

An aerial photograph of a water treatment facility. The facility features several large, light-colored cylindrical storage tanks. In the foreground, there are three smaller, dome-shaped structures. To the left, a river flows through a lush green area. The background shows various industrial buildings and infrastructure.

Pinellas County Utilities

Water, Sewer, and Reclaimed Water Rate Study

February 5, 2023





Overview

- Enterprise funds for Water and Sewer that are self-supported by rates
- Continuous evaluation of utility infrastructure needs
- Proactive financial and user rate management is critical
- Agenda:

Water, Sewer, and Reclaimed Water Rate Study



**Revenue
Sufficiency**



**Cost
Allocation**



Rates



**Customer
Affordability**

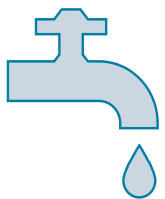
Funding Drivers



Capital Improvement Plan



Rising Operating Costs



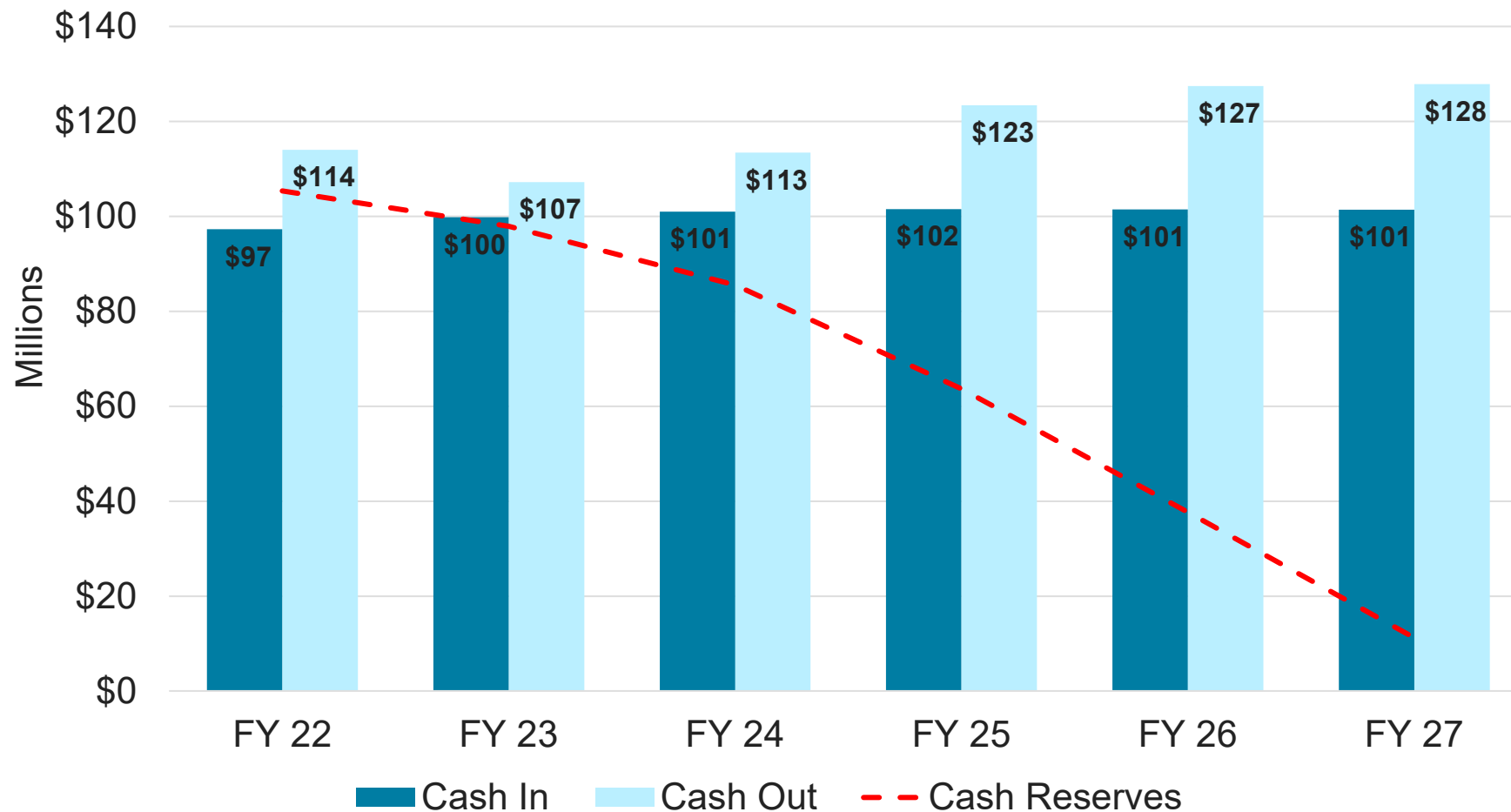
Tampa Bay Water Purchases





Water System Results

Cash Balances – Existing Rates



Annual cash flow deficit >\$20M starting in FY 25



Water System Annual Rate Adjustment Options

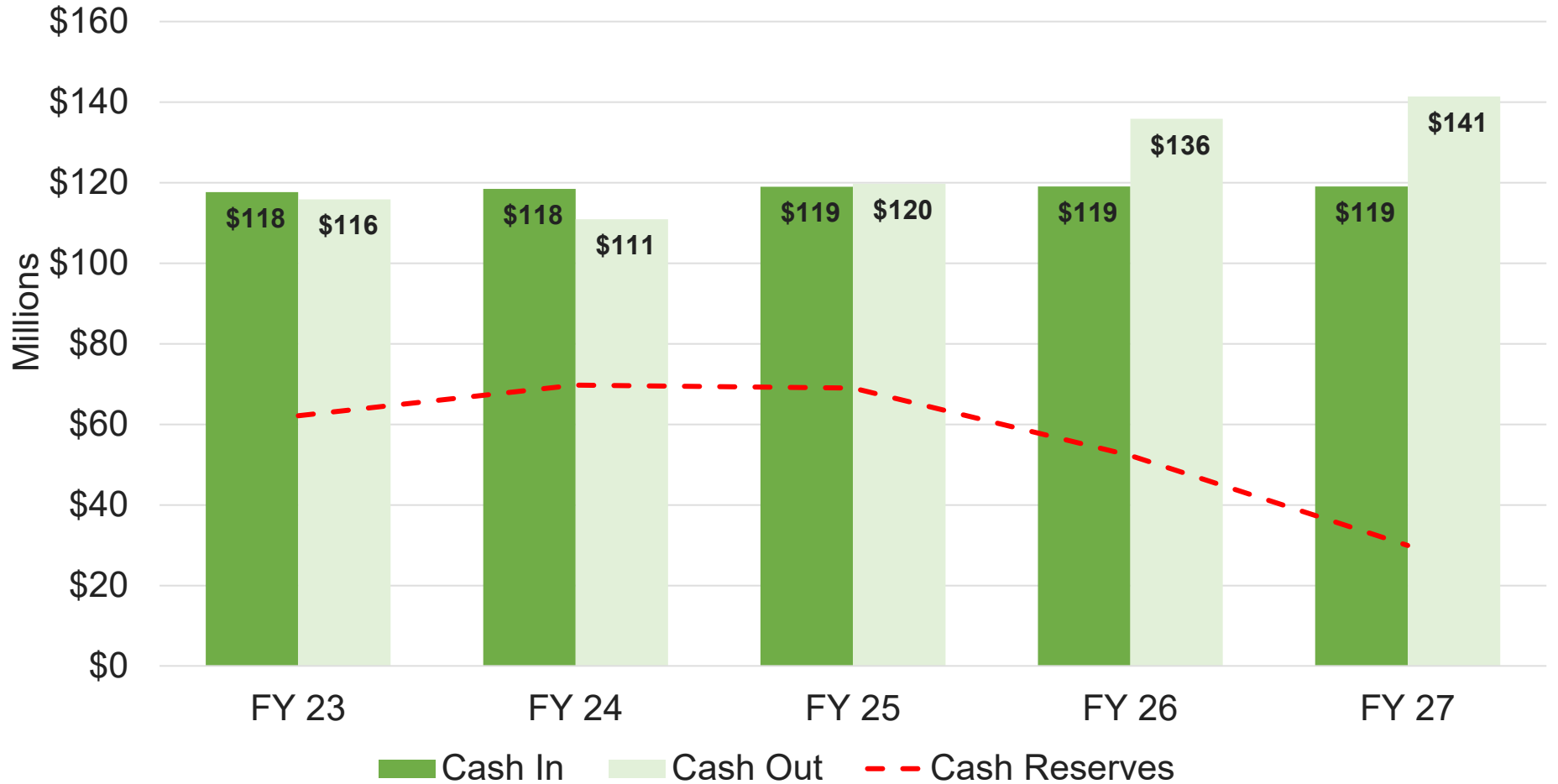
Options	New Borrowing (FY 24 – FY 32)	4-Year Plan				Future Projections
		FY 24	FY 25	FY 26	FY 27	FY 28 – FY 32
Rate Study Recommended Reserve Options:						
A: Pay as You Go CIP	\$0	6.5%	6.5%	6.5%	6.5%	6.5%
B: Partial Debt	\$95M	5.0%	5.0%	5.0%	5.0%	5.0%
C: Debt Capacity	\$201M	3.5%	3.5%	3.5%	3.5%	3.5%

** The Water Enterprise Fund does not currently have outstanding debt*



Sewer System Results

Cash Balances – Existing Rates



**Annual cash flow deficit
~\$20M starting in FY 26**



Sewer System Annual Rate Adjustment Options

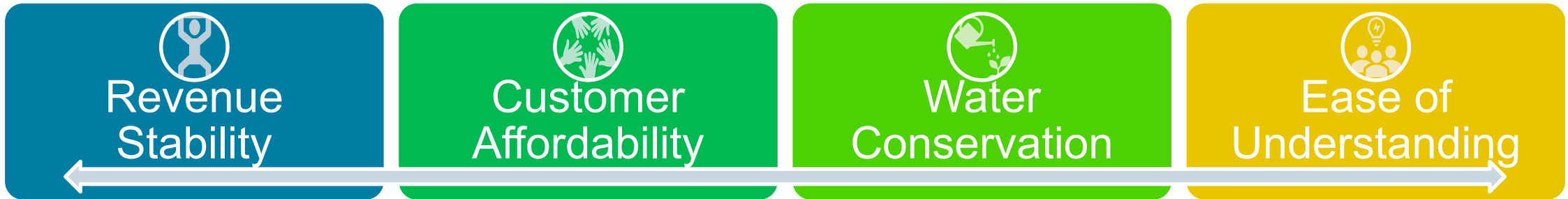
Options	New Borrowing (FY 24 – FY 32)	4-Year Plan				Future Projections
		FY 24	FY 25	FY 26	FY 27	FY 28 – FY 32
Rate Study Recommended Reserve Options:						
A: Pay as You Go CIP	\$0	6.0%	6.0%	6.0%	6.0%	4.0%
B: Partial Debt	\$59M	4.0%	4.0%	4.0%	4.0%	4.0%
C: Debt Capacity	\$179M	2.0%	2.0%	2.0%	2.0%	2.0%

** The Sewer Enterprise Fund has \$92M in outstanding debt*



Water System Rate Structure Modifications

Rate and Pricing Considerations



- Increase base charges to improve revenue stability
- Two-block volumetric rate for residential/multi-family customers

Existing (FY 2023)

All Use

\$5.13 per 1,000 gallons

Example: Option B (FY 2024)

Block 1: 0-4,000 Gallons

\$3.83 per 1,000 gallons

Block 2: All Use Above 4,000 Gallons

\$8.69 per 1,000 gallons



Water Residential Customer Monthly Bill Impacts

Example Customer	Monthly Water Use (Gallons)	Description	FY 23 (Existing)	FY 24 (Proposed)	FY 25 (Proposed)	FY 26 (Proposed)	FY 27 (Proposed)
Base Charge (5/8" or 3/4" Meter)			\$6.80	\$8.05	\$9.30	\$10.55	\$11.80
<ul style="list-style-type: none"> • 1 or 2-person household • No outdoor water use 	2,000	Monthly Bill	\$17.06	\$15.71	\$17.16	\$18.65	\$20.18
		\$ Change			(\$1.35)	\$1.45	\$1.49
<ul style="list-style-type: none"> • 3 or 4-person household • Irrigation well 	5,000	Monthly Bill	\$32.45	\$32.06	\$33.96	\$35.96	\$38.07
		\$ Change			(\$0.39)	\$1.90	\$2.00
<ul style="list-style-type: none"> • Household using potable water for irrigation 	10,000	Monthly Bill	\$58.10	\$75.51	\$78.66	\$82.01	\$85.62
		\$ Change			\$17.41	\$3.15	\$3.35

27% use 2,000 gallons or less

43% use 2,000 - 5,000 gallons

20% use 5,000 - 10,000 gallons

Bills reflective of the partial debt
(Option B) 5% rate increase

Year 1: implement volumetric blocks

Rate increases applied to base and volumetric charges



Option A: Water & Sewer Residential Monthly Bill

“Typical” Residential Retail Customer Account

Based on 5,000 Gallons per Month

	FY 23 (Existing)	FY 24 (Proposed)	FY 25 (Proposed)	FY 26 (Proposed)	FY 27 (Proposed)
Water Bill	\$32.45	\$32.45	\$34.84	\$37.38	\$40.02
Sewer Bill	\$55.49	\$58.82	\$62.37	\$66.09	\$70.04
Total Bill	\$87.94	\$91.27	\$97.21	\$103.47	\$110.06
\$ Change	\$4.80	\$3.33	\$5.94	\$6.26	\$6.59
% Change	5.8%	3.8%	6.5%	6.4%	6.4%

**Bills reflective of the pay as you go option (Option A) 6.50% water and 6.00% sewer*



Option B: Water & Sewer Residential Monthly Bill

“Typical” Residential Retail Customer Account

Based on 5,000 Gallons per Month

	FY 23 (Existing)	FY 24 (Proposed)	FY 25 (Proposed)	FY 26 (Proposed)	FY 27 (Proposed)
Water Bill	\$32.45	\$32.06	\$33.96	\$35.96	\$38.07
Sewer Bill	\$55.49	\$57.73	\$60.05	\$62.45	\$64.93
Total Bill	\$87.94	\$89.79	\$94.01	\$98.41	\$103.00
\$ Change	\$4.80	\$1.85	\$4.22	\$4.40	\$4.59
% Change	5.8%	2.1%	4.7%	4.7%	4.7%

**Bills reflective of the partial debt (Option B) 5.00% water and 4.00% sewer*



Option C: Water & Sewer Residential Monthly Bill

“Typical” Residential Retail Customer Account

Based on 5,000 Gallons per Month

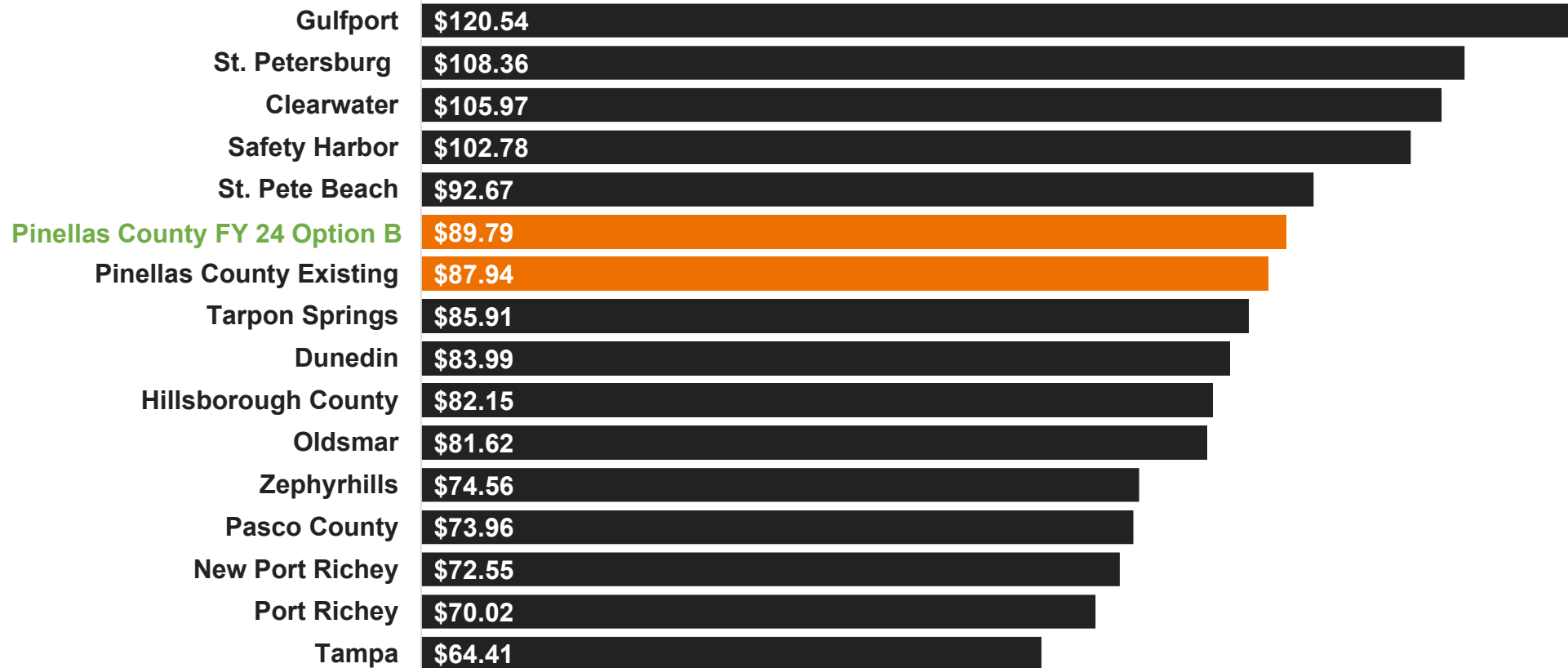
	FY 23 (Existing)	FY 24 (Proposed)	FY 25 (Proposed)	FY 26 (Proposed)	FY 27 (Proposed)
Water Bill	\$32.45	\$31.63	\$33.13	\$34.63	\$36.19
Sewer Bill	\$55.49	\$56.58	\$57.73	\$58.89	\$60.06
Total Bill	\$87.94	\$88.21	\$90.86	\$93.52	\$96.25
\$ Change	\$4.80	\$0.27	\$2.65	\$2.66	\$2.73
% Change	5.8%	0.3%	3.0%	2.9%	2.9%

**Bills reflective of the debt capacity (Option C): 3.50% water and 2.00% sewer*



Local Residential Water & Sewer Bill Comparison

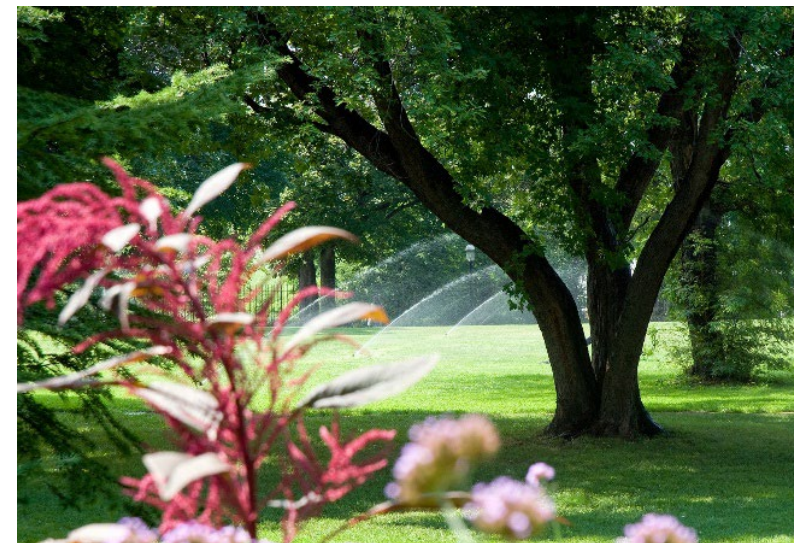
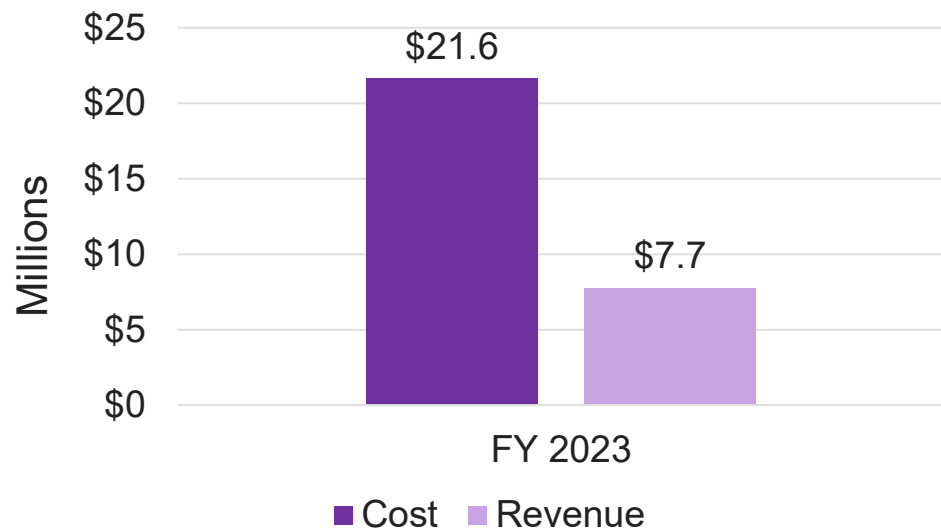
FY 23 Rates: 5,000 Gallons per Month



**PCU's FY 24 bill reflective of the partial debt (Option B) 5.00% water and 4.00% sewer*

Reclaimed Water System

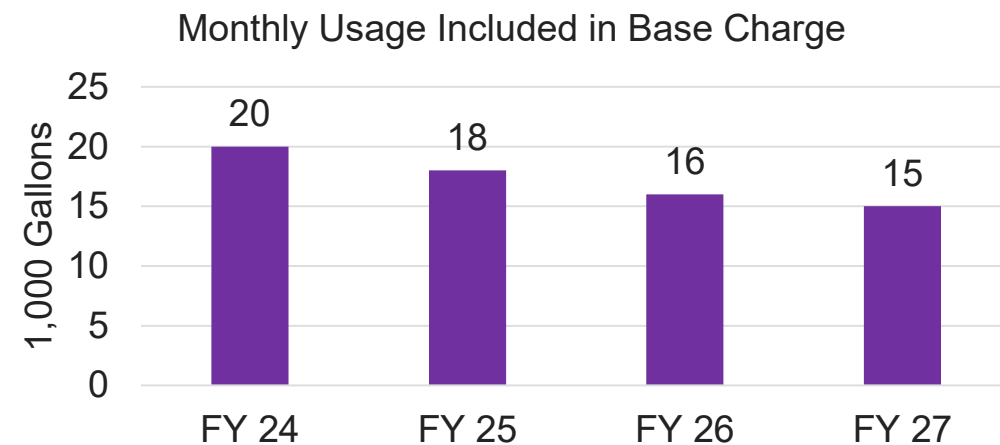
- PCU provides reclaimed water to approximately 15% of its customers
- Funded through the Sewer Enterprise Fund



Used primarily for the irrigation of residential lawns, landscaping, and golf courses

Results

- Establish a base charge inclusive of a usage allowance
- Annual increases to minimize burden to sewer rates





Reclaimed Water Monthly Bills

Customer Type	Monthly Use	% of Reclaimed Customers	Description	FY 23 (Existing)	FY 24 (Proposed)	FY 25 (Proposed)	FY 26 (Proposed)	FY 27 (Proposed)
Un-metered ¹	N/A	3%	Monthly Bill	\$22.00	\$23.00	\$24.00	\$25.00	\$26.00
			\$ Change		\$1.00	\$1.00	\$1.00	\$1.00
Metered	20,000	<0.5%	Monthly Bill	\$29.40	\$23.00	\$27.88	\$33.92	\$38.80
			\$ Change		(\$6.40)	\$4.88	\$6.04	\$4.88
County Funded Un-metered ^{1 2}	N/A	95%	Monthly Bill	\$29.00	\$30.00	\$31.00	\$32.00	\$33.00
			\$ Change		\$1.00	\$1.00	\$1.00	\$1.00
County Funded Metered ²	20,000	2%	Monthly Bill	\$36.40	\$30.00	\$34.88	\$40.92	\$45.80
			\$ Change		(\$6.40)	\$4.88	\$6.04	\$4.88
	15,000		Monthly Bill	\$29.05	\$30.00	\$31.00	\$32.00	\$33.00
			\$ Change		\$0.95	\$1.00	\$1.00	\$1.00

1) PCU expects to meter all reclaimed customers by FY 27

2) Includes \$7 monthly availability charge



Summary and Next Steps

Options		New Borrowing (FY 24 - FY 32)	FY 23 (Existing)	FY 24	FY 25	FY 26	FY 27
Water		Residential Water Monthly Bill (5,000 Gallons)					
A	Pay as You Go CIP	\$0	\$32.45	\$32.45	\$34.84	\$37.38	\$40.02
B	Partial Debt	\$95M	\$32.45	\$32.06	\$33.96	\$35.96	\$38.07
C	Debt Capacity	\$201M	\$32.45	\$31.63	\$33.13	\$34.63	\$36.19
Sewer		Residential Sewer Monthly Bill (5,000 Gallons)					
A	Pay as You Go CIP	\$0	\$55.49	\$58.82	\$62.37	\$66.09	\$70.04
B	Partial Debt	\$59M	\$55.49	\$57.73	\$60.05	\$62.45	\$64.93
C	Debt Capacity	\$179M	\$55.49	\$56.58	\$57.73	\$58.89	\$60.06
Reclaimed Water		Residential Reclaimed Water Monthly Bill (15,000 Gallons)					
Proposed		N/A	\$29.00	\$30.00	\$31.00	\$32.00	\$33.00

March 23, 2023:
Present Results to the
BCC

May/June 2023:
Public Hearing

October 1, 2023:
Rates Effective



Questions & Discussion



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