

Indian River County, Florida
Department of Utility Services
Board Memorandum

Date: June 20, 2023

To: Indian River County Board of County Commissioners

Through: John A. Titkanich, Jr., County Administrator
Sean C. Lieske, Director of Utility Services

Prepared By: Bryan Beavers, Utility Finance Manager

Subject: Resolution to Adopt Water, Sewer, and Reclaimed Water Rates, Fees, and Other Charges Effective October 1, 2023

Background:

Over the last few years, the Board of County Commissioners (BCC) of Indian River County (IRC) has approved the IRC Department of Utility Services (IRCDUS) annual rate increases based upon changes in the Consumer Price Index (CPI) for all urban consumers on April of the previous year. These CPI-based rate increases were capped at a 3.0% increase pursuant to a recommendation in the last Comprehensive Utility Rate Study dated September 27, 2018, approved by the BCC on November 6, 2018, and effective March 1, 2019.

Analysis:

Since 2021, the United States economy has experienced higher than average inflation as measured by the US Bureau of Labor Statistics (BLS). The most common measure of inflation published by the BLS is the CPI. Another BLS measure is a regionalized rate for the South Region of the United States called the Consumer Price Index for all Urban Consumers for the South (CPI-South). Below is a table reflecting three years of the CPI, CPI-South, and the approved IRCDUS rate increase implemented.

Description	2021	2022	2023
April CPI % Annual Change	4.2%	8.3%	4.9%
April CPI-South % Annual Change	4.4%	8.8%	5.5%
IRC Utility Services Rate Increase	3.0%	3.0%	5.5% (proposed)

Past IRCDUS rate increases have not kept pace with expense increases as measured by the CPI and CPI-South since 2021. This is creating financial pressure on IRCDUS and is beginning to impact the financial sustainability of the department's operations and maintenance (O&M). Staff recommends that the BCC utilize the CPI-South measure for the Fiscal Year 2023/2024 rate increase. Additionally, staff recommends waiving the 3.0% cap that historically has been placed on past rate increases. This results in a

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recommended rate increase of 5.5% for all IRCDUS rates except the utility deposits, water and sewer connection fees, meter installation fees, and impact fees. The estimated incremental change in operational revenue from this recommended rate increase is approximately \$2,100,000 for Fiscal Year 23/24. If approved by the BCC, the effective date of the rate increase will be October 1, 2023.

Recommendation:

Staff recommends the Board of County Commissioners vote to approve the resolution as drafted, thereby adopting the rate increase of 5.5% for all Indian River County Department of Utility Services rates except the utility deposits, water and sewer connection fees, meter installation fees, and impact fees, to go into effect October 1, 2023.

Attachments:

- Attachment A – Proposed IRCDUS Schedule of Rates, Fees, and Other Charges
- Attachment B – Proposed Resolution
- Attachment C – Comparison of Existing vs. New Rates