

FY 2022-23 Operating & Capital Budget

remaining south phase of the Assessment area is expected to begin after FY 2024.

Fees and Charges

The evaluation of fees and service charges, provides an opportunity to ensure those that use the services pay for the cost of service provision. An annual evaluation of existing fees for service within the Village is a part of each year's budget development process. A comprehensive fee schedule accompanies the proposed budget for adoption by the Village Council to provide a singular reference point for all Village fees, so they are clearly identified for customers and staff alike. The annual evaluation of fees provides an opportunity, if so desired, to limit the proportionate share of revenue generated from property taxes. Fee changes are proposed for the coming fiscal year and the Proposed Budget recommends a pass-through rate increase to Water rates and pass-through increase in sewer rates for the Village Utility customers, which are proposed for incorporation into the comprehensive fee schedule.

Water & Wastewater Utility Fund Rates and Adjustments

Water and Wastewater services within the Village are provided as an enterprise operation. Services are funded as payments for measurable water and wastewater services are consumed. Pursuant to Chapter 180, Florida Statutes, municipalities are authorized to establish just and equitable rates to be paid for the use of the utility. Rates established as charges for services should sustain its operations and satisfy any related debt.

Water & Wastewater Utility Rates

For the Village utility operations, water is purchased at a wholesale rate from the Miami-Dade County Water and Sewer Department (Miami-Dade WASD), and the City of Miami Beach applies a wholesale rate for wastewater or sewer services which travels through their system for treatment to the Miami-Dade WASD Virginia Key plant. The Wholesale water service is paid directly to

Miami-Dade WASD, and wholesale sewer services are paid directly to the City of Miami Beach by the Village, for this reason their rates directly affect the rates the Village charges to our customers.

The Miami-Dade WASD has incorporated a water rate increase in their proposed FY 2023 Budget, and we propose to pass that increase on to our Village customers. The proposed wholesale water rate change is an increase of 3.37%, or \$0.0629 cent for Wholesale Water Rates, from \$1.8644/1,000 gallons to \$1.9273/1,000 gallons. If this rate increase is passed-through to Village utility customers consistent with the past practice in the last few fiscal years inclusive of a cost-of-living and other increase in the Bal Harbour Village surcharge, it would result in an adjustment from \$5.0938/1,000 gallons to \$5.4796/1,000 gallons or a 7.57% rate increase to Village customers, as summarized below.

Water Service Rates (per 1,000 gallons)			
	2021-22	2022-23	Percent Change
Miami Dade - WASD Wholesal	\$ 1.8644	\$ 1.9273	
Bal Harbour Village	3.23	3.55	
Total	\$ 5.0938	\$ 5.4796	7.57%

The pass-through wholesale water rate increase would result in a monthly cost to Village customers who average 12,000 gallons per month approximately \$4.63 over the prior fiscal year at the new rate of \$5.4796/1,000 gallons.

The City of Miami Beach pays Miami-Dade WASD for sewer services, and the Village pays the City of Miami Beach. This year, Miami-Dade WASD has proposed a sewer rate increase. The proposed rate increase is a result of increased debt service payments.

FY 2022-23 Proposed Operating & Capital Budget

Wastewater Service Rates (per 1,000 gallons)			
	2021-22	2022-23	Percent Change
City of Miami Beach Wholesal	\$ 3.8233	\$4.1090	7.47%
Bal Harbour Village	5.2517	5.7768	10.00%
Total	\$9.0750	\$ 9.8858	8.93%

A surcharge is included within the City of Miami Beach wholesale sewer rate as an administrative fee and a renewal and replacement infrastructure fee. In addition, Miami-Dade County requires a Service Fee of \$8.00 per each one hundred (\$100.00) of the receipts of the utility, this 8.0% is collected on each bill as Utility Tax and is remitted to the County at the conclusion of each fiscal year; this rate has remained unchanged since FY 2015.

The pass-through sewer rate increase inclusive of a cost-of-living and other increase in the Bal Harbour Village surcharge, would result in a monthly cost to Village customers who average 12,000 gallons per month approximately \$9.73 over the prior fiscal year at the new rate of \$9.8858/1,000 gallons.

The FY 2022-23 Proposed Utility Fund Budget is balanced with the proposed rate increase for wholesale water services of \$5.4796/1,000 gallons, and a rate increase for wholesale sewer service of \$9.8858/1,000 gallons.

At their August 9, 2022 meeting, the Village's Budget Advisory Committee reviewed the proposed water rate increase, and the wholesale sewer rate increase and voted to recommend approval of the recommended increase respectively.

The Proposed FY 2021-22 Operating and Capital Budget for the Utility Fund is \$7,465,600.