

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Jimmy L. Morales, City Manager

DATE: July 27, 2018

SUBJECT: DISCUSSION ON STORMWATER UTILITY RATES

HISTORY:

At its April 23, 2014 meeting, the City Commission approved Resolution 2014-28580 accepting the recommendations of the Mayor's Blue Ribbon Panel on Flooding and Sea Rise to design and implement the upgrade of the City's storm drainage system to meet the new design criteria set by the City Commission with a potential estimated cost of \$400 million and with the completion time of 3 to 5 years.

At its May 20, 2014 meeting, the Finance and Citywide Projects Committee (FCWPC) presented the funding strategy for this program, and recommended the issuance of three separate \$100 million stormwater tranches. The first bond was issued in July, 2015, the second bond was issued in December, 2017 and the third bond issuance is anticipated in fiscal year 2022. The remainder of the required funds are being provided by the 2015 updated interlocal agreement between the City and Miami-Dade County regarding the former Convention Development Tax.

The Stormwater Utility has experienced annual increases in certain fixed costs. As a result, the City Commission adopted Ordinance 2017-4145 on October 18, 2017 to impose an automatic annual adjustment in the rates charged for services of the Stormwater Utility equal to the Consumer Price Index (CPI) published by the Bureau of Labor Statistics for the month of April 2017. The CPI as of April 2017 was 2.8%. As a result of the 2017 rate ordinance, the monthly rate for service from the Stormwater Utility was increased from \$22.67 to \$23.30 effective October 1, 2017.

ANALYSIS:



A feasibility study was completed by Public Resources Management Group in December 2017 for the issuance of the Stormwater Revenue and Refunding Bonds, Series 2017. In this rate study, projected revenues were based on a schedule of rates as adopted by City Commission on October 17, 2017. The application of the assumed rate indexing adjustment of 3.5% and an additional rate adjustment of approximately 19.7% anticipated to be effective October 1, 2018 would be necessary to provide sufficient revenues to meet the requirements for the issuance of the Series 2022 Bonds and to provide funding for future capital improvements. This equates to an equivalent residential unit adjustment to \$28.87 per month for fiscal year 18/19, a 23.20% increase. This rate increase will provide sufficient revenues in order to issue the Series 2022 bonds. Additional increases are not required for future years as a result of this borrowing.

Based on current estimates of revenues and the cost of improvements currently contemplated in the program, if the rate increase currently recommended to finance such improvements is not approved by the City Commission, the City may have to delay or forego certain improvements or find alternative sources of funding to implement such improvements.

CONCLUSION:

The preceding is presented to the members of the Committee for information and discussion.

ATTACHMENTS:

Description	Type
 Stormwater Financial Feasibility Report 12/07/2017	Other
 Stormwater Project Map 2017	Other
 Stormwater Master Plan	Other