

ISSUE BRIEFING

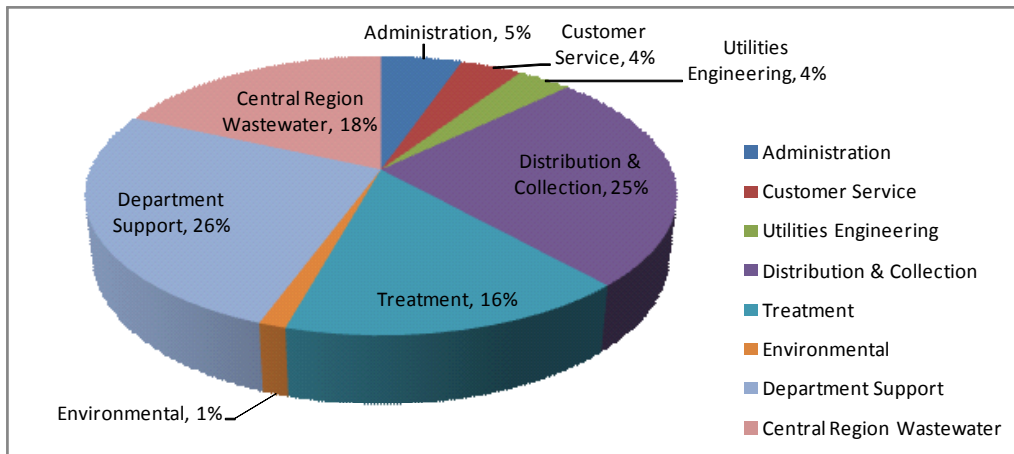
Issue: A proposed adjustment in wastewater rates in fiscal year 2012 for customers served by the Central Regional Wastewater System.

Objective: Develop a regional rate structure to address operational and maintenance obligations and ensure the long-term sustainability of the Central Regional Wastewater System.

Response:

The City of Fort Lauderdale Utilities is comprised of numerous services that include: water distribution, wastewater collection, water treatment, wastewater treatment, administration, and customer service.

Water/Sewer and Central Region Operating Budget 2011/2012

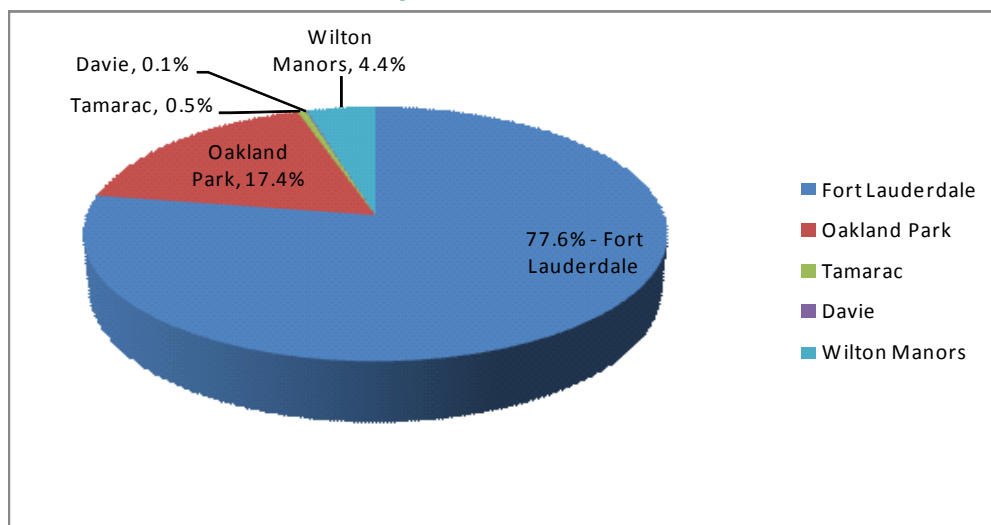


Central Regional Wastewater System:

The Central Regional Wastewater System is a component of the Fort Lauderdale’s overall utility services. The City provides wastewater treatment services to Fort Lauderdale customers and large users that include Oakland Park, Wilton Manors, Davie and Tamarac.

City of Fort Lauderdale customers account for 80% of the Central Regional Wastewater System. Customers from other large users including Oakland Park, Wilton Manors, Davie and Tamarac account for the remaining 20% of the system.

Central Region Revenue 2011/2012



The City of Fort Lauderdale continues to experience increased costs for providing regional wastewater treatment services and maintaining the Central Regional Wastewater System.

Regional expenses for wastewater operations are expected to increase from \$13.9 million in fiscal year 2011 to \$16.6 million in fiscal year 2012.

Regional rate adjustments are currently being proposed for all customers served by the Central Regional Wastewater System to adequately address rising operational and maintenance obligations and ensure the long-term sustainability of the system.

FACTS:

The proposed 22% increase in regional wastewater rates for large users that was referenced in the Sun-Sentinel article on Sept. 20, 2011 needs to be put in context.

The actual regional wastewater rate being proposed for large users would increase slightly, by **27 cents** per 1,000 gallons, from \$1.21 to \$1.48.

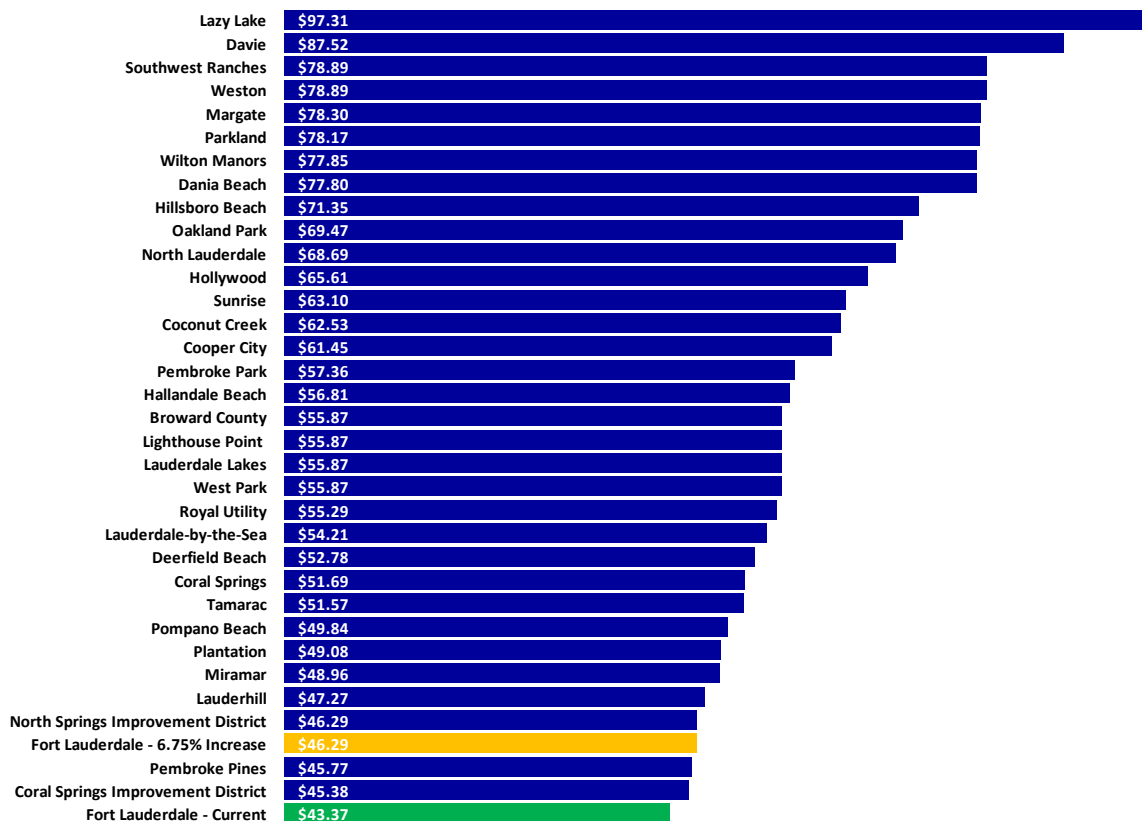
The proposed regional wastewater rates will generate an estimated \$2.7 million in additional revenue for the Central Regional Wastewater System. Of this \$2.7 million, 80% or \$2.2 million is revenue generated from City of Fort Lauderdale customers as opposed to customers of large users from Oakland Park, Wilton Manors, Davie and Tamarac.

Large users only pay the actual cost of wastewater operation for the regional system. At the end of each year, the City of Fort Lauderdale conducts an audit and, when revenues exceed expenses, rebate checks are issued.

Large users have received **rebate checks** from Fort Lauderdale for **18 of the past 20 years**.

The regional wastewater increase has already been factored into the proposed 6.75% increase in water and wastewater rates for City of Fort Lauderdale customers. The City's rates will remain among the lowest in Broward County

FY 2011 Residential Water & Sewer Bill Comparison: 5,000 Gallons



Utility rates for customers of large users (Oakland Park, Wilton Manors, Davie and Tamarac) are set by those municipalities.

The large users (Oakland Park, Wilton Manors, Davie and Tamarac) were informed of the rate adjustment for fiscal year 2012 at a public meeting on August 10, 2011. A letter was also sent to each city explaining the proposed rate structure.

The return on investment strategy being used by the City of Fort Lauderdale is a sound fiscal policy that protects the long-term interests of water and sewer customers by ensuring debt service compliance, high bond ratings, and lower interest rates on infrastructure improvements.

This innovative approach to generating new, non-taxable revenue is being used by numerous municipalities throughout Florida including:

Clearwater
Cocoa Beach
Fort Myers
Gainesville
Lake Worth
St. Cloud
St. Petersburg
Tamarac

The City will conduct reviews every two years to evaluate the utility rate structure to ensure it is meeting its desired objectives.