



# CITY COUNCIL AGENDA ITEM

REQUESTED COUNCIL MEETING DATE 12/9/08

**SUBJECT:** Resolution No. 08-68 Revising Utility Service Fees, Deposits, Rates, and Charges

**DEPARTMENT:** Finance Department

**RECOMMENDED MOTION:**

Approve the Resolution, revising Development fees, rental unit utility deposits usages, charges, and implement a new energy charge, thereby replacing and superseding Resolution 07-90, "conditioned upon approval of the ordinance establishing the energy charge."

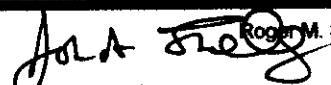




**SUMMARY:**

During the past few months our Utility Consulting Engineers (Quentin Hampton & Associates) and City Staff have reviewed water and sewer impact fee revisions and a new energy usage fee.

The energy usage fee reallocates energy cost from consumption charges to a stand alone fee based exclusively on energy related expenditures. This stand alone energy fee is allocated to Utility Customers based on water, sewer, and reclaimed water consumed.

Please see the attached Resolution for detail.

**ATTACHMENTS:**  Ordinance  Resolution  Budget Resolution  
 Other  Support Documents/Contracts Available for Review in the City Clerk's Office

<b>DEPARTMENT HEAD</b>	 Roger M. Smith	Date 11/14/08
<b>FINANCE DEPARTMENT</b>	 Approved as to Budget Requirements	Date 
<b>CITY ATTORNEY</b>	 Approved as to Form and Legality	Date 12.01.08
<b>CITY MANAGER</b>	 Approved Agenda Item For:	12/9/08

**COUNCIL ACTION:**  Approved as Recommended  Disapproved  Tabled Indefinitely  
 Continued to Date Certain  Approved with Modification:

RESOLUTION NO. 08-68

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORT ORANGE, VOLUSIA COUNTY, FLORIDA, ESTABLISHING THE PURPOSE FOR REVISED UTILITY SERVICE FEES, RATES AND CHARGES; ESTABLISHING REVISED APPLICATION REQUIREMENTS FOR SERVICE; ESTABLISHING DEPOSITS FOR UTILITY SERVICE; PROVIDING FOR PORTABLE WATER METERS; ESTABLISHING ACCOUNT SERVICE CHARGES; ESTABLISHING EXTRAORDINARY SERVICE CALL CHARGES; ESTABLISHING METER TEST CHARGES; ESTABLISHING SWIMMING POOL SERVICE CHARGES; ESTABLISHING DEVELOPMENT FEE SCHEDULE FOR WATER AND SEWER SERVICE; ESTABLISHING CONNECTION CHARGES FOR WATER SERVICE; ESTABLISHING CONNECTION CHARGES FOR SEWER SERVICE, ESTABLISHING SCHEDULE OF MONTHLY WATER CHARGES; ESTABLISHING SCHEDULE OF MONTHLY SEWER CHARGES; PROVIDING FOR MINIMUM BILLING FOR PARTIAL MONTHLY SERVICE; ESTABLISHING AN ENERGY USAGE CHARGE FOR WATER, SEWER, AND RECLAIMED WATER SERVICES; PROVIDING FOR VOLUNTARY SUSPENSION OF SERVICE AND MINIMUM CHARGES TO VACANT DEVELOPED PROPERTIES; ESTABLISHING CHARGES AND RATES FOR RECLAIMED WATER SYSTEM; ESTABLISHING BACKFLOW INSPECTION/TESTING CHARGE; ESTABLISHING PRESSURE MAIN TAPPING CHARGES; ESTABLISHING FIRE HYDRANT RENTAL CHARGES; ESTABLISHING FIRE SPRINKLER SYSTEM CHARGES; PROVIDING FOR RATE REVIEW; SUPERSEDING PRIOR RESOLUTIONS AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Chapter 74 of the Code of Ordinances of the City of Port Orange, Florida, provides for the establishment of certain utility fees and charges by resolution of the City Council; and

WHEREAS, said Chapter 74 requires the annual review and adjustment of utility fees and charges by the City Council, and a rate study and analysis has been completed resulting in recommended rate changes as reflected herein; and

WHEREAS, the City Council has determined that the rates reflected herein are fair and equitable and necessary to fund the proper operation of the City's water and sewer system.

WHEREAS, the City Council has found that the City of Port Orange, Florida, Land Development Code, Chapter 2, Section 2, defines "Dwelling" and further that each equivalent living unit as defined by Chapter 74 of the Code of Ordinance of the City of Port Orange, Florida, is determined by using a fixture or dwelling unit basis depending on whether the service is motel, hotel, commercial and industrial, or residential, respectively.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT ORANGE, VOLUSIA COUNTY, FLORIDA:

**Section 1. Purpose.**

The City Council finds that adjustments are necessary to offset the change in price of labor, materials, non-operating cost, and requirements of the bond covenants.

**PART A – DEVELOPMENT AND GROWTH RELATED FEES**

**Section 2. Development Fee Schedule – Water and Sewer Service.**

The Development Fees shall be as follows:

A. Inside City Limits:

- 1. For each equivalent living unit connected to the system (including: single family or multiple family on a public or private utility systems):

<u>Water Service Development Fee</u>	\$ 1,555.00
<u>Sewer Service Development Fee</u>	\$ 1,540.00

- 2. For each campsite, space or other facility for temporary use in a campground or recreational park connected to the system:

<u>Water Service Development Fee</u>	\$ 622.00
<u>Sewer Service Development Fee</u>	\$ 616.00

- 3. For each motel, hotel, commercial or industrial use connected to the system:

Water Service Development Fee                      \$1,555.00 per equivalent living unit at a minimum plus an amount computed as follows:

<u>NUMBER OF FIXTURE UNITS</u>	<u>AMOUNT PER FIXTURE UNIT</u>	<u>EACH FIXTURE UNIT OVER</u>
0-15	\$ 0.00	0
16-30	103.67	15
31 & Above	77.75	30

Sewer Service Development Fee \$ 1,540.00 per equivalent living unit plus the following amount:

<u>NUMBER OF FIXTURE UNITS</u>	<u>AMOUNT PER FIXTURE UNIT</u>	<u>EACH FIXTURE UNIT OVER</u>
0-15	\$ 0.00	0
16-30	102.67	15
31 & Above	77.00	30

B. Outside City Limits:

1. For each equivalent living unit connected to the system (Including: single family or multi-family for a public or private utility systems):

<u>Water Service Development Fee</u>	\$ 1,805.00
<u>Sewer Service Development Fee</u>	\$ 1,868.00

2. For each campsite, space or other facility for temporary use in a campground or recreational park connected to the system:

<u>Water Service Development Fee</u>	\$ 722.00
<u>Sewer Service Development Fee</u>	\$ 747.00

3. For each motel, hotel, commercial or industrial use connected to the system:

Water Service Development Fee \$1,805.00 per equivalent living Unit plus the following amount:

<u>NUMBER OF FIXTURE UNITS</u>	<u>AMOUNT PER FIXTURE UNIT</u>	<u>EACH FIXTURE UNIT OVER</u>
0-15	\$ 0.00	0
16-30	120.33	15
31 & Above	90.25	30

Sewer Service Development Fee \$ 1,868.00 per equivalent living unit plus the following amount.

<u>NUMBER OF FIXTURE UNITS</u>	<u>AMOUNT PER FIXTURE UNIT</u>	<u>EACH FIXTURE UNIT OVER</u>
0-15	\$ 0.00	0
16-30	124.53	15
31 & Above	93.40	30

C. City of Daytona Beach Shores: (treatment only)

1. For each equivalent living unit connected to the system (including: single family and multi-family for public or private utility systems):

Sewer Service Development Fee \$ 956.00

2. For each motel, hotel, commercial or industrial use connected to the system:

Sewer Service Development Fee \$ 956.00 per equivalent living unit plus the following amount:

<u>NUMBER OF FIXTURE UNITS</u>	<u>AMOUNT PER FIXTURE UNIT</u>	<u>EACH FIXTURE UNIT OVER</u>
0-15	\$ 0.00	0
16-30	63.73	15
31 & Above	47.80	30

Each additional equivalent living unit occasioned by changes in property usage subsequent to the effective date of this resolution shall be subjected to a Development Fee computed in accordance with the foregoing criteria.

**Section 3. Connection Charges for Water Service Potable & Reclaimed**

**Connection Charges**

Connection charges are not refundable and are due and payable prior to connection or reconnection to the utility system.

**A. Inside City Limits:**

The following charges shall be required for each connection made to the utility system inside the City limits:

<u>METER SIZE</u>	<u>CONNECTION CHARGE</u>	
	<u>POTABLE</u>	<u>RECLAIMED/IRRIGATION</u>
3/4 inch	\$ 415	\$ 430
1 inch	670	735
2 inch	1,905	1,535
3 inch or larger	425 + actual material & labor	

**B. Outside City Limits:**

The following charges shall be required for each connection made to the water system outside the City limits:

<u>METER SIZE</u>	<u>CONNECTION CHARGE</u>
3/4 inch	\$ 540
1 inch	875
2 inch	2,480
3 inch or larger	555 + actual material & labor

If a pressure main tap is required to complete connection, the pressure main tapping charge set forth in Section 12 of this Resolution shall be added to the connection charge. Charges for new service extensions shall be based on actual material, labor and equipment costs.

**Section 4. Connection Charges for Sewer Service.**

There shall be no charge for a service connection made to the sewer system if such service connection is made at the same time as construction of sewer mains and is developer-installed. However, if a service connection is required after construction of the sewer main, or if the City pays for a service connection concurrent with a line extension, then the City will provide materials and labor to bring the service main to the property line of the lot or parcel to be connected and a minimum charge of \$1,400.00 per service connection shall apply. The actual connection charge may be greater than the minimum charge if the actual cost to the City is greater than the minimum charge set forth in this section.

**PART B – DEPOSITS AND VARIOUS UTILITY RELATED CHARGES**

**Section 5. Application and Deposits for Service.**

**A. PRIMARY UTILITY METER DEPOSIT**

Upon a request for utility service, including water, sewer, reclaimed and garbage, the following minimum deposit (for each meter: potable; reclaimed; or pre-existing irrigation) shall be required for each new or existing customer, or where the property has changed hands, except for the transfer of deposit ownership in estate or divorce proceedings or among multiple rental properties as provided herein (B), irrespective as to whether the property is owned by the occupant or not:

**MINIMUM DEPOSIT – FOR PRIMARY METER ARE AS FOLLOWS:**

<u>METER SIZE</u>	<u>Owner of Property</u>	<u>Tenant</u>
¾ inch	\$ 100.00	\$ 175.00
1 inch	\$ 200.00	\$ 350.00
1 ½ inch	\$ 300.00	\$ 525.00
2 inch	\$ 760.00	\$ 1,330.00
3 inch	\$ 1,050.00	\$ 1,838.00
4 inch	\$ 1,400.00	\$ 2,450.00
6 inch	\$ 3,500.00	\$ 6,125.00
8 inch	\$ 4,200.00	\$ 7,350.00
10 inch	\$ 6,000.00	\$10,500.00

**B. DEPOSITS IN ADDITION TO PRIMARY METER – AT SAME ADDRESS**

In addition to the primary meter above for single family homes (owner occupied) an additional \$35.00 deposit will be required for ¾" Reclaimed Meter or an \$80.00 additional deposit will be required for an additional tenant reclaimed or potable meter.

**ADDITIONAL METER DEPOSITS ARE AS FOLLOWS:**

<u>Meter Size</u>	<u>Owner Occupied Reclaimed Meter</u>	<u>Tenant Reclaimed or Potable Meter</u>
¾ inch	\$ 35.00	\$ 80.00
1 inch	\$ 70.00	\$ 160.00
1.5 inch	\$ 105.00	\$ 240.00
2 inch	\$ 140.00	\$ 320.00
3 inch	\$ 350.00	\$ 800.00
4 inch	\$ 455.00	\$ 1,040.00

- C. Multiple Property Ownership – Single Customer - Shared Deposit – The following minimum deposit for utility (potable water and reclaimed) service shall be required for each customer owning multiple properties (In addition to Section 5A) serviced by a ¾ - inch meter or owning one (1) parcel of rental property serviced by multiple meters:

NUMBER OF UNITS OR METERS MINIMUM DEPOSIT

Three (3) or less	\$100.00
Four (4) or more	\$100.00 plus \$35.00 for each additional unit or meter over three (3)

- D. For customers who have been charged the reconnect fee subsequent to a disconnect for non-payment, or have a credit history evidencing delinquent payments on their accounts, an additional deposit may be required and in no case will the additional deposit be less than one (1) month's average bill nor greater than three (3) month's average bills. All accounts processed for discontinuation of service for non-payment shall be required to pay the reconnect fee whether service has been interrupted or not.
- E. The application shall require background and credit history information. Should an applicant refuse to provide a social security number the applicant shall be required to provide a credit report from a nationally recognized credit reporting company. Prior to utility service initiation, utility customers at new service locations shall provide proof of ownership or for tenants, a lease agreement showing parties to the lease.
- F. The deposits outlined in this section apply to all residential and commercial property owners and is not refundable until disposition or demolition of structures. Deposits will be applied after the initiation of the collections process. Tenant deposits will be applied or refunded as applicable.

**Section 6. Portable Water Meter Charges**

Portable Truck Mounted Meters – The customer will pay \$760.00 security deposit upon receipt of the meter. Upon return of the meter in good working condition, the individual or firm will receive a refund of the lesser of \$600.00 or this amount reduced by replacement cost of the damaged meter components.

Cart Mounted Meter with Backflow Device - The customer will pay \$1,440.00 security deposit upon receipt of the portable meter. Upon return of the meter in good working condition , the individual or firm will receive a refund of the lesser of \$1,240.00 or this amount reduced by replacement cost of the damaged meter and/or other components. All portable meters must be read or usage reported monthly and charged a standard inside commercial water rate based on their meter size plus a \$25.00 monthly processing fee. It is the responsibility of the customer to bring the meter into the Customer Service or Meter Reading Office to be read. Under special circumstances that include semi-permanently installed meters and upon notification of the location of the meter, the City will read the meter on site.

If Portable Water Meters are destroyed, damaged, or abused, the Finance Director or Designee shall notify the utility customer that all future connections to the City water system of any nature shall be made only by City staff and that any future use of portable meters by such utility customer is prohibited. Where abuse has been determined, the utility account established by the customer for a portable meter shall be closed, and the meter and backflow prevention device shall be returned to the City immediately.

**Section 7. Account Service Charges.**

- A. There will be a \$35.00 service charge for a new account or reconnect to turn on water where connection to the water system and installation of a meter have previously been made. The charge is not applicable to the original connection to the water system and installation of a meter.
- B. There will be a \$70.00 service charge for a new account or reconnect requiring unscheduled service or service on the same day to turn on water where connection to the water system and installation of a meter have previously been made.
- C. If more than one (1) meter exists at a single location (such as meters for reclaimed water), only one (1) service charge shall apply if all meters at the location are turned on or off during the same service call.
- D. All service charges on an unpaid balance will be computed as if total consumption occurred during the first month after the date the meter was previously read.
- E. If the water meter is tampered with by action of the customer, tampering fees as outlined by City Ordinance and Florida Statute apply. The minimum fee for tampering will be three times the estimated dollar amount of service unlawfully obtained plus a \$70.00 service charge.

**Section 8. Extraordinary Service Call Charges.**

- A. Extraordinary service calls outside of regular maintenance (for example, locating a meter covered during grading or sodding on the property, unplugging sewer stoppages, or repairing damages attributable to customer activity) shall require a minimum \$35.00 service charge. Additionally, the customer will be billed for the cost of regaining access to the meter and restoring service, and for any damage to the meter or utility system caused by building, construction or other activity on the property or any other reason.
- B. Extraordinary service calls outside of regular maintenance requiring service on Saturdays, Sundays, holidays or after 2:00 p.m., Monday through Friday shall require a \$70.00 service charge together with the additional charges set forth in Paragraph A of this section.



- C. Service charges for extraordinary service calls related to temporary utility reconnection for home inspection shall be paid in advance of the service call. Notice of temporary reconnection shall be provided to the City at least twenty-four (24) hours in advance.

Temporary utility reconnection service shall not exceed four (4) hours in duration during the hours of 10 A.M. to 3:30 P.M.

- D. For rental properties there will be a \$35.00 service charge for a landlord shutoff.

**Section 9. Meter Test Charges.**

A. Bench Test

There shall be a \$35.00 service charge for customers requesting a meter bench test for accuracy on a 3/4 inch meter. All other bench tests are to be billed at cost. If the meter is found to be substantially inaccurate, this charge will not be assessed. Substantially inaccurate shall be construed to mean greater than two and one-half percent (2 1/2 %) plus or minus from perfect registration.

B. Meter Check – At Service Location

There will be a \$10.00 service charge for a meter check requested by a customer. If the reading is found to be in error or the meter is not functioning properly then there will be no charge.

**Section 10. Swimming Pool Service Charges.**

To avoid excessive sewer charges when filling swimming pools where sewer service is provided by the City of Port Orange, a credit against the sewer charge will be given for the amount of water used to fill the swimming pool. There shall be a \$35.00 service charge for reading the water meter, if applicable, immediately before and after the pool is filled. There shall be no service charge if the service visit is not required because the customer provides a letter from the pool contractor documenting pool water volume or if pool capacity can be determined using an alternate reasonable process.

**Section 11. Backflow Inspection/Testing Charge.**

All owners of non-single family backflow prevention devices connected to the City's potable water system are required to inspect and test these devices annually using a licensed professional. Certified test results are to be provided to the City immediately thereafter. If the owner does not inspect and test these devices annually then the City or its agent may elect to provide this service and charge the actual cost of testing (including direct or indirect cost) to the owner.

There shall be a monthly charge of \$1.70 for inspection and testing of each single family residential backflow prevention device by the City.

**Section 12. Minimum Tapping Charges.**

The following minimum charges shall apply for taps into existing pressure mains and/or sewer manhole coring (potable water main, sewer force main, reclaimed water main, and gravity sewer):

<u>TAP SIZE</u>		<u>PRESSURE MAIN</u>	<u>SEWER MANHOLE CORING</u>
1	inch	\$ 300	N/A
2	inch	310	N/A
4	inch	365	\$ 780
6	inch	415	780
8	inch	470	780
10	inch	520	990
12	inch	570	1,195

The above charges does not include jacking and boring or crossing of City streets, relate restoration, permitting, and valves and related parts. If extenuating circumstances exist additional tapping charges may apply.

**Section 13. Fire Hydrant Maintenance Charges.**

- A. All Fire Hydrants either private or public shall be maintained by the City of Port Orange and charged as noted in paragraphs "B" and "C".
- B. There shall be a monthly charge of \$7.50 for each fire hydrant located within the City Limits and outside of City right-of-way or public utility easements.
- C. There shall be a monthly charge of \$8.35 for each fire hydrant located outside the City limits and outside of City right-of-way or public utility easements.

**Section 14. Fire Sprinkler System Charges.**

- A. Single Family Residential and Multi-Family Residential.
  - 1. Fire sprinkler systems with demand requiring a service size of two inches (2") or smaller, when combined with domestic water system demand, shall utilize one (1) standard meter connection. Monthly charges shall be billed as provided in Section 16 and Section 17 of this resolution. The required backflow prevention device shall be installed on the fire sprinkler system extension after the meter.
  - 2. Fire sprinkler systems requiring a service size larger than two inches (2") may have a connection common with the domestic water system or a separate connection. If the fire sprinkler connection line is metered, monthly charges shall be billed as provided in Section 16 and Section 17 of this resolution. If the fire sprinkler connection is unmetered, a monthly charge shall be billed as provided in paragraph D of this section. The required backflow prevention device shall be

installed on the fire sprinkler system line after the domestic water system meter extension, if applicable

B. Motel, Hotel, Commercial and Industrial.

Fire sprinkler systems may have a connection common with the domestic water system or a separate connection. If the domestic fire sprinkler connection is metered, monthly charges shall be billed as provided in Section 16 and Section 17 of this resolution. If the fire sprinkler connection is unmetered, a monthly charge shall be billed as provided in paragraph D of this section. The required backflow prevention device shall be installed on the fire sprinkler system line after the domestic water system meter extension, if applicable.

C. New Fire Sprinkler Service Installations.

Charges for providing fire sprinkler service shall be determined by the work necessary for a complete installation and shall be based on the applicable provisions of Section 3 and Section 12 of this resolution.

The required backflow prevention device shall be installed and tested annually by the customer at the customer's expense.

D. Monthly Charges for Unmetered Fire Sprinkler Systems.

The following charges shall apply for all unmetered water sprinkler systems for fire protection; and billed monthly as follows:

<u>SERVICE SIZE</u>	<u>INSIDE CITY</u>	<u>OUTSIDE CITY</u>
2 inch	\$ 2.90	\$ 4.15
3 inch	4.15	6.25
4 inch	6.25	8.35
6 inch	8.35	10.40
8 inch	16.65	20.85
10 inch	20.85	25.00
12 inch	27.10	31.25

**Section 15. Collections Process Charges.**

A. Any account that is sent to collections will be charged the collection agency fee plus a \$35.00 administration fee.

B. Any account that has been processed for a lien or satisfaction of lien will be charged the appropriate processing fee charge us by Volusia County for processing plus an additional \$35.00 administration fee.

**PART C – WATER AND SEWER CONSUMPTION CHARGES**

**Section 16. Schedule of Monthly Water Charges.**

The following monthly charges shall apply for the use, or availability for use, of the water service system of the City based on consumption as shown by monthly meter readings to have been delivered. If connection is required pursuant to Section 74-31, Code of Ordinances, City of Port Orange, Florida, water service is deemed available for use. The monthly usage charges shall be computed to the nearest thousand gallons.

**A. Residential**

1. Inside the City limits of Port Orange, the minimum monthly charges shall be \$9.90 for each unit plus base and energy usage billed as follows:

Base Usage:

First 2,000 gallons	\$	.90 per thousand gallons
Second 2,000 gallons		2.75 per thousand gallons
Third 2,000 gallons		2.95 per thousand gallons
Fourth 2,000 gallons		3.25 per thousand gallons
8,001 – 11,000 gallons		3.75 per thousand gallons
Over 11,000 gallons		4.45 per thousand gallons

Plus:

Energy Usage Per thousand gallon rate as defined below in Section 16G.

2. Outside the City limits of Port Orange, the minimum monthly charge shall be \$12.85 for each unit plus base and energy usage billed as follows:

Base Usage:

First 2,000 gallons	\$1.30 per thousand gallons
Second 2,000 gallons	3.75 per thousand gallons
Third 2,000 gallons	4.00 per thousand gallons
Fourth 2,000 gallons	4.40 per thousand gallons
8,001 – 11,000 gallons	5.05 per thousand gallons
Over 11,000 gallons	5.95 per thousand gallons

Plus:

Energy Usage Per thousand gallon rate as defined below in Section 16G.

**B. Multi-Family Residential. – (Apartment, Condominium, Time Share Resort and Mobile Home Park using a public or private utility system with Master Meter).**

1. Inside the City limits of Port Orange, the minimum monthly charge shall be \$9.90 for each equivalent living unit plus base usage billed at \$2.40 per thousand gallons plus energy usage per thousand gallon rate as defined below in Section 16G.

2. Outside the City limits of Port Orange, the minimum monthly charge shall be \$12.85 for each equivalent living unit plus base usage billed at \$3.25 per thousand gallons plus energy usage per thousand gallon rate as defined below in Section 16G.
3. The total number of equivalent living units includes the total number of individual residences and living sites with utility service (such as residential rooms, apartments, and mobile home and trailer park spaces), plus the number of other individual uses (such as laundry, recreational room, bathhouse, and restroom facilities) with a fixture unit assignment converted to an equivalent living unit basis. Buildings with master meters will be billed, as described in paragraph B1 or paragraph B2 of this section, on the unit basis after the Certificate of Occupancy is issued.

C. Campground and Recreational Park/Private Utility Systems

1. Inside the City limits of Port Orange, the minimum monthly charge shall be \$9.90 for each equivalent living unit and \$3.40 for each short-term unit (occupancy by the same tenants or structure for six months or less) or space with utility service, plus usage billed at \$2.40 per thousand gallons plus energy usage per thousand gallon rate as defined below in Section 16G.
2. Outside the City limits of Port Orange, the minimum monthly charge shall be \$12.85 for each equivalent living unit and \$4.60 for each short-term unit or space with utility service, plus usage billed at \$3.25 per thousand gallons plus energy usage per thousand gallon rate as defined below in Section 16G.
3. The total number of equivalent living units includes the total number of individual residences and living sites with utility service, the total number of long-term campsites and spaces with utility service, plus the number of other individual uses (such as laundry, recreation room, bathhouse and restroom facilities) with a fixture unit assignment converted to an equivalent living unit basis. Buildings with master meters will be billed, as described in paragraph C1 or paragraph C2 of this section, on the unit basis after the Certificate of Occupancy is issued.

D. Motel, Hotel, Commercial and Industrial

1. Inside the City limits of Port Orange, the minimum monthly charge shall be determined by the meter size as set forth on the following schedule:

<u>METER SIZE</u>	<u>MONTHLY CHARGE</u>
¾ inch	\$ 9.90
1 inch	19.80
1 ½ inch	29.70
2 inch	39.60
3 inch	99.00
4 inch	128.70
6 inch	257.40
8 inch	415.80
10 inch	594.00

In addition to the minimum monthly charge, each account shall be billed for usage as follows:

**Base Usage:**

First 2,000 gallons	\$ .90 per thousand gallons
Second 2,000 gallons	2.75 per thousand gallons
Third 2,000 gallons	2.95 per thousand gallons
Fourth 2,000 gallons	3.25 per thousand gallons
8,001 – 11,000 gallons	3.75 per thousand gallons
Over 11,000 gallons	4.45 per thousand gallons

**Plus:**

Energy Usage                      Per thousand gallon rate as defined below in Section 16G.

2. Outside the City limits of Port Orange, the minimum monthly charge shall be determined by the meter size as set forth on the following schedule:

<u>METER SIZE</u>	<u>MONTHLY CHARGE</u>
¾ inch	\$ 12.85
1 inch	25.70
1 ½ inch	38.55
2 inch	50.40
3 inch	128.50
4 inch	167.05
6 inch	334.10
8 inch	539.70
10 inch	771.00

In addition to the minimum monthly charge, each account shall be billed for usage as follows:

**Base Usage:**

First 2,000 gallons	\$ 1.30 per thousand gallons
Second 2,000 gallons	3.75 per thousand gallons
Third 2,000 gallons	4.00 per thousand gallons

Fourth 2,000 gallons	4.40 per thousand gallons
8,001 – 11,000 gallons	5.05 per thousand gallons
Over 11,000 gallons	5.95 per thousand gallons

Plus:

Energy Usage                      Per thousand gallon rate as defined below in Section 16G.

E. Town of Ponce Inlet.

The Town of Ponce Inlet and similar contract customers shall be charged a minimum rate of \$50.00 per month per master meter, plus usage billed at \$3.66 per thousand gallons, plus the energy charge reference below in section 16G at a per thousand gallon rate.

F. Water service utilized by a customer for any part of a month shall render the customer subject to not less than the minimum monthly charge plus usage billed as provided herein.

G. An energy usage charge shall be levied in addition to the monthly base usage charge for each 1,000 gallons of water consumed. This flat rate charge will be computed to the nearest thousand gallons and be included in the monthly utility bill. The energy usage charge shall be calculated on a system-wide basis, dividing the utility systems total actual energy related cost (including, but not limited to: electric power, fuel, landfill charges, and chemicals) by the actual volume of water sold during the corresponding previous 12 months. This charge will be updated semi-annually based on actual cost and implemented three months after each calculation date. The first calculation shall begin 9/30/08 and the related energy usage charge shall be implemented no later than 02/01/09.

**Section 17. Schedule of Monthly Sewer Charges.**

The following monthly charges shall apply for the use, or availability for use, of the sanitary sewage facilities of the City based on water consumption as shown by monthly meter readings to have been delivered. The monthly usage charges shall be computed to the nearest thousand gallons.

A. RESIDENTIAL

1. Inside the City limits of Port Orange, for the first 1,000 gallons or less the minimum monthly charge shall be \$11.70 for each unit plus base and energy usage billed as follows:

Base Usage:

1,001 – 4,000 gallons	per thousand gallons	4.05
Over 4,000 gallons	per thousand gallons	5.05

Plus:

Energy Usage                      per thousand gallon rate as defined below in Section 17(H).

- 2. Outside the City limits of Port Orange, for the first 1,000 gallons or less the minimum monthly charge shall be \$17.55 for each unit plus base and energy usage billed as follows:

Base Usage:

1,001 – 4,000 gallons	per thousand gallons	6.45
Over 4,000 gallons	per thousand gallons	7.95

Plus:

Energy Usage                      per thousand gallons rate as defined below in Section 17(H).

B. MULTI-FAMILY RESIDENTIAL (Apartment, Condominium, Time Share Resort, and Mobile Home Park with Master Meter)

- 1. Inside the City limits of Port Orange, for the first 1,000 gallons or less the minimum monthly charge shall be \$11.70 for each unit plus base and energy usage billed as follows:

Base Usage:

1,001 – 4,000 gallons	per thousand gallons each unit	4.05
Over 4,000 gallons	per thousand gallons each unit	5.05

Plus:

Energy Usage                      per thousand gallons rate as defined below in Section 17(H).

- 2. Outside the City limits of Port Orange, for the first 1,000 gallons or less the minimum monthly charge shall be \$17.55 for each unit plus base and energy usage billed as follows:

Base Usage:

1,001 – 4,000 gallons	per thousand gallons each unit	6.45
Over 4,000 gallons	per thousand gallons each unit	7.95

Plus:

Energy Usage                      per thousand gallons rate as defined below in Section 17(H).

- 3. The total number of equivalent living units includes the total number of individual residences and living sites with utility service (such as residential rooms, apartments, and mobile home and trailer park spaces), plus the number of other individual uses (such as laundry, recreation room, bathhouse and restroom facilities) with a fixture unit assignment converted to an equivalent living unit basis. Buildings with master meters will be billed, as described in paragraph B1 or paragraph B2 of this section, on the unit basis after the Certificate of Occupancy is issued.



C. Campground and Recreational Park.

1. Inside the City limits of Port Orange for the first 1,000 or 400 gallons or less, the minimum monthly charge shall be \$11.70 or \$4.70 for each equivalent full time or short term unit (occupancy by the same tenants or structure for six months or less) respectively, plus base and energy charge billed as follows:

Full-time units:

Base Usage:

1,001 – 4000 gallons	each campsite or space with utility service	4.05
Over 4000 gallons	each campsite or space with utility service	5.05

Plus:

Energy Usage per thousand gallons rate as defined below in Section 17(H).

Short-term units:

Base Usage:

401 – 1,600 gallons	per thousand gallons for each short-term campsite or space with utility service	4.05
Over 1,600 gallons	per thousand gallons for each short-term campsite or space with utility service	5.05

Plus:

Energy Usage per thousand gallons rate as defined below in Section 17(H).

2. Outside the City limits of Port Orange for the first 1,000 or 400 gallons or less, the minimum monthly charge shall be \$17.55 or \$7.00 for each equivalent full time or short term unit, respectively, plus base and energy charge billed as follows:

Full-time units:

Base Usage:

1,001 – 4000 gallons	for each campsite or space with utility service	6.45
Over 4000 gallons	for each campsite or space with utility service	7.95

Plus:

Energy Usage per thousand gallons rate as defined below in Section 17(H).

Short-term units:

Base Usage:

401 – 1,600 gallons	per thousand gallons each short-term campsite or space with utility service	6.45
Over 1,600 gallons	per thousand gallons each short-term campsite or space with utility service	7.95

Plus:

Energy Usage per thousand gallons rate as defined below in Section 17(H).

3. The total number of equivalent living units includes the total number of individual residences and living sites with utility service, the total number of long-term campsites and spaces with utility service, plus the number of other individual uses (such as laundry, recreation room, bathhouse and restroom facilities) with a fixture unit assignment converted to an equivalent living unit basis. Buildings with master meters will be billed, as described in paragraph C1 or paragraph C2 of this section, on the unit basis after the Certificate of Occupancy is issued.

D. Motel, Hotel, Commercial and Industrial.

1. Inside the City limits of Port Orange, the minimum monthly charge shall be determined by the meter size as set forth on the following schedule:

Meter Size	Minimum Availability Charge	Gallons Included In Minimum Availability	\$4.05 Base Usage Per 1,000 Gallons (Range)	\$5.05 Base Usage Per 1,000 Gallons (Excess Range)
¾ Inch	\$ 11.70	1,000	1,001 – 4,000	4,001
1 Inch	23.40	2,000	2,001 – 8,000	8,001
1 ½ Inch	35.10	3,000	3,001 – 12,000	12,001
2 Inch	46.80	4,000	4,001 – 16,000	16,001
3 Inch	117.00	10,000	10,001 – 40,000	40,001
4 Inch	152.10	13,000	13,001 – 52,000	52,001
6 Inch	304.20	26,000	26,001 – 104,000	104,001
8 Inch	491.40	42,000	42,001 – 162,000	168,001
10 Inch	702.00	60,000	60,001 – 180,000	240,001

Plus:

Energy Usage

Per thousand gallon rate as defined below in  
Section 17H.

2. Outside the City limits of Port Orange, the minimum monthly charge shall be determined by the meter size as set forth on the following schedule:

Meter Size	Minimum Availability Charge	Gallons Included In Minimum Availability	\$6.45 Base Usage Per 1,000 Gallons (Range)	\$7.95 Base Usage Per 1,000 Gallons (Excess Range)
¾ Inch	\$ 17.55	1,000	1,001 – 4,000	4,001
1 Inch	35.10	2,000	2,001 – 8,000	8,001
1 ½ Inch	52.65	3,000	3,001 – 12,000	12,001
2 Inch	70.20	4,000	4,001 – 16,000	16,001
3 Inch	175.50	10,000	10,001 – 40,000	40,001
4 Inch	228.15	13,000	13,001 – 52,000	52,001
6 Inch	456.30	26,000	26,001 – 104,000	104,001
8 Inch	737.10	42,000	42,001 – 168,000	168,001
10 Inch	1,053.00	60,000	60,001 – 240,000	240,001

Plus:

Energy Usage

Per thousand gallon rate as defined below in  
Section 17H.

- E. Dump Stations.  
In addition to the charges set forth in Section 17C, for each campground or recreational park with one (1) or more dump station(s), the monthly charge shall be \$60.00 per campground or recreational park. For each dump station at any other location, the monthly charge shall be \$20.00 per dump station. Direct disposal at the reclaimed water plant shall not be permitted under any circumstances, except where the said septic hauler is working under contract to and on behalf of the City of Port Orange. In such instances any charges shall be defined in the contract.
- F. City of Daytona Beach Shores.  
The City of Daytona Beach Shores shall be charged base usage at \$2.55 per thousand gallons of untreated sewage flow plus energy usage per thousand gallon rate.
- G. Sewage service utilized by a customer for any part of a month shall render the customer subject to sewer billing based on water consumption for that month, not less than the minimum monthly charge plus actual usage billed as provided herein.
- H. An energy usage charge shall be levied in addition to the monthly base usage charge for each 1,000 gallons of sewage disposal. This flat rate charge will be computed to the nearest thousand gallons and be included in the monthly utility bill. The energy usage charge shall be calculated on a system-wide basis, dividing the utility systems total actual energy related cost (including, but not limited to: electric power, fuel, landfill charges, and chemicals) by the actual volume of treated sewage processed during the corresponding previous 12 months. This charge will be updated semi-annually based on actual cost and implemented three months after each calculation date. The first calculation shall begin 9/30/08 and the related energy usage charge shall be implemented no later than 02/01/09.

**Section 18. Minimum Billing for Partial Monthly Service.**

The minimum monthly water and sewer utility charges shall apply to all accounts if water consumption occurs during any part of a month or when service is available to the property for more than twenty (20) days during the monthly billing period with no utility consumption.

**Section 19. Voluntary Suspension of Service & Minimum Charges to Vacant Developed Properties.**

The minimum monthly water and sewer utility charges shall not be suspended during vacation periods or such periods of time that a property is vacated. Not less than the minimum monthly charges shall be billed as provided and established by this resolution.

In order to prevent unauthorized water usage while a customer is on vacation (for a minimum three months) the customer may request that the City lock off the meter at no cost to the customer. The customer will not be required to pay a reconnect fee if a telephoned request is

received the day prior to the need to resume service. If this type of notice is not provided to the City by the customer and service is resumed by action of the customer, tamper fees may apply as outlined in City Ordinance 74.40 and Florida Statute 812.14(2) b & c5. The minimum fee for tampering with utility services will be three times the estimated dollar amount of service unlawfully, obtained plus a \$70.00 service charge or at a minimum the account will be back billed all applicable services for the period of time in question and water usage plus a \$35.00 service charge.

Inactive accounts for vacant lots or spaces in mobile home parks or private utility systems having master meters, when such lots or spaces are billed separately, shall have the minimum monthly charges assessed to the property owner.

**Section 20. Reclaimed Water System Charges.**

**A. Monthly Charges**

Monthly charges begin after connection or reconnection to the reclaimed water system. The following monthly charges shall apply for the use of the reclaimed water system of the City based on the meter size and consumption as shown by monthly meter readings to have been delivered. The monthly usage charges shall be computed to the nearest thousand gallons. The monthly charges shall include a minimum charge as determined by the meter size plus base and energy usage charge billed as set forth on the following schedule and as determined in Section 20C below respectively.

<u>METER SIZE</u>	<u>MINIUM MONTHLY CHARGE</u>	<u>USAGE RANGE IN GALLONS</u>	<u>BASE USAGE CHARGE PER 1,000 GALLONS</u>
¾ inch	\$ 8.75	0 - 20,000	\$ 0.00
		20,001 - 50,000	0.35
		50,001 - 100,000	1.00
		100,001 - 150,000	1.50
		Over 150,001	2.75
1 inch	\$ 28.45	0 - 50,000	\$ 0.00
		50,001 - 80,000	0.35
		80,001 - 150,000	1.00
		150,001 - 250,000	1.50
		Over 250,001	2.75
1 ½ inch	\$ 37.25	0 - 75,000	\$ 0.00
		75,000 - 150,000	0.35
		150,001 - 225,000	1.00
		225,001 - 325,000	1.50
		Over 325,001	2.75
2 inch	\$ 56.95	0 - 125,000	\$ 0.00
		125,001 - 300,000	0.35
		300,001 - 400,000	1.00
		400,001 - 500,000	1.50
		Over 500,001	2.75
3 inch	\$ 120.45	0 - 250,000	\$ 0.00
		250,001 - 425,000	0.35
		425,000 - 700,000	1.00
		700,001 - 850,000	1.50
		Over 850,001	2.75

4	inch	\$ 157.50	0 - 325,000	\$ 0.00
			325,001 - 650,000	0.35
			650,001 - 950,000	1.00
			950,001 - 1,400,000	1.50
			Over 1,400,001	2.75
6	inch	\$ 315.40	0 - 625,000	\$ 0.00
			625,001 - 1,150,000	0.35
			1,150,001 - 1,500,000	1.00
			1,500,001 - 2,100,000	1.50
			Over 2,100,001	2.75
8	inch	\$ 537.70	0 - 1,075,000	\$ 0.00
			1,075,001 - 1,600,000	0.35
			1,600,001 - 2,100,000	1.00
			2,100,001 - 2,800,000	1.50
			Over 2,800,001	2.75
10	inch	\$ 722.75	0 - 1,500,000	\$ 0.00
			1,500,001 - 2,300,000	0.35
			2,300,001 - 3,200,000	1.00
			3,200,001 - 3,900,000	1.50
			Over 3,900,001	2.75

Plus:

Energy Usage

Per thousand gallon rate as defined below in  
Section 20C.

B. Interruptible Service Rate.

Customers that have an alternate water source on site for alternate irrigation water supply shall be eligible for an interruptible service rate. Upon approval by the Public Utility Director or his Designee the monthly charges for this rate shall include a minimum charge determined by the meter size as set forth on the schedule in subsection A of this section, plus base and energy usage charge billed at \$0.35 per thousand gallons. Service under this category may be interrupted at any time by the City and as determined below in Section 20C.

- C. An energy usage charge shall be levied in addition to the monthly base usage charge for each 1,000 gallons of reclaimed water consumed. This flat rate charge will be computed to the nearest thousand gallons and be included in the monthly utility bill. The energy usage charge shall be calculated on a system-wide basis, dividing the utility systems total actual energy related cost (including, but not limited to: electric power, fuel, landfill charges, and chemicals) by the actual volume of reclaimed water sold during the corresponding previous 12 months. This charge will be updated semi-annually based on actual cost and implemented three months after each calculation date. The first calculation shall begin 9/30/08 and the related energy usage charge shall be implemented no later than 02/01/09.

**Section 21. Rate Review.**

The City Council shall review and assess the rates established herein in accordance with the requirements of outstanding bond resolution and covenants contained therein.

**Section 22. Prior Resolutions Superseded.**

This Resolution shall supersede all prior rate Resolutions including Resolution No. 07-90.

**Section 23. Effective Date.**

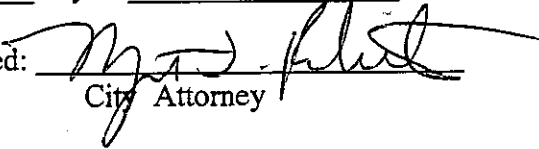
The rates established in this resolution shall become effective February 1, 2009, except for Sections 2, 16.E. and 17.F. which shall become effective April 1, 2009.

\_\_\_\_\_  
MAYOR ALLEN GREEN

ATTEST:

\_\_\_\_\_  
Kenneth W. Parker, City Manager

Adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 2008

Reviewed and Approved:   
City Attorney

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# CITY OF PORT ORANGE



## WATER AND SEWER SYSTEM ENERGY CHARGE ANALYSIS

Prepared by:  
QUENTIN L. HAMPTON ASSOCIATES, INC  
-Consulting Engineers-  
August 2008

**CITY OF PORT ORANGE  
WATER AND SEWER SYSTEM  
ENERGY CHARGE ANALYSIS**

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<b><i>Section #</i></b>	<b><i>Description</i></b>
1	Purpose
2	Methodology
3	Energy Expense Summary
4	Conclusions and Recommendations



## **SECTION 1:**

## ***PURPOSE***

The analysis contained herein addresses the existing water and sewer rate structure and provides a recommendation for implementation of an 'Energy Charge'. The Energy charge represents a unit cost for the utility's expenses directly attributable to electricity, fuel, chemicals and landfill/disposal costs. These costs vary in direct proportion to the cost of energy and fuel charges. As proposed, the unit cost for these expenses would be extracted from the current monthly user charges and added back in as a separate 'Energy Charge'.

This analysis is being prepared in response to increases in expenses for: electricity, fuel, chemicals and landfill costs. Charges paid by the City to FP&L, chemical suppliers and sludge disposal contract service providers have increased approximately 13% since FY 2007. Historically, these increases have been approximately 3-4% per year. The current utility rate structure for the water and sewer system was prepared using historical rates and rate increases for these services.

The listed expenses represent over 40% of the utility cost for water production and 30% of the cost for sewage treatment, reclaimed water distribution, and effluent disposal. Given the direct relationship between energy related charges and the utility's cost for water production and sewage treatment; it is logical to create a cost recovery mechanism which addresses rate variability that is outside of the City's ability to predict or control. Establishing a water and sewer rate component that is periodically adjusted in direct relationship to actual costs for electricity, fuel, chemicals and sludge disposal accomplishes this goal.

This document summarizes expenses incurred in 2007 and 2008 by the Utility Department, for the categories listed above. Gross water and sewer sales are also shown for the same period. A unit cost for water, sewer, and reclaimed water energy charges is calculated based upon the cost of energy per thousand gallons of water, sewer, and reclaimed water treated and distributed for the same period.

**SECTION 2:****METHODOLOGY**

The methodology for calculating the proposed Energy Charge is straightforward. Account information obtained from the City's finance department was evaluated to determine historical and projected expenses for the water, sewer, and reclaimed water system. A spreadsheet was developed which lists the expenses and gross water, sewer, and reclaimed water sales volumes. The following utility system expense categories were included:

- 1 Electrical charges from FP&L
- 2 Chemicals used at the water & wastewater plants and by the maintenance division
- 3 Contract charges paid for sludge disposal
- 4 Gas, diesel, oil and grease used by all divisions within the Utilities department

Charges paid for each of the categories listed above vary in direct relationship to the cost of energy. They are broken out separately in the City's budget as separate line items and the total charges can be calculated periodically, as deemed necessary by the utility.

The gross water, sewer, and reclaimed water sales volumes for FY 2007 and projected volumes in FY 2008 and 2009 were also determined. The 2008 'adjusted' value is based upon actual gross sales from 10/1/08-6/30/08 and projected forward through 9/30/08. The historical, adjusted and projected values are listed below:

<b>Year (FY)</b>	<b>Gross Water Sales (1,000 gal)</b>	<b>Gross Sewer Sales (1,000 gal)</b>	<b>Gross Reclaimed Sales (1,000 gal)</b>
2007	1,958,282	1,630,749	1,500,240
2008 (actual)	1,912,753	1,684,897	1,313,804
2009 (projected)	1,915,028	1,685,000	1,415,363

Calculating water, sewer, and reclaimed water energy charges was determined by dividing the sum of the water expenses and sewer expenses by the gross volumes sold for each system respectively. The gross water volume included all residential, commercial, irrigation and bulk sales to Ponce Inlet. The gross sewer volume included all residential, commercial, and bulk sales for Spruce Creek and Daytona Beach Shores. Reclaimed water charges apply to all individual and commercial users.

A spreadsheet was prepared illustrating the referenced items. It is included herein as Table #1. The total water, sewer, and reclaimed water energy expenses in 2007 were \$1,081,341, \$1,314,305, and \$214,800, respectively. The same expenses in 2008 were \$1,158,561, \$1,383,046, and \$225,700. Using the previously listed water, sewer, and reclaimed water sales information and expenses, the resultant energy charges are calculated below:

Year (FY)	Water Energy Charge (\$/1,000 gal)	Sewer Energy Charge (\$/1,000 gal)	Reclaimed Water Charge (\$/1,000 gal)
2007 (actual)	0.55	0.81	0.14
2008 (actual)	0.61	0.82	0.16
2009 (projected)	0.69	1.01	0.20

The City's existing rate resolution, 07-90, establishes monthly charges for water, sewer, and reclaimed water service. Modification of this resolution is necessary for implementation of the energy charge. In general, the modifications entail division of usage charges into two (2) parts, a 'base' charge and 'energy' charge.

Proposed Changes are as follows:

1. Section 11, 'schedule of monthly water charges', paragraphs, B, C, D and E should be modified to indicate that monthly usage charges will have two (2) components. The components will be a 'base' charge and 'energy' charge.

The existing 'base' charges for each rate block will be reduced by **\$0.55/1,000 gals**, which is the 'actual' unit cost for energy in FY 07-08. The new base charge will not be subject to change until the resolution is modified by a formal action by Council.

The 'Energy Charge' will be added to the 'base' charge for each category and rate block. At this time, the adjusted value to be scheduled for adoption on 1/1/09 is **\$0.61/1,000 gals**. This rate will be based upon 'actual' values from 10/07-09/08. The 'energy' charge will be adjusted semi-annually in accordance with the methodology established under paragraph 'G' section 11.

2. Paragraph 'E' should be changed. The extg. Water usage charge for Ponce Inlet is **\$4.21/1,000 gals**. It will be reduced by **\$0.55/1,000 gals** to **\$3.66/1,000 gals** and an energy charge of **\$0.61/1,000 gals** will be assessed. The energy charge will be adjusted semi-annually

3. Paragraph 'G' should be added to section 11. It should state the following:

An 'Energy Charge' will be added to the 'base' charge on each monthly bill. It will be computed to the nearest thousand gallons. The energy charge is calculated by dividing the utility's actual energy costs by the actual volume of water sold, for the previous 12 month period. The charge will be updated semi annually.

4. Section 12, 'Schedule of Monthly Sewer Charges', paragraphs A,B, C, D, and F should be modified to indicate that monthly usage charges will have two (2) components. The components will be a 'base' charge and an 'energy' charge.

The existing 'base' charges for each rate block will be reduced by **\$0.81/1,000 gals**, which is the actual unit cost for energy in FY 07-08. The new base charge will not be subject to change until the resolution is modified by a formal action by Council.

The 'energy' charge will be added to the 'base' charge for each category and rate block. The adjusted value to be scheduled for adoption on 1/1/09 is **\$0.82/1,000 gals**. This rate will be based upon actual values from 10/07 – 9/08. The 'Energy Charge' will be adjusted semi-annually in accordance with the methodology established under paragraph 'H' section 12.

5. Paragraph 'F' should be changed. The extg. Sewage usage charge for Daytona Beach Shores is **\$3.35/1,000 gals**. It will be reduced by **\$0.81/1,000 gals** to **\$2.54/1,000 gals** and an energy charge of **\$0.82/1,000 gals** will be assessed. The energy charge will be adjusted semi-annually.

6. Paragraph 'H' should be added to section 12. It should state the following:

An 'Energy Charge' will be added to the base charge on each monthly bill. It will be computed to the nearest thousand gallons. The energy charge is calculated by

dividing costs by the actual volume of sewage sold, for the previous 12 month period. The charge will be updated semi-annually.

7. Section 15, 'Reclaimed Water System Charges', paragraphs 'A' and 'B' will be modified to indicate that monthly usage charges will have two (2) components. The components will be a 'base' charge and an 'energy' charge.

The existing 'base' charges for each rate block will be reduced by **\$0.14/1,000 gals**, which is the actual unit cost for energy in FY 07-08. The new base charge will not be subject to change until the resolution is modified by a formal action by Council.

The 'energy' charge will be added to the 'base' charge for each category and rate block. The adjusted value to be scheduled for adoption on 1/1/09 is **\$0.16/1,000 gals** for all rate blocks, except the first, which is a **\$0.00/1,000 gal** rate tier. For this tier, an initial rate of **\$0.06/1,000 gals** will be charged. Subsequent adjustment shall represent the differential between the established energy charge and the FY 07-08 rate of **\$0.14/1,000 gals**. The energy charge will be adjusted semi-annually in accordance with the methodology established under paragraph 'C', section 15.

8. Paragraph 'C' should be added to Section 15. It should state the following:

An 'energy charge' will be added to the base charge on each monthly bill. It will be computed to the nearest thousand gallons. The energy charge is calculated by dividing costs by the actual volume of reclaimed water sold for the previous 12 month period. The charge will be updated semi-annually.

### **SECTION 3:**

### ***CONCLUSIONS AND RECOMMENDATIONS***

Rising energy costs have a dramatic impact upon expenses faced by all water and sewer utilities. The City of Port Orange is no exception. Instituting an 'Energy Charge' is a valid means of quantifying actual expenses for energy related items in the budget and developing a unit rate for covering these expenses. It is appropriate to isolate this charge to energy related items, because of the uncertainty associated with the future cost of electricity, fuel and chemicals.

We recommend amending Resolution #07-90, (attached). The resolution would include a revision of the existing user charges and enactment of a separate energy charge. Revisions to the existing user charges would be a reduction of \$0.55/1,000 gals and \$0.81/1,000 gals, and \$0.14/1,000gals, uniformly applied to all monthly water, sewer, and reclaimed water user classifications, respectively. All customer classes and rate blocks would receive the same reduction for all rate blocks. Simultaneously, a separate Energy Charge would be applied beginning in January 2009, the energy charge would be \$0.61/1,000 gals for water and \$0.82/1,000 gals for sewer and \$0.16/1,000gals for reclaimed water.

The net changes in volume charges are \$0.06 and \$0.01, and \$0.06 for water, sewer, and reclaimed water, respectively. Energy Charges would also be applied uniformly to all customer groups and rate blocks.

Given that the 'base' charges for water and sewer increase as consumption increases, it is difficult to assign an aggregate percentage change; however, a typical residential customer using 6,000 gals/month will see a total rate increase of approximately \$1.79/month. This translates to an increase of approximately 2.6% for a typical customer. Generally, the percentage decreases as consumption increases because the base charges are higher for successively higher rate blocks.

Energy costs represent a disproportionately high percentage of operating expenses for the City's utility system. Electrical and chemical costs have increased over 20% in the past 12 months. FP&L will increase rates again in August which will directly affect the utility's operating expenses. These rate adjustments are outside of the utility's control and it is impossible to predict what changes will occur in the future. Therefore, an Energy Charge, indexed to actual expenses, is a reasonable approach which allows the City to recover its direct costs.

**TABLE #1  
CITY OF PORT ORANGE  
ENERGY CHARGE CALCULATION SPREADSHEET**

Billing Category	Actual 2007	Actual 2008	Projected 2009	Actual 2007	Actual 2008	Projected 2009	Actual 2007	Actual 2008	Projected 2009	Actual 2007	Actual 2008	Projected 2009
	Water	Water	Water	Sewer	Sewer	Sewer	Reuse	Reuse	Reuse	Reuse	Reuse	Reuse
Landfill Services	\$42,711	\$30,395	\$56,000	\$351,987	\$317,814	\$450,419	\$0	\$0	\$0	\$0	\$0	\$0
Electrical Services	\$498,010	\$500,170	\$576,000	\$664,088	\$752,526	\$840,255	\$210,000	\$200,000	\$275,136			
Gas, Diesel, Oil & Grease	\$14,591	\$19,719	\$15,500	\$3,462	\$5,719	\$5,000	\$0	\$0	\$0			
Chemicals	\$462,654	\$497,288	\$584,250	\$239,241	\$220,974	\$330,751	\$0	\$0	\$0			
WW Collections, Gas, diesel, and grease	\$0	\$0	\$0	\$9,753	\$16,018	\$15,000	\$0	\$0	\$0			
Meter Reader, Gas, Diesel & Grease	\$14,225	\$21,157	\$19,500	\$0	\$0	\$0	\$0	\$0	\$0			
Maintenance, Gas, Diesel & Grease at 40/60	\$12,252	\$40,000	\$20,000	\$16,578	\$40,107	\$27,000	\$1,800	\$2,400	\$3,000			
Maintenance, Chemicals at 40/60	\$20,388	\$26,000	\$22,000	\$27,582	\$24,390	\$29,700	\$3,000	\$3,300	\$3,300			
Water Distribution, Gas, Diesel & Grease	\$15,434	\$21,232	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0			
Utility Administration, Gas, Diesel & Grease at 40/60	\$1,076	\$2,600	\$1,200	\$1,614	\$2,648	\$1,800	\$0	\$0	\$0			
Total Energy Expenses	\$1,081,341	\$1,158,561	\$1,329,450	\$1,314,305	\$1,380,196	\$1,699,925	\$214,800	\$205,700	\$281,436			
Gross Sales, (1,000 gals)	1,958,282	1,912,753	1,915,028	1,630,749	1,684,897	1,680,000	1,500,240	1,313,804	1,415,363			
Energy Charge, (\$/1,000gals)	0.55	0.61	0.69	0.81	0.82	1.01	0.14	0.16	0.20			