

**Indian River County, Florida
Department of Utility Services
Board Memorandum**

Date: June 11, 2024

To: Indian River County Board of County Commissioners

Through: John A. Titkanich, Jr., County Administrator

From: Sean C. Lieske, Director of Utility Services

Prepared by: Bryan Beavers, Utilities Finance Manager

Subject: Announce Public Workshop and Schedule a Public Hearing for Fee and Rate Modification associated with the Indian River County Department of Utility Services

Background:

Indian River County Department of Utility Services (IRCDUS) operates as an enterprise fund with its primary source of income being Service Availability and Volumetric charges from the customers of the Utility. Additional funding comes from Impact Fees and Miscellaneous Charges. Since 1999, the IRCDUS Service Availability and Volume Charges have cumulatively increased approximately 12% over a 25-year period. Other Miscellaneous Fees and Impact Fees have not been adjusted during this same 25-year period. In contrast, the US Water & Sewerage CPI rate has cumulatively increased 210% over the same 25-year period.

Due to IRCDUS Rates not changing at the same pace as inflationary price increases, the IRCDUS Rates are no longer able to sustain the financial funding requirements of the Utility and need to be evaluated to ensure the adequacy and equitability of rates to sustain the long-term financial needs of the Utility. To address this need, formal bids were solicited through an RFP process to engage a Utility Rate Consultant to analyze and make recommendations to update the charge rates of IRCDUS. In November 2023, the BCC approved awarding a contract to Stantec Consulting Services, Inc. to perform this Utility Rate Study.

Analysis:

The following table summarizes the IRCDUS Service Availability and Volume rate changes for an average residential customer consuming 4,000 gallons of water and sewer services per month over the past 25 years as contrasted against the US Water & Sewerage CPI inflation rate.

Departmental Item

Year of Rate Change	Average Residential Monthly Charge	IRCDUS Rate % Change Since 1999	US Water & Sewerage CPI Change Since 1999
1999	\$45.38	12%	210%
2019	44.59		
2020	45.24		
2021	46.63		
2022	48.03		
2023	50.67		

Note: Impact Fees and Miscellaneous Fees have not been adjusted since 1999

While in recent years IRCDUS has adjusted rates to reflect annual inflation, the 20-year gap of no inflationary increases between 1999 and 2019 has created a revenue sufficiency gap that will impact the ability of the IRCDUS to responsibly maintain the operational needs of the Utility.

Funding:

This agenda item requests permission to begin a public engagement process with our ratepayers through a public workshop. No funding is required for this item.

Recommendation:

Staff recommends the Indian River County Board of County Commissioners (BCC) direct staff to complete the Utility Rate Study process with Stantec Consulting Services, Inc., including a public engagement component on Utility revenue sufficiency and utility rates for Service Availability Charges, Volume Charges, Impact Fees, and Miscellaneous Fees for IRCDUS customers.

Further, staff recommends the BCC direct staff to conduct the following public engagement activities associated with potential modifications to the IRCDUS fee and rate structure:

- Conduct a Utility Rate Study workshop presentation on August 22, 2024, at 1:00 pm, regarding the study, findings, and proposed new Utility Rates and Fees Schedule. Interested parties will be notified of the workshop via a comment line on the face of the customer's monthly utility bill, a notice on the IRCDUS web site, and direct contact with community stakeholders.
- Schedule a public hearing to review and discuss the proposed new Utility Rates and Fees Schedule at the September 24, 2024, BCC Board Meeting
- Prepare a Resolution concerning the new Utility Rates and Fees schedule for consideration by the BCC.

Attachments

- None