

## UTILITY RATE INCREASE FAQ

### 1. Why are the rates increasing?

The two areas the increase will address are funding the capital needed for the reclaimed water augmentation project and debt service coverage.

The reclaimed water augmentation project is proceeding to meet the mandate from St. Johns River Water Management District (SJRWMD) to reduce groundwater withdrawals. The 20 year plan is to use surface water from Lake Jesup to augment and expand the reclaimed water system and ultimately replace all potable water used for irrigation with reclaimed water. The project will be constructed in two phases with the first phase extending reclaimed water to 2,500 additional homes. The rate increase will fund the first phase cost of \$9M over the next 5 to 7 years. For a schedule of the reclaimed distribution system expansion, see the link below.

<http://www.winterspringsfl.org/noncms/phasemap.pdf>

Bond Debt service coverage requirements state that revenues must exceed expenses by a fixed amount. Compliance with these coverage requirements is mandated. Additionally, failure to meet debt service coverage requirements could result in a lowering of the City's bond rating which increases interest rates and costs for future borrowing.

### 2. How will a typical customer's bill be affected?

The average customer in Winter Springs using 9,000 gallons per month will see their monthly bill increase from \$50.91 to \$56.69.

### 3. How much will a reclaimed water customer's bill increase?

The increase will depend on the individual customer's usage. For irrigation usage of 30,000 gallons per month, the bill will increase from \$14.91 to \$47.85. Higher uses will see an even more dramatic increase. Note that a potable water customer pays \$105.99 for the same 30K of potable water usage.

### 4. Why is the cost of reclaimed water increasing so much?

Essentially, reclaimed or reuse water originated as a means to dispose of wastewater effluent. Many years ago, Cities and Counties disposed of this effluent by dumping it in rivers, lakes, etc., thus adding nutrients and polluting these natural resources. Therefore, alternative disposal methods such as discharging effluent on spray fields and percolation ponds were developed. Additionally, many cities ran transmission lines to convey this effluent to residential homes for irrigation purposes. Since, at that time, this discharge was considered a byproduct and the thought was to simply dispose of it, most customers were charged a small flat rate for this service.

However, the amount of product available to dispose was limited and, in Winter Springs' case, could only cover approx. 1,700 homes. Thus, many of our residents were not afforded this low-cost alternative irrigation source and were forced to utilize potable (drinking) water if they wished to irrigate.

As time passed and more and more restrictions were placed on groundwater withdrawals (e.g., drinking water), mandates were placed on local governments (by authoritative bodies such as the SJRWMD) to reduce groundwater withdrawals and develop/offer alternative water sources for irrigation. If sufficient wastewater disposal product was available, the City could simply offer this alternative to meet the mandates. However, as previously mentioned, this was and is not the case. Thus, many local governments were forced to turn to surface water (lakes, rivers, etc.) for this purpose. Unlike ground water, surface water is very expensive to process for irrigation use. Therein lies the challenge. To meet the mandates of SJRWMD and provide alternatives to groundwater without the availability of additional reuse water, an expensive surface water withdrawal process, including the building of a \$9M plant in Winter Springs, was required.

Unfortunately, this issue really boils down to supply and demand. Because of the heavy demand in Florida for irrigation water to water our lawns, there is insufficient supply of reuse water for this purpose. Additionally, this heavy demand has resulted in many people utilizing drinking water for irrigation purposes. For this reason, as well as to protect a limited natural resource, the SJRWMD felt it necessary to implement restrictions aimed at reducing the use of drinking water. The City is compelled to comply.

Not to be facetious, but if not for the extensive use of St. Augustine grass in Florida and the resulting heavy demand for irrigation to maintain this grass, we would not be having this conversation. Nonetheless, the City of Winter Springs is committed to providing all water to its customers at the cheapest price possible. We have previously implemented and are currently evaluating additional measures aimed at reducing the costs of providing this service.

**5. When were rates last increased?**

The last rate increase was implemented in 2004 based on a 2002 study. The rates have not changed since that time. When compared to inflationary increases since 2004, the proposed rates are very close to what the rates would be if they had been adjusted annually for inflation.

**6. Is there anything the City can do to lower the rate increase?**

The City is phasing the increases in over a three year period to soften the impact. In addition, the City is implementing the reclaimed water augmentation project in two phases and only funding the first phase with this increase. Further, the City has lowered costs of the system by contracting out services to reduce personnel and reduced the overall operating budget by implementation of a zero based budgeting process.

We also anticipate that the current implementation of a more aggressive rate structure (the incremental usage rate increases as more water is used) and an effective public education and outreach program may result in an overall reduction in irrigation demand. This could do away with the need to expand the treatment plant capacity for the 2<sup>nd</sup> phase thus eliminating the associated costs.

**7. What would happen to the fiscal soundness of the Utility if the rates were not adjusted?**

The Utility must meet a minimum level of debt service coverage as required by outstanding bond issues. If rates are not adjusted, the Utility could be at risk of default for not meeting its requirements and obligations.

**8. Are there more increases anticipated?**

The proposed water and sewer increases, phased in over the next three years, are anticipated to meet the needs in the five year projection period. The time frame for future reclaimed water increases has yet to be determined.

**9. Why do I see the City's irrigation system running on non-watering days?**

Parks (and golf courses) are exempt from restrictions. Commercial and other Government properties generally have the same restrictions as residential. Most of our City's rights of way and parks use reclaimed water (434, Tuskawilla Road, Winter Springs Boulevard, Sheoah Blvd) and we sometimes shift the schedule for these areas to minimize low pressure problems associated with too much residential demand. However, all of these sites follow the time of day restrictions. With over on 250 zones on battery operated timers though out the City, we frequently have timer failures that may cause a zone to operate improperly. Please feel free to notify us if you see anything that looks questionable and we'll check it out.

**10. What are the new watering restrictions and do they apply to reclaimed water?**

Effective November 1, 2009, new restrictions from the St. Johns River Water Management District went into effect limiting irrigation from a potable water source or well to one day per week when Eastern Standard time (winter time) is in effect. Odd numbered addresses will only be able to irrigate on Saturdays and even numbered addresses will only be able to irrigate on Sundays with no change to the time of day restrictions (no watering from 10 AM to 4 PM). When Daylight Savings Time is in effect, the restrictions will revert back to twice a week.

The new restrictions from SJRWMD do not apply to reclaimed water. The City's restrictions of two days a week remain in effect (odd numbered addresses on Wednesdays and Saturdays, even numbered addresses on Thursday and Sundays).

**11. What does incremental usage increases mean?**

The rates have structured to have a much greater cost impact on high irrigation usage. For example, the current rate of \$1.11 per 1,000 gallons for the first 10,000 gallons of usage will remain unchanged the first year (less than one penny per gallon). However, the rate for usage over 30,000 gallons per month increases to \$4.75 per thousand gallons.

**12. Does the increase pay for costs associated with new growth?**

No. The costs of new growth are paid by new development. However, water and sewer rates do pay for the repairs and maintenance of the existing water, sewer and reclaimed water system.

**13. What can I do to lower my water and sewer bill?**

Approximately 30% of the potable water used in Winter Springs is for irrigation. Minimizing irrigation usage can have a dramatic influence on your utility bill and contributes to the preservation of the Floridan aquifer, the groundwater source for most drinking water. Beginning January 1, 2010, the City will provide a free irrigation audit. More information on the service will be provided in the future water bills and available on the website.

**14. Why hasn't reclaimed water been extended to my house?**

Reclaimed water is provided from our two wastewater treatment plants. Due to this limited source, we have only been able to provide reclaimed water to about 1,700 homes and still be able to meet the peak irrigation demands. The City received a permit in 2007 which allows us to withdraw water from Lake Jesup for augmenting the reclaimed water system and meet the potable water reduction mandate from the SJRWMD. This additional source allows us to expand the reclaimed water system and add 2,500 customers to the reclaimed water system over the next 5 to 7 years. For a schedule of the reclaimed distribution system expansion, see the table below.

**15. Is the Stormwater Fee affected by this increase?**

There is no increase proposed for stormwater fee. This fee was initiated in 1992 for all developed property in the City.

**16. How are the costs for irrigation calculated?**

The exhibit at the end lists the most common fees and charges.

Sample Calculations for usages of 30,000 and 40,000 gallons of potable water with an irrigation meter is as follows;

**30K POTABLE USAGE**

0 to 5K - 5 X \$1.61 = \$8.05  
 5 to 10K - 5 X \$2.11 = \$10.55  
 10 to 15K - 5 X \$2.61 = \$13.05  
 15 to 20K - 5 X \$3.44 = \$17.20  
 Over 20K - 10 X \$4.75 = \$47.50  
 \$96.35  
 With Tax \$105.99

**40K POTABLE USAGE**

0 to 5K - 5 X \$1.61 = \$8.05  
 5 to 10K - 5 X \$2.11 = \$10.55  
 10 to 15K - 5 X \$2.61 = \$13.05  
 15 to 20K - 5 X \$3.44 = \$17.20  
 Over 20K - 20 X \$4.75 = \$95.00  
 \$143.85  
 With Tax \$158.24

**30K RECLAIMED USAGE**

0 to 5K - 5 X \$0.75 = \$3.75  
 5 to 10K - 5 X \$0.94 = \$4.70  
 10 to 15K - 5 X \$1.30 = \$6.50  
 15 to 20K - 5 X \$1.45 = \$7.25  
 Over 20K - 10 X \$2.13 = \$21.30  
 \$43.50  
 With Tax \$47.85

**40K RECLAIMED USAGE**

0 to 5K - 5 X \$0.75 = \$3.75  
 5 to 10K - 5 X \$0.94 = \$4.70  
 10 to 15K - 5 X \$1.30 = \$6.50  
 15 to 20K - 5 X \$3.44 = \$7.25  
 Over 20K - 20 X \$4.75 = \$42.60  
 \$64.80  
 With Tax \$71.28

**RESIDENTIAL WATER AND SEWER RATES RECAP**  
 AS OF BILLING OCTOBER 1, 2009

Customer Service: 407-327-5996

Customer Service Hours: Monday through Friday - 9:00am to 5:00pm

<b>Water</b>	Base Facility Charge	<del>\$4.30</del> \$4.74
	(Based on 3/4" meter, other sizes refer to city ordinance)	
	Consumption Charges Based on 1000 Gallons	
	0 to 10,000 Gallons	\$1.11
	10,001 to 15,000 Gallons	<del>\$1.53</del> \$1.61
	15,001 to 20,000 Gallons	<del>\$1.82</del> \$2.11
	20,001 to 25,000 Gallons	<del>\$2.13</del> \$2.61
	25,001 to 30,000 Gallons	<del>\$2.44</del> \$3.44
	30,001 Gallons and over	<del>\$3.04</del> \$4.75
Water Charges are subject to 10% Utility Tax		
<b>Sewer</b>	Base Facility Charge	<del>\$8.00</del> \$9.30
	(Based on 3/4" meter, other sizes refer to city ordinance)	
	Consumption Charges Based on 1000 Gallons	
	0 to 10,000 Gallons	<del>\$3.16</del> \$3.63
Sewer is only charged on the first 10,000 Gallons		
<b>Garbage</b>	Per Month	\$18.10
	Additional Cart Rate Per Month	\$10.55
<b>Storm Water</b>	Per Month and Per Equivalent Residential Unit (ERU)	\$5.50
<b>Reclaimed Water</b>	Metered Base Facility Charge Per Month	<del>\$3.55</del> \$4.10
	Consumption Charges Based on 1000 Gallons	
	0 to 5,000 Gallons	<del>\$0.25</del> \$0.75
	5,001 to 10,000 Gallons	<del>\$0.25</del> \$0.94
	10,001 to 15,000 Gallons	<del>\$0.25</del> \$1.30
	15,001 to 20,000 Gallons	<del>\$0.25</del> \$1.45
	20,001 Gallons and over	<del>\$0.50</del> \$2.13
Reclaimed Water Charges are subject to 10% Utility Tax		
<b>Irrigation</b>	Consumption Charges Based on 1000 Gallons	
	0 to 5,000 Gallons	<del>\$1.53</del> \$1.61
	5,001 to 10,000 Gallons	<del>\$1.82</del> \$2.11
	10,001 to 15,000 Gallons	<del>\$2.13</del> \$2.61
	15,001 to 20,000 Gallons	<del>\$2.44</del> \$3.44
	20,001 Gallons and over	<del>\$3.04</del> \$4.75
Irrigation Charges are subject to 10% Utility Tax		

**RESOLUTION NO. 2009- 57**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF WINTER SPRINGS, SEMINOLE COUNTY, FLORIDA, PROVIDING THAT DUE TO THE RECENT WATER, WASTEWATER, AND RECLAIMED WATER RATE ADJUSTMENTS APPROVED BY THE CITY COMMISSION, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE, ON A TEMPORARY BASIS, TO ACCEPT A PAYMENT PLAN FROM CUSTOMERS UPON HARDSHIP REQUEST; PROVIDING FOR THE REPEAL OF PRIOR INCONSISTENT RESOLUTIONS, SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, the City is granted the authority, under § 2(b), Art. VIII of the State Constitution, to exercise any power for municipal purposes, except when expressly prohibited by law; and

**WHEREAS**, on September 28, 2009, the City Commission adjusted water, wastewater, and reclaimed water rates and charges pursuant to Ordinance 2009-13; and

**WHEREAS**, the City Commission desires to afford customers a period of time to get accustomed to the new rates and charges by authorizing the City Manager to accept payment plans under the terms and conditions set forth herein; and

**WHEREAS**, City Commission deems that this Resolution is in the best interests of the public health, safety, and welfare of the citizens of Winter Springs.

**NOW, THEREFORE, BE IT DULY RESOLVED BY THE CITY COMMISSION OF THE CITY OF WINTER SPRINGS, SEMINOLE COUNTY, FLORIDA, THAT:**

**Section 1. Incorporation of Recitals.** The foregoing recitals are deemed true and correct and are hereby fully incorporated herein by reference.

**Section 2. Hardship Payment Plan.** Notwithstanding the twenty (20) day payment due date set forth under section 19-97, Winter Springs Code, the City Commission of the City of Winter Springs, Florida hereby grants the City Manager or his designee authority to temporarily suspend the twenty (20) day due date upon hardship request by the customer and accept a payment plan for water, wastewater, and reclaimed charges invoiced by the City in October, November, and December 2009. The payment plan shall be approved at the City Manager's or his designee's reasonable discretion. Charges paid in accordance with the payment plan approved by the City Manager or his designee shall not be considered delinquent under section


19-97, Winter Springs Code, provided said charges are paid in full within forty (40) days from the date of mailing.

**Section 3. Severability.** If any section, subsection, sentence, clause, phrase, word, or portion of this Resolution is for any reason held invalid or unconstitutional by a court of competent jurisdiction, whether for substantive or procedural reasons, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions of this Resolution.

**Section 4. Repeal of Prior Inconsistent Resolutions.** All prior resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of the conflict.

**Section 5. Effective Date.** This Resolution shall become effective immediately upon its adoption by the City Commission of the City of Winter Springs, Florida.

**ADOPTED** by the City Commission of the City of Winter Springs, Florida, in a regular meeting assembled on this 9th day of November, 2009.

  
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JOHN F. BUSH, Mayor

ATTEST:

  
\_\_\_\_\_  
ANDREA LORENZO-LUACES, City Clerk

Approved as to legal form and sufficiency for  
the City of Winter Springs only:

  
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ANTHONY A. GARGANESE, City Attorney