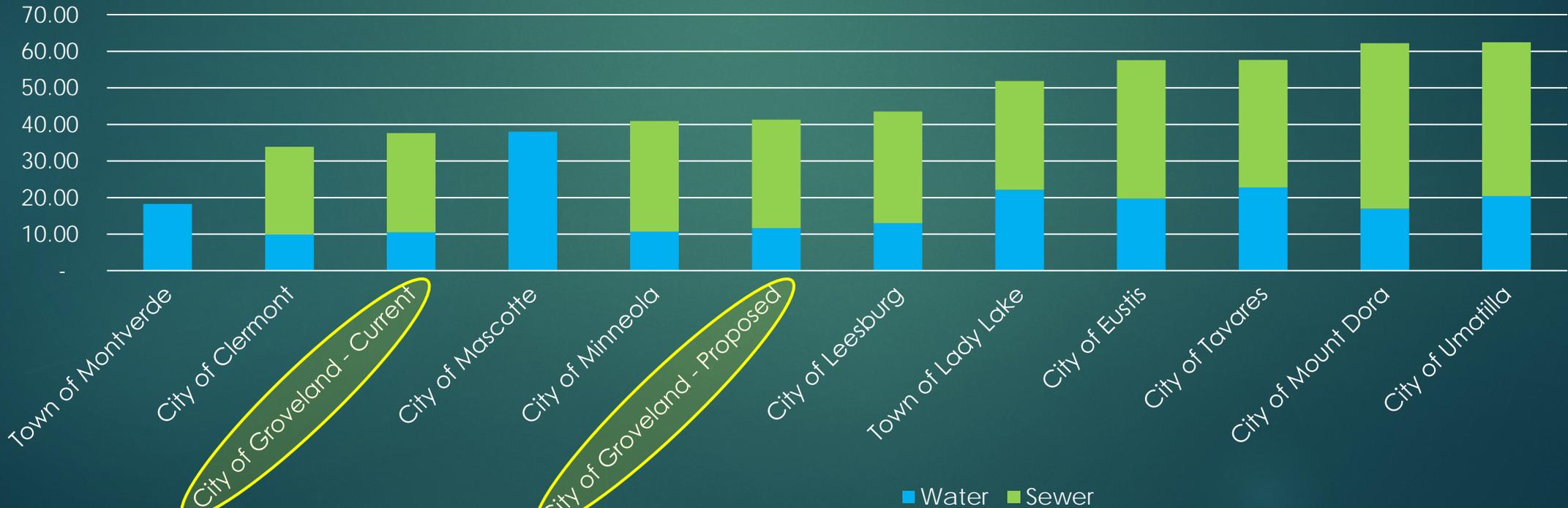
# What are the Averages?

- ▶ Water Rates for All Cities \$17.83
- ▶ Sewer Rates for All Cities \$27.61\*
- ▶ Groveland Proposed Rates
  - ▶ Water \$11.68
  - ▶ Sewer \$29.63

- Cities which provide sewer \$16.94
- Cities which provide sewer \$34.32



\*Includes two Cities which have \$0 for sewer as there is no service provided.





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Reclaimed &  
Irrigation Rates

# Reclaimed & Irrigation Rates

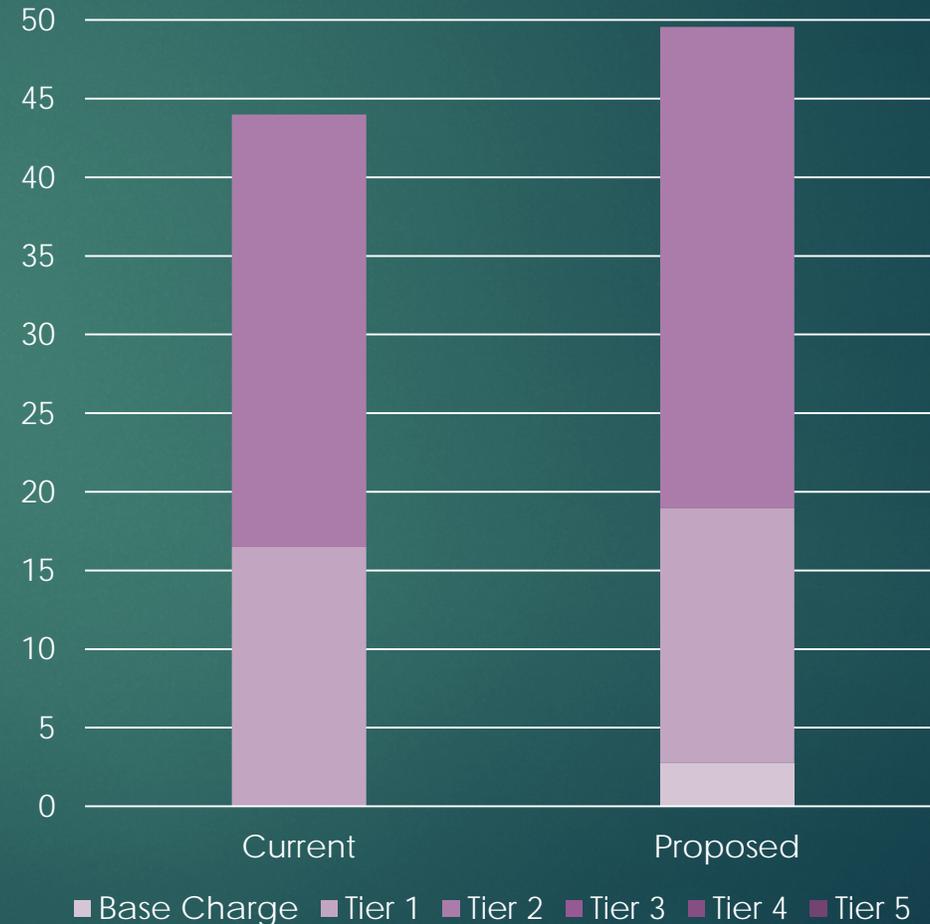
- ▶ The Proposed changes to reclaimed and irrigation rates provide include a base charge and a larger tier structure.
- ▶ For residential  $\frac{3}{4}$ " reclaimed & irrigation meters the tier structure is:
  - ▶ Base Charge            \$2.75
  - ▶ 0 – 6,000                \$2.70 per 1,000 gallons
  - ▶ 6,001 – 16,000        \$3.06 per 1,000 gallons
  - ▶ 16,001 – 30,000       \$3.36 per 1,000 gallons
  - ▶ 30,001 – 50,000       \$4.01 per 1,000 gallons
  - ▶ 50,001+                 \$4.87 per 1,000 gallons
- ▶ This tier structure is designed to help promote water conservation as users will pay more for excessive use.



# Reclaimed & Irrigation Rates



- ▶ Average reclaimed/irrigation meter reads approximately 16,000 a month for usage.
- ▶ Current average bill - \$43.00
- ▶ Proposed average bill - \$49.55



# Summary

- ▶ Water and sewer rates have been unchanged since 2002 & 2009 respectively. The proposed increases are based on the 2017 PRMG rate study plus CPI.
- ▶ The proposed changes to water and sewer service will increase the base bill from \$37.63 to \$41.31. An increase of \$3.68.
  - ▶ Average Lake County City water and sewer bill is \$51.26
- ▶ The proposed changes to reclaimed and irrigation service will increase the average bill from \$43.00 to \$49.55. An increase of \$6.55.
- ▶ These proposed increases are part of the FY2020 budget for an expected increase of \$500,000.

## Next Steps

- ▶ October 21 - second public hearing of the proposed rate increase.
- ▶ If approved, the rates would go into effect for bills generated after November 1<sup>st</sup>.





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Questions?