

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: May 21, 2025 10:50 a.m. First Reading Public Hearing

TITLE: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 110 OF THE CODE OF THE CITY OF MIAMI BEACH ENTITLED "UTILITIES," AMENDING ARTICLE IV, ENTITLED "FEES, CHARGES, RATES AND BILLING PROCEDURE," BY AMENDING SECTION 110-167 THEREOF, ENTITLED "WATER IMPACT FEE"; BY AMENDING SECTION 110-169 THEREOF, ENTITLED "SEWER IMPACT FEE"; AND FURTHER, AMENDING APPENDIX A OF THE CITY CODE, ENTITLED "FEE SCHEDULE," TO INCREASE THE WATER IMPACT FEES AND SEWER IMPACT FEES IMPOSED BY THE CITY PURSUANT TO SECTIONS 110-167, 110-169, AND APPENDIX A; PROVIDING FOR CODIFICATION; REPEALER; SEVERABILITY; AND AN EFFECTIVE DATE.

RECOMMENDATION

The Administration recommends amending the impact fee adjustments as presented to the City Commission on March 19, 2025.

Upon approval of the First Reading of the Ordinance, the Administration will proceed with a Second Reading Public Hearing.

BACKGROUND/HISTORY

The Public Works Department engaged GovRates, Inc. to conduct a utility rate study, which is now completed.

A presentation of the formulation of the proposed rates, as well as public comments, were offered at the February 21, 2025, Finance and Economic Resiliency Committee (FERC) meeting. The Administration recommended that the Committee consider adopting the proposed adjusted water and sewer impact fees as discussed in Section 2 of the Utility Rate Study (Attachment A).

At the conclusion of the presentation and discussion, FERC members made a motion to proceed to the City Commission with a favorable recommendation to adjust the impact fees with implementation to start upon approval by the City Commission.

ANALYSIS

The City of Miami Beach owns, operates, and maintains water and sewer utility systems that provide essential water and sanitary sewer services to residences and businesses 24 hours per day, 365 days per year.

The City is constructing water and sewer infrastructure to support and provide future capacity within the City's utility service area. Water and sewer impact fees can be used to help fund growth-related capital projects and growth-related debt service. The water and sewer impact fees

were last adjusted in the 1990's and have not been increased to reflect the City's current costs of providing water and sewer capacity.

The City retained the firm GovRates, Inc. (GovRates) to assist in the determination of revised water impact fees and sewer impact fees (Attachment B). GovRates has recommended right-sizing water and sewer impact fees to accurately recover the cost of transmission capacity. Separate impact fees are paid to Miami-Dade County for water and sewer treatment capacity. The City now has a higher cost per unit of capacity than what was calculated 30 years ago due to inflation, new treatment technology, increased government regulations, and changing capital needs. The purpose of assessing impact fees is to assign the proportionate share of growth-related capital costs to new customers benefiting from such additional costs.

The City's existing water and sewer impact fees are based on meter size and were adopted by the City Commission on May 17, 1995, pursuant to Ordinance No. 95-2990 for water and Ordinance No. 95-2991 for sewer. Level of service standards, which indicates the capacity per unit of demand for each public facility or service, were established in order to ensure that adequate facility capacity will be provided for future development and for purposes of issuing development orders or permits pursuant to Section 163.3202(2)(g) of the Florida Statutes. The level of service that is commonly used in the industry is the amount of capacity (service) allocable to an Equivalent Residential Connection (ERC) – known as an equivalent residential unit (ERU) or equivalent dwelling unit (EDU) – expressed as the amount of usage (gallons) allocated. Since Miami-Dade County provides the City's water supply and sewer treatment, the proposed impact fees for the City were developed assuming the County's level of service standard of 210 gallons per day for units under 3,001 square feet.

To evaluate the availability of the existing utility assets to meet future capacity needs, the existing utility assets were reviewed and assigned to functional categories. The functional cost categories are based on the purpose of the assets and the service that such assets provide. The City's reported utility asset information served as the basis of the functionalization of the existing utility assets.

The City's Capital Improvement Program (CIP) through the Fiscal Year 2034, as prepared and estimated by City staff and its Consulting Engineers, outlines a number of capital improvements for the water and sewer systems. These capital projects include i.) upgrades of existing assets to accommodate new and existing customers; and ii.) replacements of existing assets or projects which generally benefit current users of the System.

Based on the fair share apportionment rule identified by case law, only backbone transmission costs were recognized in the water and sewer impact fee calculations. General transmission and distribution / collection project costs were not recognized because they i.) generally are not system-wide costs (i.e., distribution / collection project costs tend to benefit specific customers); ii.) in many instances, are funded by a specific charge applied to a customer (e.g., line extension charges, etc.); and iii.) are usually contributed to the City as part of the development process (e.g., it would not be equitable for a developer who has contributed the distribution / collection assets to pay an impact fee which includes recovery of distribution/collection projects).

The recommended increase in impact fees is shown in the table below:

Proposed Water and Sewer Impact Fee Schedule - City Portion Only

Line No.	Description	Meter Equivalent Factor [*]	Water	Sewer	Combined
All Customer Classes - City Portion Only					
	<u>Meter Size (Inches)</u>				
1	5/8"	1.00	\$1,630	\$2,030	\$3,660
2	1"	2.50	4,075	5,075	9,150
3	1.5"	5.00	8,150	10,150	18,300
4	2"	8.00	13,040	16,240	29,280
5	3"	16.00	26,080	32,480	58,560
6	4"	25.00	40,750	50,750	91,500
7	6"	50.00	81,500	101,500	183,000
8	8"	80.00	130,400	162,400	292,800
9	10"	115.00	187,450	233,450	420,900
10	12"	215.00	350,450	436,450	786,900

[*] Reflects meter equivalent factors implied by the size of the meter serving the premises based on information published by the American Water Works Association (AWWA) regarding meter capacities.

FISCAL IMPACT STATEMENT

The proposed increases in water and sewer impact fees shown in the table above will be effective upon approval.

CONCLUSION

The Administration recommends amending the impact fee adjustments as presented to the City Commission on March 19, 2025.

Upon approval of the First Reading of the Ordinance, the Administration will proceed with a Second Reading Public Hearing on May 21, 2025.

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?

Yes

Is this item related to a G.O. Bond Project?

No

Department

Public Works

Sponsor(s)

Commissioner Tanya Bhatt

Co-Sponsor(s)

Commissioner Joseph Magazine

Condensed Title

10:50 a.m. 1st Rdg PH, Ch. 110, Increase Water Impact/Sewer Impact Fees. (Bhatt/Magazine)
PW

Previous Action (For City Clerk Use Only)

Not reached on 4/23/2025 – R5 V