



Legislation Text

File #: 201022., Version: 1

Water and Wastewater Rate Structure Modifications (B)

****This item was presented to the UAB on April 8, 2021.****

On a periodic basis, it is important to analyze and review water and wastewater rate structures in order to evaluate industry best practices and ensure rate structures promote water sustainability, provide sufficient collection of revenue, and are understandable to customers. This review and analysis resulted in several recommendations for modifying the water and wastewater rate structures to meet these criteria. The adjustments will simplify rate structures, provide consistency with other utilities in Florida and adjust revenue, increasing revenues in some rate classes.

There are six proposed modifications to the rate structures, which are identified below along with the reason or purpose for making the adjustment:

1. Adjust downward the water third tier usage cutoff to <13kgal
 - Purpose: Promote water conservation
2. Increase City of Alachua wholesale water rate to \$2.67/kgal
 - Purpose: Adjust toward cost of service
3. Adjust 2nd tier water rate to match general services rate to \$3.87/kgal
 - Purpose: Adjust to cost of service and consistency
4. Adjust commercial wastewater from 95% to 100% of water usage
 - Purpose: Industry best practice and adjust to cost of service
5. Convert wastewater rate from winter maximum to water use with 12kgal cap
 - Purpose: Simplifying rate structure and industry best practice
6. Increase RCW by \$0.23/kgal (RCW rate = \$1.235/kgal)
 - Purpose: Promote reclaimed water conservation and adjust to cost of service

The intent is to implement these rate structure modifications on October 1st, 2021, along with any other utility rate modifications identified through the budget process.

Staff anticipates increased revenues as a result of these changes. Potential revenue increases are estimated at:

\$100,000 to \$300,000 per year in Water.

\$1 million to \$2 million per year in Wastewater.

The City Commission:

- 1) Direct the City Attorney to draft required ordinance language to implement the recommended rate

structure modifications

- 2) Direct the Clerk to advertise later this year along with other rate modifications for an anticipated October 1st, 2021 implementation date

At their 4/8/21 meeting, the UAB voted 5-1 to advise the Commission to approve the staff recommendation, except for converting the wastewater rate from winter maximum to water use with 12kgal cap, which they do not support.