

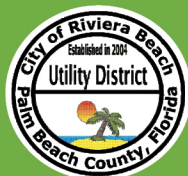
UTILITY SPECIAL DISTRICT **THE FUTURE OF UTILITY AND** **THE WATER TREATMENT FACILITY** **One Drop at a Time!**



NOTICE OF PUBLIC HEARING

WHEN: September 20, 2023 at 5:30pm

WHERE: Riviera Beach Marina Event Center
190 East 13th Street
Riviera Beach, FL 33404





The Board of Directors of the Utility Special District and staff have been working diligently over the past few years to deliver a state-of-the-art water treatment facility. The existing facility is approaching the end of its useful life. We must move forward with a facility that can deliver the quality product we do not expect but demand.

We encourage you to stay connected with us, so that you know what is being done to meet this need. We are committed to providing opportunities for the community to engage with us on this important topic.

Jonathan Evans, City Manager, MPA, MBA, ICMA-CM

Public Notice To Utility Customers

On September 20, 2023, a resolution amending the rates, fees and charges of the City of Riviera Beach Utility Special District (the “District”) will be presented to the District Board in order to fund costs associated with a new water treatment plant, regulatory requirements, and other utility infrastructure. The amendment proposes current and future increases to the District’s water, sewer, tapping, master meter, sprinkler meter, fire service protection, and service availability rates, fees and charges.

The meeting will begin at 5:30 p.m. and will be held at the Riviera Beach Marina Event Center, located at 190 E. 13th Street, Riviera Beach, FL 33404.

Upcoming Community Meetings

Members of the community are welcome to attend any of five community meetings regarding the state of the Utility and the new treatment facility to be constructed at the intersection of West Blue Heron Boulevard and Avenue L, Riviera Beach, FL. Proposed increases to the water and wastewater rates to support the project will be an integral part of the discussion. We look forward to meeting you and addressing your concerns during these informative and interactive sessions.

August 28, 2023 | 6:00 pm to 9:00 pm

Riviera Beach Marina Event Center, 190 E. 13th Street, Riviera Beach, FL 33404

August 29, 2023 | 6:00 pm to 9:00 pm

Riviera Beach Marina Event Center, 190 E. 13th Street, Riviera Beach, FL 33404

August 30, 2023 | 6:00 pm to 9:00 pm

Riviera Beach Marina Event Center, 190 E. 13th Street, Riviera Beach, FL 33404

September 12, 2023 | 6:00 pm to 9:00 pm

Riviera Beach Public Library, 2129 N. Congress Avenue, Riviera Beach, FL 33404

September 18, 2023 | 6:00 pm to 9:00 pm

City of Riviera Beach City Hall, 600 W. Blue Heron Boulevard, Riviera Beach, FL 33404

Project Background

The District is working to provide the best water to its customers by addressing issues such as color and hardness residue. Although significant improvements are underway at the existing plant, the following challenges exist:

- Plant was constructed in 1958 (65 years ago).
- Majority of the equipment has surpassed its useful life.
- Outdated treatment technology that relies heavily on chemical usage.

The District has started to replace the outdated water treatment plant with a new membrane facility as other nearby communities including:

- Town of Jupiter
- Seacoast Utility Authority
- Village of Golf
- Palm Beach County
- Town of Highland Beach
- Town of Manalapan

The new water treatment facility will produce drinking water with little or no color, utilize state of the art automated processes, and allow the City to tap into a new water source to ensure future economic growth. The new water treatment facility is estimated to cost from \$180 to \$200 million.

As shown in Figure 1, the District needs to make up for the last ten years of insufficient capital investment and undertake at least \$60 million of overdue improvements in the next five years to include:

- Rehabilitation and replacement of lift stations and underground water wells
- Critical improvements to the existing water treatment facility
- Rehabilitation and replacement of water and sewer mains

Utility System Capital Improvement Plan Spending History

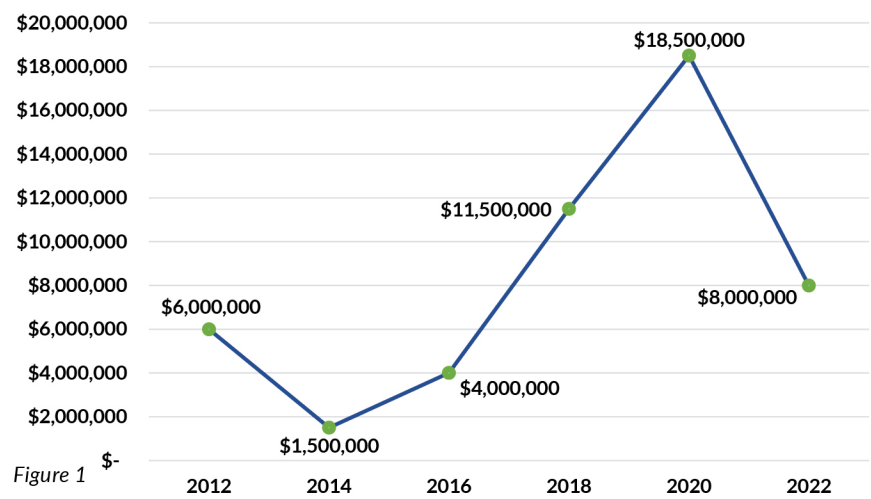
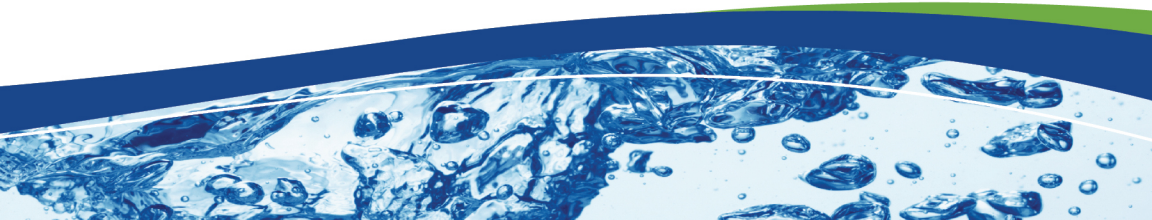


Figure 1



Increase in the District's Costs

Several factors are affecting the ability of the current utility rates to adequately fund all the operating expenses and funding requirements of the District. The following major issues have an effect on the utility rates:

- Significant disruption in business operations due to the COVID-19 pandemic in March 2020 has impacted the cost and ability to provide service causing shortages in personnel and resources coupled with supply chain issues which still exist.
- High inflation on the costs of materials and supplies, utility services, chemicals, and personnel have been significant over the past several years. The effect of high inflation is highlighted when looking at the cumulative increases in the following general inflationary indices from 2018 to 2022. These increases have been absorbed by current rates and affect the District's ability to fund capital improvement projects.

Consumer Price Index (CPI) All South Urban Consumers	Engineering News Record Construction Index	Florida Public Service Commission GPD Index
16.70%	17.80%	14.60%

- Significant increase in construction costs and high inflation. The following table illustrates the increases in materials and supplies that impact construction costs:

Material and supplies	Increase in costs (November 2020 to 2022)
Ready-mix concrete	20.50%
Steel products	64.60%
Steel pipe	51.70%
PVC pipe	105.80%
PVC conduit	95.40%
Copper wire	12.00%
Aluminum mill shapes	23.30%
Fabricate structure metal	47.90%
Fabricated rebar	56.90%
Prefabricated metal buildings	41.40%
Stainless steel pipe	51.70%
Ductile iron pipe	40.90%
Diesel fuel	200.90%
Asphalt products	30.10%
Truck transportation of freight	17.90%

Source: U.S. Bureau of Labor Statistics

- The District is a member of the East Central Regional Water Reclamation Facility (ECR). Similarly, the cost of wastewater treatment continues to increase, thereby resulting in payment increases from the District to the ECR.

Meeting the District's Capital and Operating Expenses

The District's rate consultant established revenue requirements to meet the capital needs and the projected increases in operating costs. The consultant used the District's historical data and projects forward for a five-year period to determine the revenue requirements. Spending is anticipated to grow from an annual amount of \$32.5 million in fiscal year 2023 to \$40 million in fiscal year 2028, due to a projected increase in operating costs of 21% over the five-year period. This does not include the debt service requirements for the new water treatment facility.

The District's capital plan is estimated at \$94.8 million over a six-year period which includes the renewals, replacements, and betterments to existing utility plant assets. This amount does not include additional capacity expansion to serve new development or the new water treatment facility. The City needs to relocate and replace the current water treatment facility at preliminary estimates ranging from \$180 million to \$200 million. The ultimate cost of the facility is not known at this time. Furthermore, although long-term debt will be required to finance this project, the financing plan is also not fully defined at this time.

Changes in the water treatment facility to be constructed, receipt of grant funds and other contributions, projected material and resource costs, and other factors will affect the ultimate cost of project, the structure of the overall financing plan, and the rates charged for water service. Financing of this project will have a material effect on the rates charged for services. Any adjustment in water rates to bridge the "Funding Gap" as the overall water treatment facility capital plan is being developed will be beneficial for the District. Therefore, the rate increase helps to ensure the District has the means to borrow the money needed for the new water treatment facility, while continuing to have the required funding to operate the utility in future years.

Figure 2 illustrates the costs that are covered by a typical City of Riviera Beach utility bill.

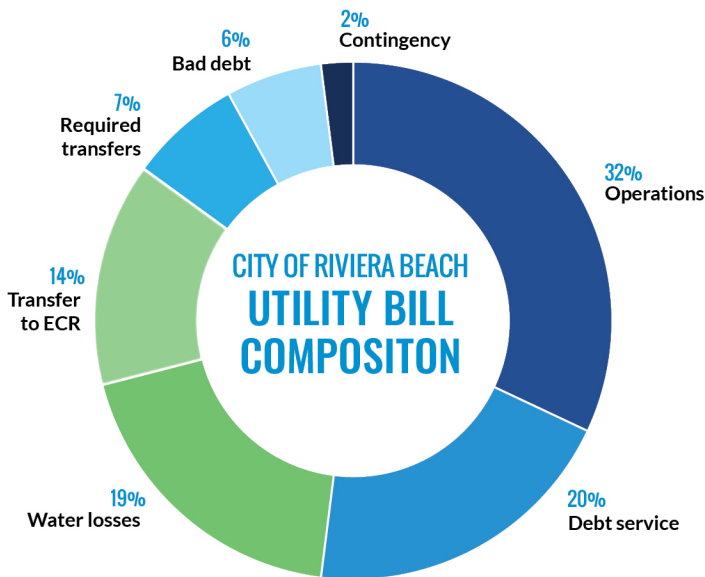
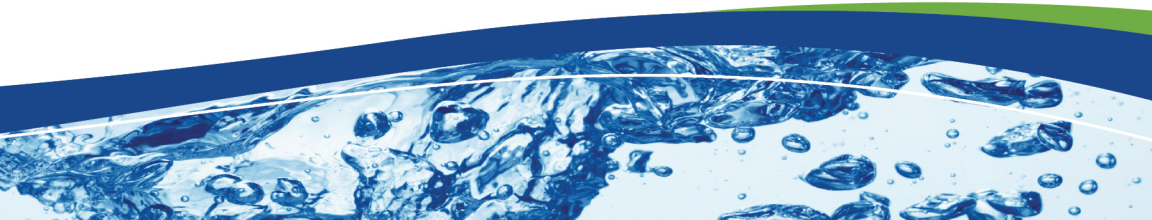


Figure 2



Recommended Water and Wastewater Rate Phasing Plan

In July 2023, the District’s rate consultant presented the results of the rate study requested by the District’s Board. The consultant advised that in order for the District to derive sufficient funds to meet operating costs and the needed capital initiatives, an interim increase to the utility rates are needed for each year until 2028. Based on the immediate need to adjust rates, the recommended percentage rate adjustments for water and wastewater effective on October 1 of each fiscal year are as follows:

Recommended % Rate Adjustment for Water and Wastewater Service

October 1

	2023	2024	2025	2026	2027
Water	20%	10%	3%	3%	3%
Wastewater	27%	8%	3%	3%	3%

Cost Recovery Correction

Price Index Inflation Adjustments

Proposed Water and Wastewater Monthly Bill for 6,000 Gallons

The fiscal impact to the average residential District customer is \$8 to \$16 per month per year. A monthly utility bill of \$69.21 would increase by \$16.24 to \$85.45 for the first year. Figure 3 illustrates the rate increases for a utility bill at 6,000 gallons usage.

Proposed Rate Adjustment for Water and Wastewater Monthly Bill at 6,000 Gallons

Fiscal Year	2024	2025	2026	2027	2028
Total Rate Adjustment	23.46%	9.00%	3.00%	3.00%	3.00%
Current monthly bill	\$69.21	\$85.45	\$93.14	\$95.94	\$98.82
Increase to monthly bill	\$16.24	\$7.69	\$2.80	\$2.88	\$2.96
Proposed monthly bill	\$85.45	\$93.14	\$95.94	\$98.82	\$101.78

Figure 3

Once the final cost of the new water treatment facility is known, a subsequent rate adjustment may be required.



Rate Comparisons

The District's water and wastewater rates are currently in the bottom third as compared to other area utilities. The average District customer pays \$69.21 per month. The average utility bill in the area is \$75.62. If the proposed rates are adopted, the average District customer will pay \$85.45 per month in year one of the five-year implementation period. The rate change will increase the amount of the available annual credit provided through the District's Utility Assistance Program from \$320 to \$428.

The recommended rate increase will impact the rates charged for water services and the rates currently in effect for wastewater. It is important to note that rates will also increase at other utilities in cities across the USA as the years progress. Figure 4 provides a comparison of the District's water and wastewater rates with other local utilities.

Average Monthly Bill for Water and Wastewater Service at 6,000 Gallons

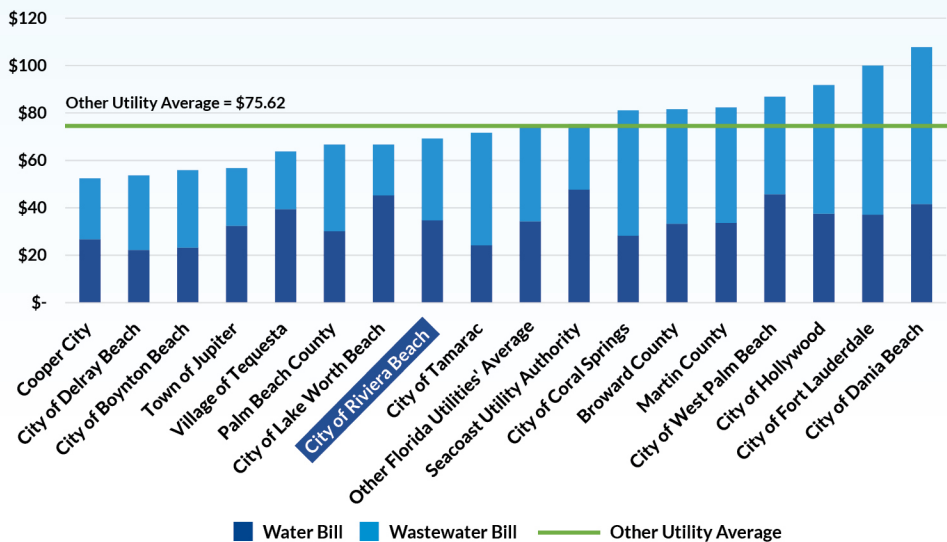


Figure 4

Paying for the New Water Treatment Facility

Currently, the District has \$57 million in outstanding debt. The debt is attributable to the creation of the District and previous capital improvement projects. Construction of a new water treatment facility will require additional debt. As a condition to issuing debt, lenders require that the revenues available to make principal and interest payments are 25% greater than the principal and interest requirement. Financial performance that generates an amount greater than the 25% requirement allows for lower interest rates and savings to the District.

