

The background of the slide features a large, faint, circular seal of Brevard County, Florida. The seal contains the text "BREVARD COUNTY" around the top and "FLORIDA" around the bottom. In the center, there is a figure holding a torch and a shield, with the year "1864" below it. The seal is partially obscured by the text and the blue header bar.

Brevard County, Florida

Rate Revenue Sufficiency Study

Utility Services Department

February 18, 2021

Agenda

- Scope and Objectives
- Prior 2013 Revenue Sufficiency Study
- Major Changes Since 2013
- 2020 Revenue Sufficiency Study
- Conclusion

Scope and Objectives

- Perform Revenue Sufficiency Update to the Fiscal Year 2013 Rate Study
- Examine Sensitivity and Utility Dynamic from:
 - Save Our Indian River Lagoon Program (SOIRL)
 - State Regulatory Requirements (AWT)
 - Updated Infrastructure Assessment
- Perform Industry and Rate Benchmarks
- Provide Rate Recommendations for Fiscal Years 2022 - 2029

Prior Fiscal Year 2013 Study

- Prepared Five-Year Financial Forecast
- Identified Need to Increase Rates
 - County Has Not Had A Rate Increase Since 2008
 - Rate Adjustment Primarily Needed for Significant Capital Reinvestment
 - Implemented Five-Year Rate Plan & Rate Index

2020 Study – Major Changes Since 2013

- **Increases in Operations and Identified Capital Needs:**
 - **SOIRL - Septic to Sewer**
 - **Assessment Identifying Greater Capital Renewals and Replacements and Increased Operating Costs**
 - **Resiliency on Beaches**
 - **FS 403.086 - Requires Wastewater Treatment Conversion to AWT**
 - **Additional Treatment Plant Capacity to Meet Growth**

2020 Study Scenarios Examined

- Projections Under Adopted Index
 - Key Finding: Additional Rate Revenue Adjustments Identified
- Projections Under Recommended Rates
- Projections Under Recommended Rates + Major Changes
 - SOIRL
 - Capacity Growth

Countywide System CIP

- **FY21 - FY29**
 - **\$356,614,535**
- **Current Capital Projects**
- **Fully Fund SOIRL Septic to Sewer Projects**
- **Increase Treatment Plant Capacity**
- **Convert Treatment Plants - Advanced Wastewater Treatment (AWT)**

2020 Study – Total Utility Services CIP

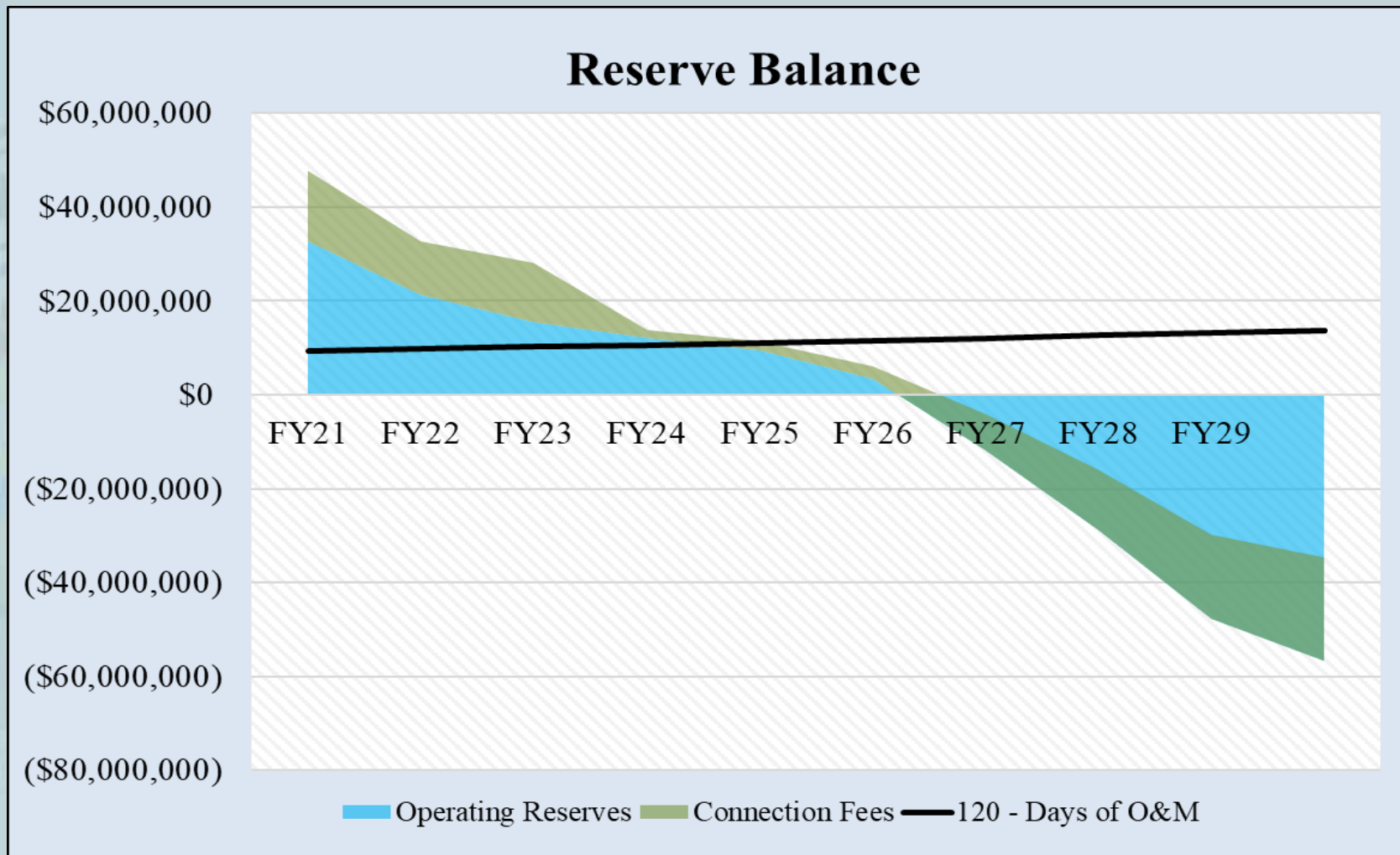
Capital Plan By District ^[1]					
	1	2	3	4	5
Lift Stations	\$2,483,102	\$21,717,624	\$0	\$10,324,336	\$5,983,410
SOIRL	\$25,231,713	\$32,048,672	\$0	\$0	\$15,483,013
Treatment	\$13,364,420	\$16,707,974	\$24,932,874	\$11,953,642	\$0
Miscellaneous Projects	\$81,522,061	\$37,959,066	\$9,482,976	\$24,928,615	\$22,491,036
Barefoot Bay	\$0	\$0	\$51,921,849	\$0	\$0
Total	\$122,601,297	\$108,433,336	\$86,337,700	\$47,206,593	\$43,957,458

[1] Represents Fiscal Years 2021 – 2029

2020 Study – Total Utilities Services O&M

- **FY 22 - 29**
 - **31 new operation positions**
 - Preventative maintenance for expanding system
 - Valve exercising
 - Manhole inspections
 - Pumps
 - Gravity line
 - Air release valves
 - Water back-flow preventer
 - **Total O&M accumulated increase = \$12M**

2020 Study – Countywide Projections Under Current Rates



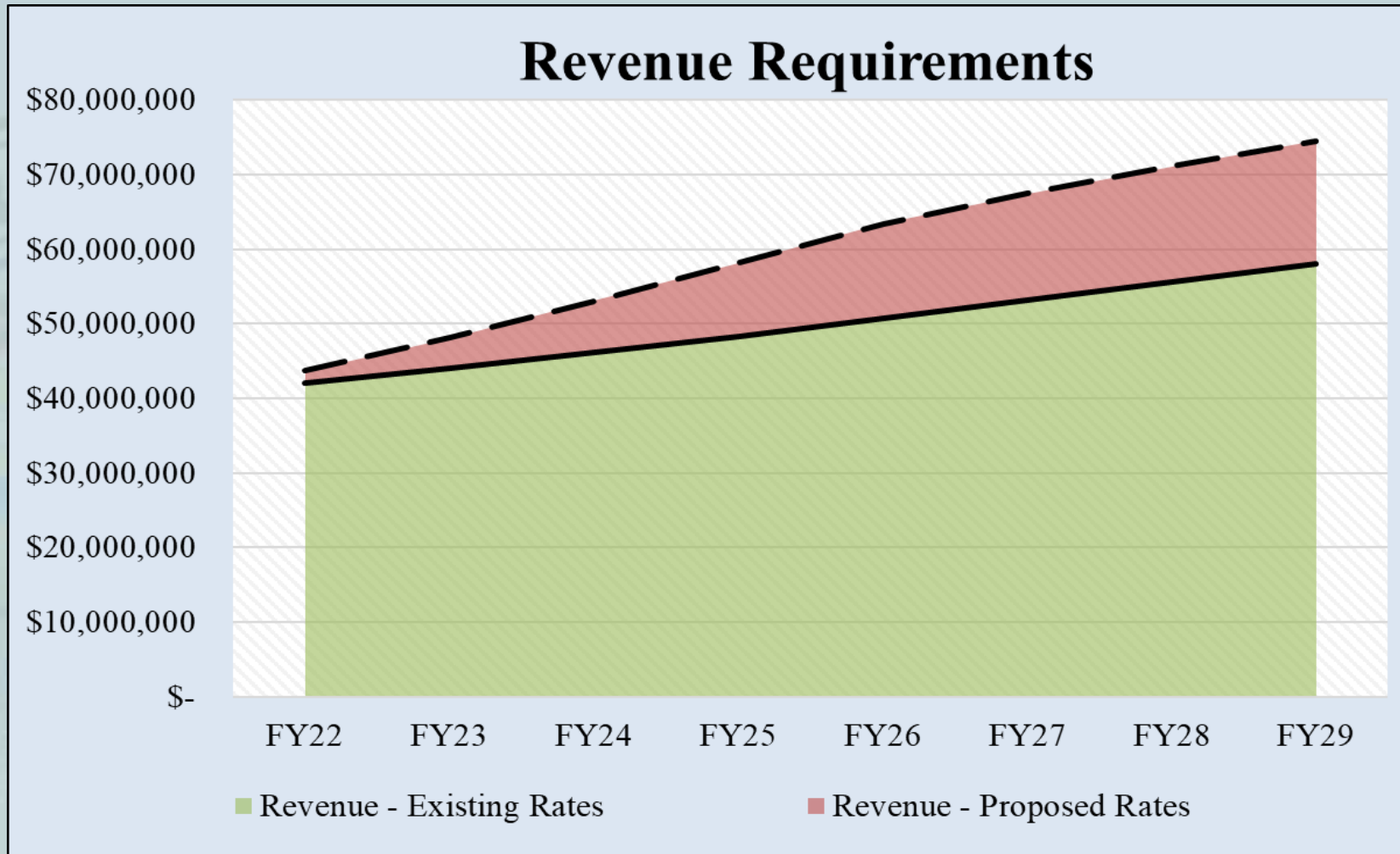
2020 Study – Countywide System Rate Recommendations

Recommended Revenue Adjustments & Bill Impacts							
Year	Rate Revenue Adjustments	Water Bill ^[1]		Sewer Bill ^[1]		Water & Sewer Bill ^[1]	
2022	8.00%	\$30.30	\$2.24	\$49.37	\$3.64	\$79.67	\$5.88
2023	8.00%	\$32.73	\$2.43	\$53.34	\$3.97	\$86.07	\$6.40
2024	8.00%	\$35.34	\$2.61	\$57.62	\$4.28	\$90.37	\$6.89
2025	7.00%	\$37.82	\$2.48	\$61.63	\$4.01	\$94.90	\$6.49
2026	6.00%	\$40.10	\$2.28	\$65.33	\$3.70	\$99.64	\$5.98
2027	3.00% ^[2]	\$41.30	\$1.20	\$67.28	\$1.95	\$104.65	\$3.15
2028	3.00% ^[2]	\$42.54	\$1.24	\$69.31	\$2.03	\$109.86	\$3.27
2029	3.00% ^[2]	\$43.82	\$1.28	\$71.37	\$2.06	\$115.36	\$3.34

[1] Bill Amounts Based on 5,000 Gallons

[2] Estimated Rate Index capped at 3% maximum

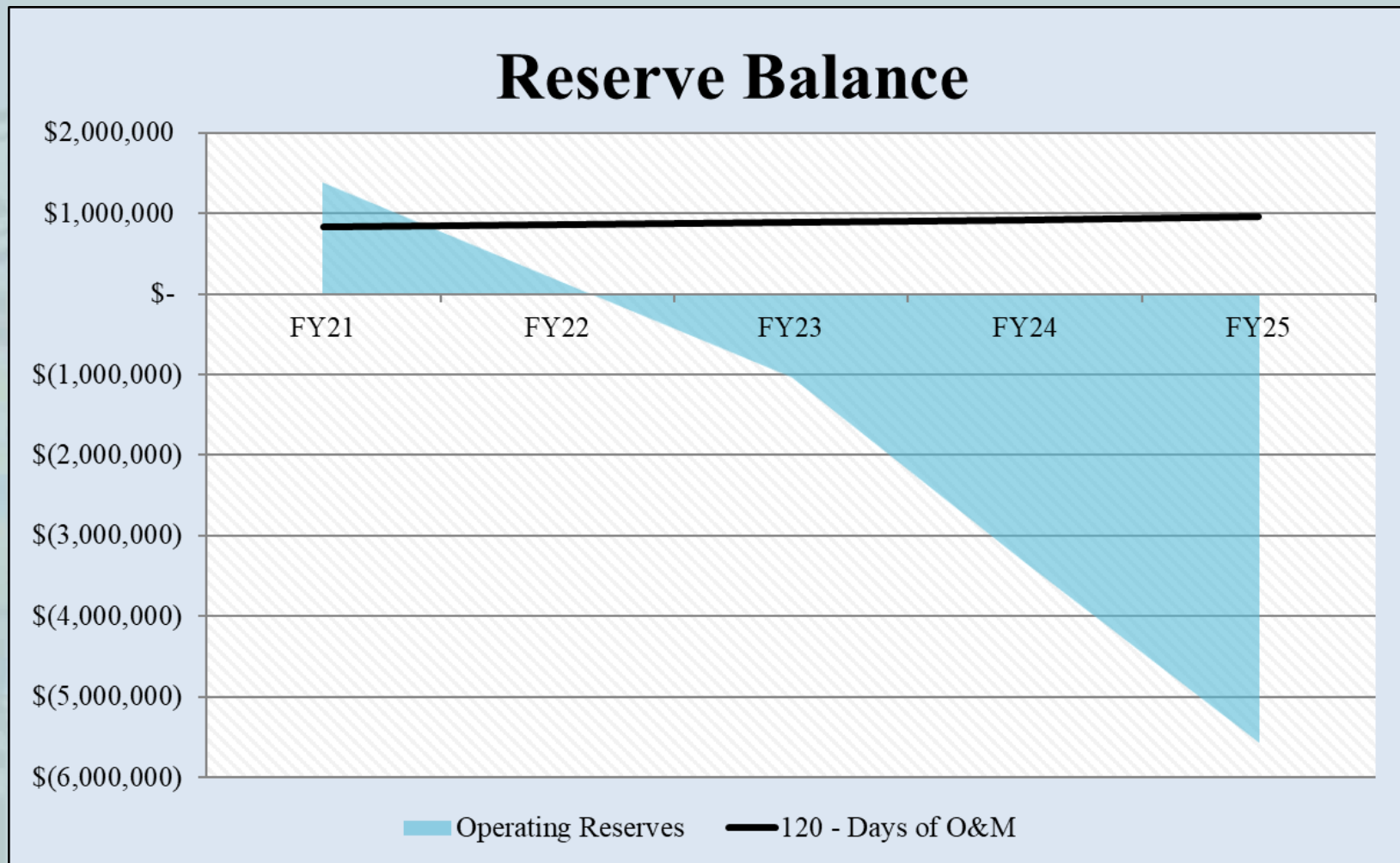
2020 Study Recommendations – Countywide System w/ Rate Adjustments



Barefoot Bay System CIP

- **FY 22 - FY 29**
 - \$51,870,160
 - New WTP & WWTP
 - Capacity Increase
 - Reliability
 - Current CIP Budget
 - \$900K
 - Current O&M Budget
 - \$2.5M

2020 Study – Barefoot Bay Under Current Rates



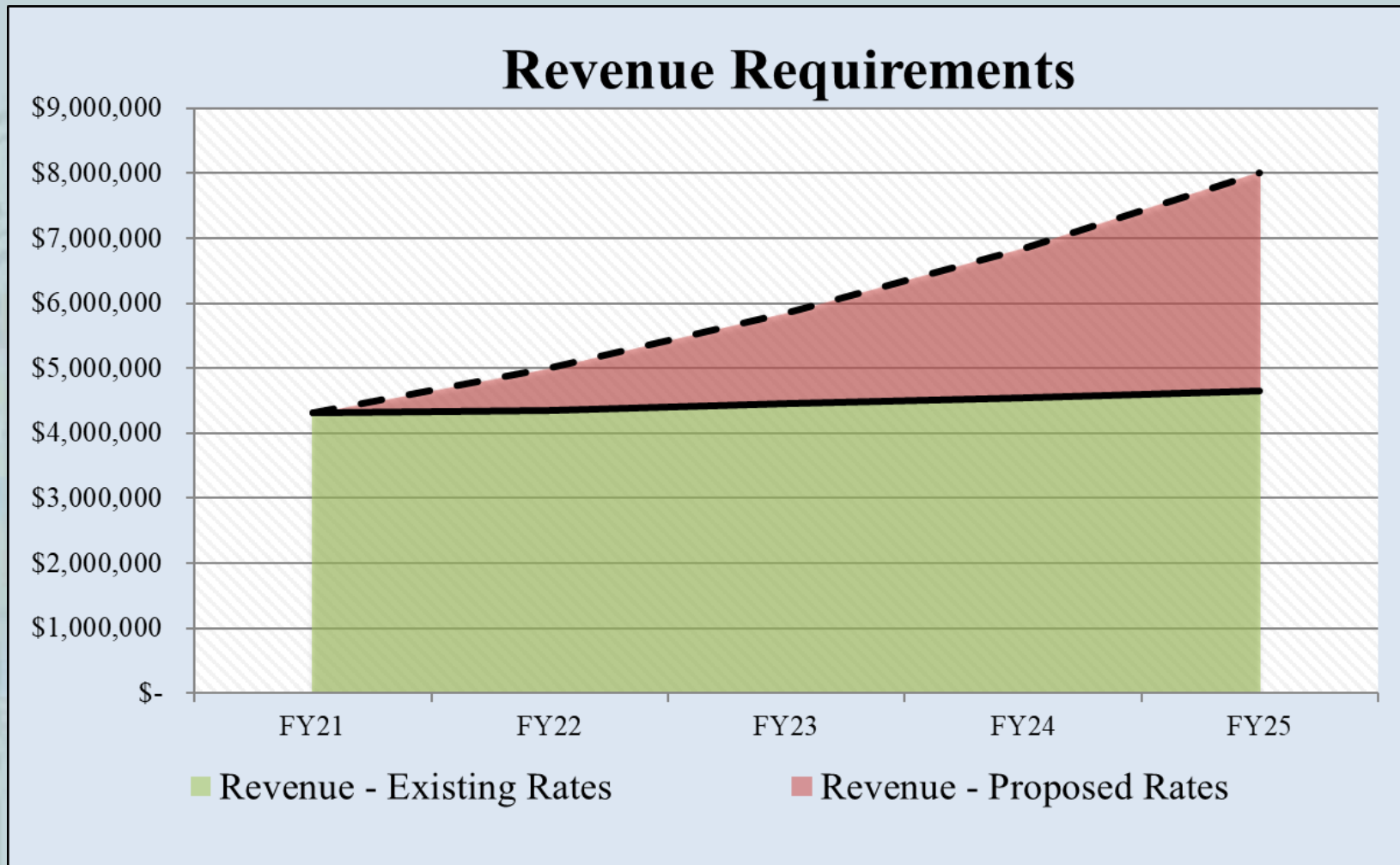
2020 Study – Barefoot Bay System Rate Recommendations

Recommended Revenue Adjustments & Bill Impacts							
Year	Rate Revenue Adjustments	Water Bill ^[1]		Sewer Bill ^[1]		Water & Sewer Bill ^[1]	
2022	14.50%	\$38.30	\$4.87	\$79.59	\$10.08	\$117.89	\$14.95
2023	14.50%	\$43.84	\$5.54	\$91.15	\$11.56	\$117.89	\$17.10
2024	14.50%	\$50.19	\$6.35	\$104.38	\$13.23	\$134.99	\$19.58
2025	14.50%	\$57.45	\$7.26	\$119.50	\$15.12	\$154.57	\$22.38
2026	3.00% ^[2]	\$59.17	\$1.72	\$123.09	\$3.59	\$176.95	\$5.31
2027	3.00% ^[2]	\$60.95	\$1.78	\$126.78	\$3.69	\$182.26	\$5.47
2028	3.00% ^[2]	\$62.78	\$1.83	\$130.58	\$3.80	\$187.73	\$5.63
2029	3.00% ^[2]	\$64.66	\$1.88	\$134.50	\$3.92	\$193.36	\$5.80

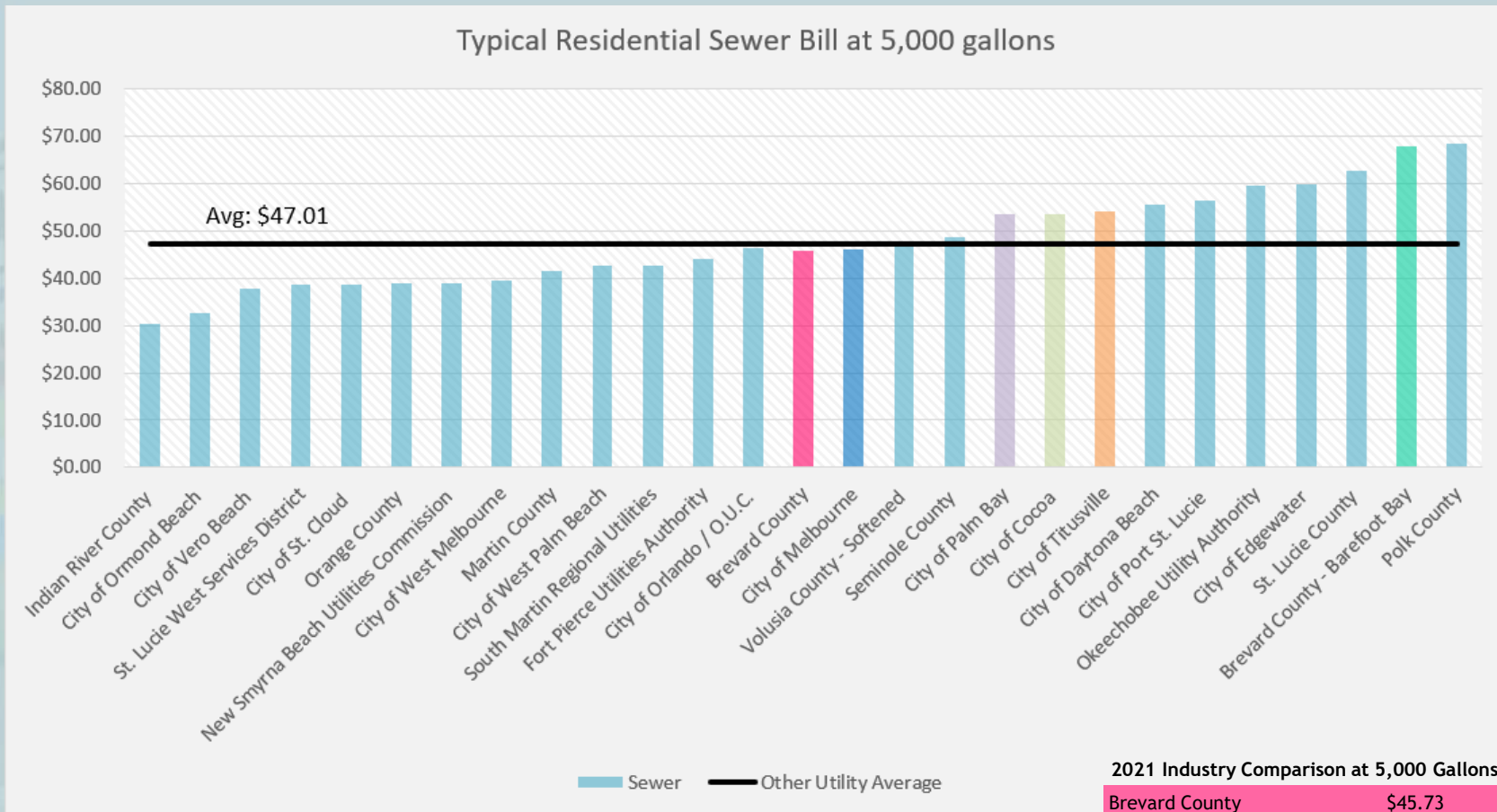
[1] Bill Amounts Based on 5,000 Gallons

[2] Estimated Rate Index capped at 3% maximum

2020 Study Recommendations – Barefoot Bay System w/ Rate Adjustments



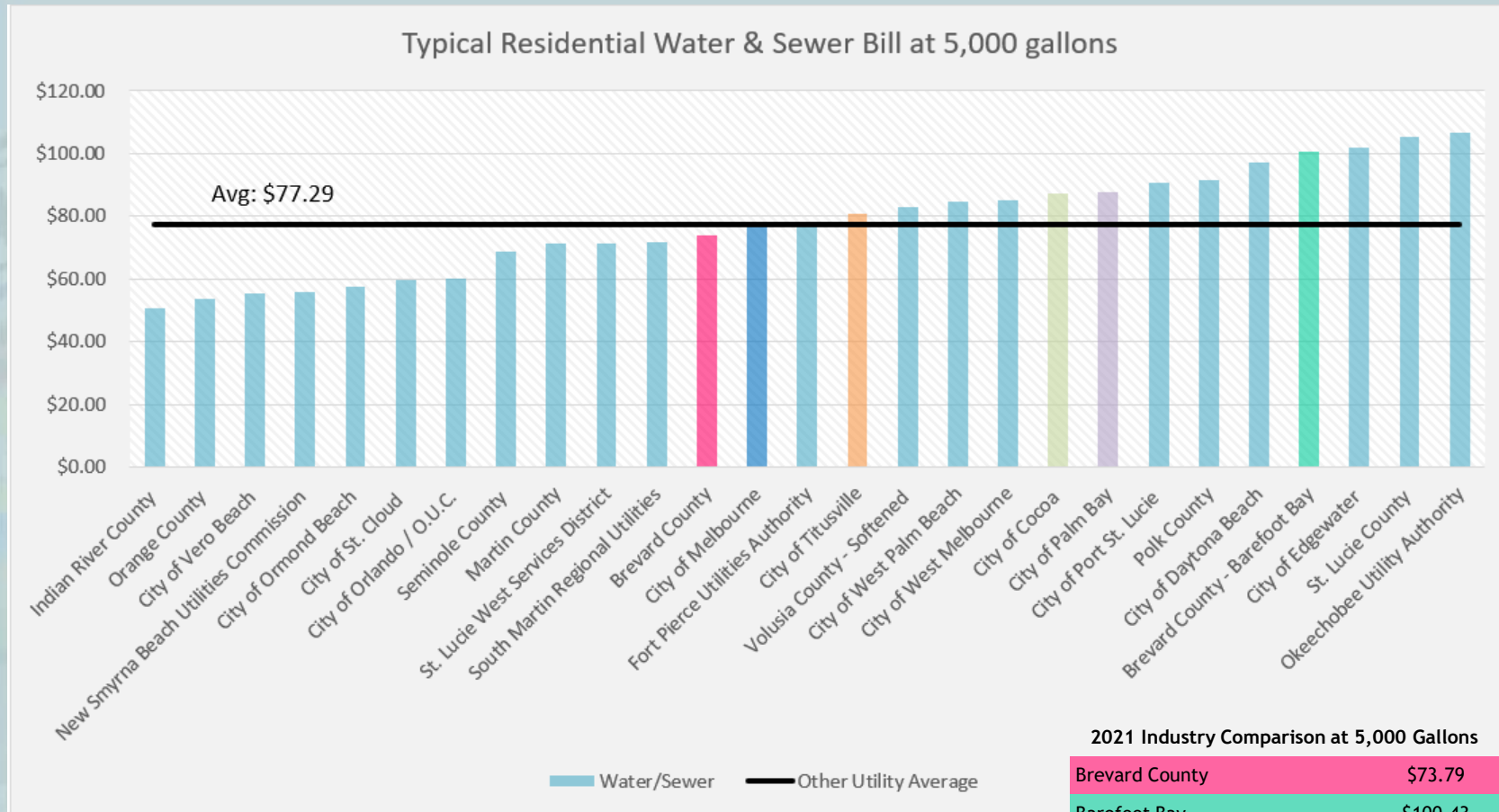
2020 Rate Study – Utility Sewer Rate Comparison



2021 Industry Comparison at 5,000 Gallons

Brevard County	\$45.73
Barefoot Bay	\$67.82
City of Melbourne	\$46.08
City of Palm Bay	\$53.42
City of Cocoa	\$54.14
City of Titusville	\$55.63

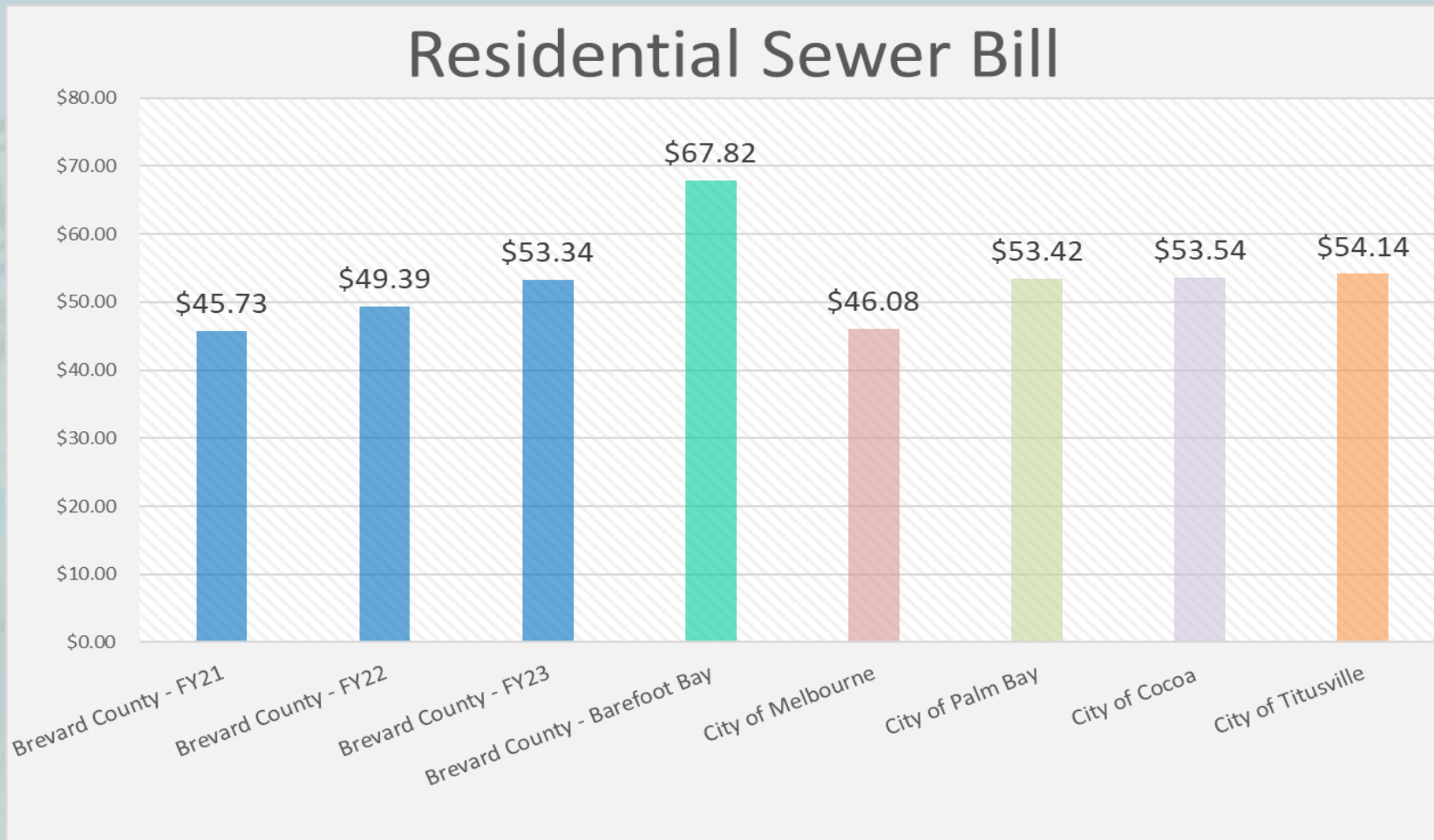
2020 Rate Study – Utility Water/Sewer Rate Comparison



2021 Industry Comparison at 5,000 Gallons

Brevard County	\$73.79
Barefoot Bay	\$100.43
City of Melbourne	\$76.93
City of Titusville	\$80.82
City of Cocoa	\$87.08
City of Palm Bay	\$87.75

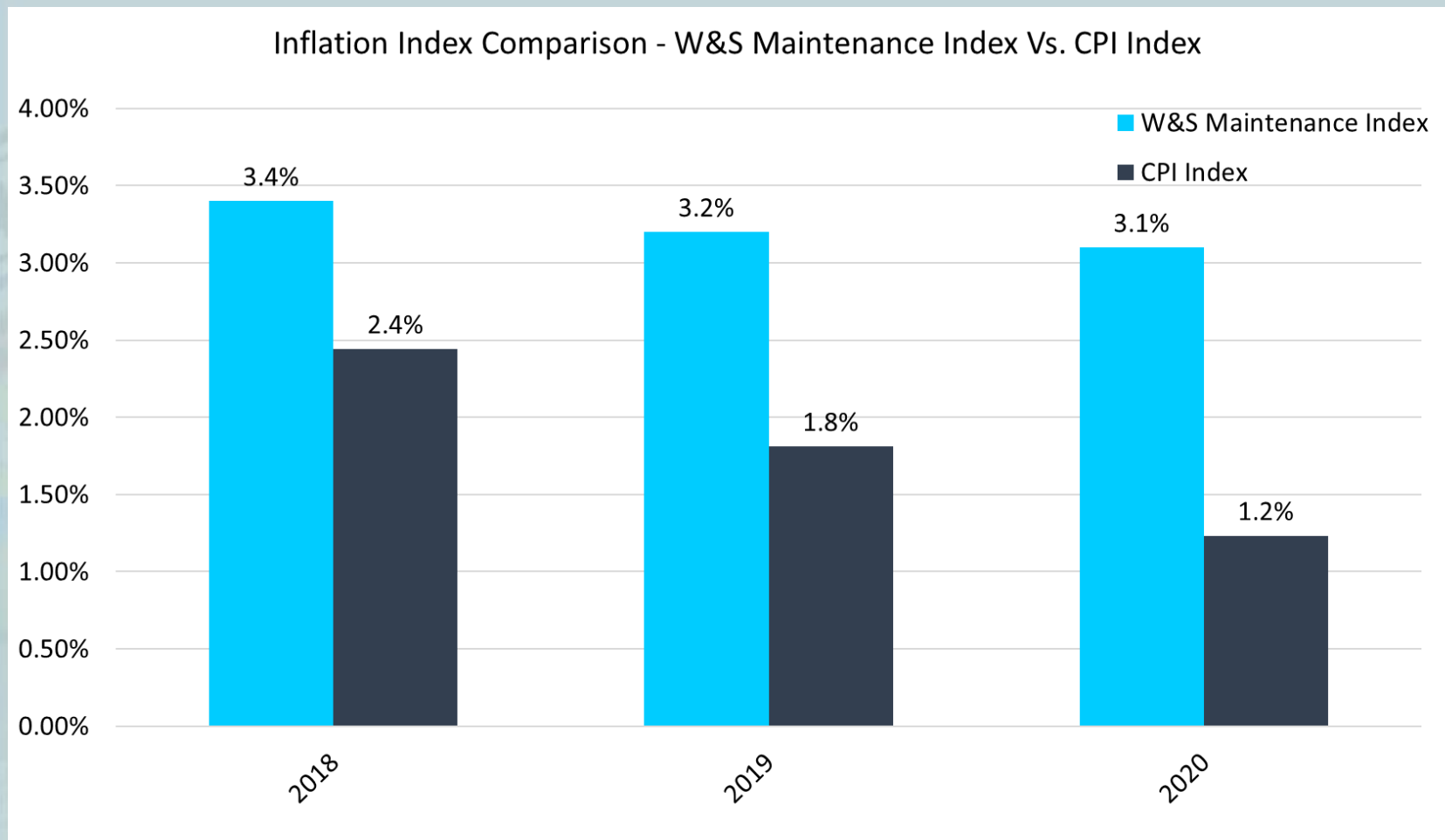
2020 Rate Study – Sewer Rate Comparison



* Brevard County Sewer Accounts = 95.5% of Total Accounts

Bureau of Labor Statistics

Water and Sewer Maintenance Index



Difference in Indexes Over a 3-Year Period is Approximately \$2.8M

2020 Rate Study – Barefoot Bay Alternatives

- Option 1:
 - Status Quo: Keep Systems Separate and Continue with Existing Rate
- Option 2:
 - Keep Systems Separate and Adopt Independent System Specific Rate Adjustments
 - Update Barefoot Bay Rate Resolution No.13-002
- Option 3:
 - Integrate Barefoot Bay into County Rate System
 - Barefoot Bay Rates remain unchanged until County Rates equal Barefoot Bay Rates. This option increases Countywide rates by an additional 1% - 2% for the first four years

2020 Study – Barefoot Bay Alternatives (Option 3)

Recommended Revenue Adjustments & Bill Impacts													
		Monthly Bill & Adjustment - Barefoot Bay ^[1]						Monthly Bill Adjustment - Brevard County ^[1]					
Year	Rate Revenue Adjustments	BFB Water Bill	BFB Water Adj	BFB Sewer Bill	BFB Sewer Adj	Total BFB Bill	Total BFB Adj	County Water Bill	County Water Adj	County Sewer Bill	County Sewer Adj	Total County Bill	Total County Adj
2021	N/A	\$33.39	N/A	\$69.42	N/A	\$102.81	N/A	\$28.02	N/A	\$45.68	N/A	\$73.70	N/A
2022	8.92%	\$33.39	\$0.00	\$69.42	\$0.00	\$102.81	\$0.00	\$29.73	\$1.71	\$48.46	\$2.78	\$78.19	\$4.49
2023	9.33%	\$33.39	\$0.00	\$69.42	\$0.00	\$102.81	\$0.00	\$32.46	\$2.73	\$52.93	\$4.47	\$85.39	\$7.20
2024	9.31%	\$33.39	\$0.00	\$69.42	\$0.00	\$102.81	\$0.00	\$35.48	\$3.02	\$57.85	\$4.92	\$93.33	\$7.94
2025	8.33%	\$33.39	\$0.00	\$69.42	\$0.00	\$102.81	\$0.00	\$38.55	\$3.07	\$62.85	\$5.00	\$101.40	\$8.07
2026	6.00%	\$41.16	\$7.77	\$67.09	(\$2.33)	\$108.25	\$5.44	\$41.16	\$2.61	\$67.09	\$4.24	\$108.25	\$6.85
2027	3.00% ^[2]	\$42.78	\$1.62	\$69.75	\$2.66	\$112.53	\$4.28	\$42.78	\$1.62	\$69.75	\$2.66	\$112.53	\$4.28
2028	3.00% ^[2]	\$44.07	\$1.29	\$71.85	\$2.10	\$115.92	\$3.39	\$44.07	\$1.29	\$71.85	\$2.10	\$115.92	\$3.39
2029	3.00% ^[2]	\$45.39	\$1.32	\$74.00	\$2.15	\$119.39	\$3.47	\$45.39	\$1.32	\$74.00	\$2.15	\$119.39	\$3.47

[1] Bill Amounts Based on 5,000 Gallons

[2] Estimated Rate Index capped at 3% maximum

Conclusions

- **Recommend Adopting Identified Rate Adjustments and Recommended W&S Maintenance Price Index**
- **Assuming Implementation of Recommended rate adjustments:**
 - **Achieve Financial Targets**
 - **Fully Fund Capital Improvement Plan**
 - **Provide Sustainable Funding for Long-Term Financial Stability of the System**
 - **Recommended Rate Adjustments Remain Competitive with Other Local Utility Rates**

Board Discussion Points

- **Directions Regarding:**
 - Countywide Rate Adjustment
 - Barefoot Bay Rate Adjustment
 - Merger of Barefoot Bay into County System
 - Rate Index