

R5 X 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.

Applicable Area:

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: June 25, 2025 10:55 a.m. Second 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 approving on Second Reading Public Hearing, the proposed increase to the water and sewer impact fees as presented to the Mayor and City Commission (City Commission) at its March 19, 2025 meeting.

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.

On May 21, 2025, City Commission members had the title of the Ordinance read into the record. Sponsoring Commissioner Tanya Bhatt stressed that the current water and sewer impact fees had not been adjusted in 30 years, and they needed to become current. Any approved fee increase would affect new developments, typically paid for by developers. There were no members of the public present in person or via zoom to speak on behalf of or against the item. Commission members voted unanimously to move the item to the June 25, 2025 City Commission meeting for approval on Second Reading Public Hearing.

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. 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 water 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 the 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 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 current impact vs. increased impact fees that will primarily affect developers/new developments, and not City residents, is shown in the table below.

Water impact fee, per meter size in inches:			Sewer impact fee, per meter size in inches:		
	Current Fee	Proposed Fee		Current Fee	Proposed Fee
¾	\$155	\$1,630	¾	\$235	\$2,030
¾	\$230	N/A	¾	\$350	N/A
1	\$385	\$4,075	1	\$585	\$5,075
1½	\$775	\$8,150	1½	\$1,175	\$10,150
2	\$1,240	\$13,040	2	\$1,880	\$16,240
3	\$2,480	\$26,080	3	\$3,760	\$32,480
4	\$3,875	\$40,750	4	\$5,875	\$50,750
6	\$7,750	\$81,500	6	\$11,750	\$101,500
8	\$12,400	\$130,400	8	\$18,800	\$162,400
10		\$187,450	10		\$233,450
12		\$350,450	12		\$436,450

FISCAL IMPACT STATEMENT

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

Does this Ordinance require a Business Impact Estimate? Yes

If applicable, the Business Impact Estimate (BIE) was published on: 6/11/2025
See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

CONCLUSION

The Administration recommends approving on Second Reading Public Hearing, the proposed increase to the water and sewer impact fees as presented to the City Commission at its March 19, 2025 meeting.

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

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying?

If so, specify the name of lobbyist(s) and principal(s):

Department

Public Works

Sponsor(s)

Commissioner Tanya Bhatt

Co-sponsor(s)

Commissioner Joseph Magazine

Condensed Title

10:55 a.m. 2nd Rdg, Increase Water Impact/Sewer Impact Fees. (Bhatt/Magazine) PW

Previous Action (For City Clerk Use Only)

First Reading Public Hearing on 5/21/2025 - R5 V

ORDINANCE NO. 2025-_____

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.

WHEREAS, the City of Miami Beach owns and operates utility systems that provide essential water and sanitary sewer services to residences and businesses, and that operate 24 hours per day and 365 days per year; and

WHEREAS, the operational and financial sustainability of the utility systems is vital to the public health and safety of the City's residents; and

WHEREAS, the City has constructed water and sewer infrastructure to support and provide water and sewer capacity to meet both current demand and future growth within the City's utility service area; and

WHEREAS, water and sewer impact fees, which are assessed as "connection fees" based on the size of the meter, can be used to fund growth-related capital projects and growth-related debt service; and

WHEREAS, Section 163.31801, Florida Statutes (the "Florida Impact Fee Act"), imposes specific requirements on the adoption, collection, and use of impact fees; and

WHEREAS, pursuant to Section 163.31801(12), Fla. Stat., the Florida Impact Fee Act does not apply to water and sewer connection fees; and

WHEREAS, the City's water and sewer connection fees were last adjusted in the 1990s and have not been increased to reflect the City's current costs of providing water and sewer capacity to growth; and

WHEREAS, Chapter 110 of the Code of the City of Miami Beach ("City Code"), entitled "Utilities" and Appendix A to the City Code establish the City's potable water rates for all water users; the sanitary sewer rates for all sanitary sewer users except sewer rates for wholesale customers established through contract; and the stormwater rates for all users of the stormwater system; and

WHEREAS, through a formal procurement process, the City retained the firm of GovRates, Inc. (GovRates) to assist in the determination of revised water impact fees and sewer impact fees, including connection fees; and

WHEREAS, GovRates has recommended updated impact fees to fairly reflect the City's current costs of providing water and sewer capacity to growth and has also recommended periodic reviews of the impact fee amounts; and

WHEREAS, the recommended impact fees for water and sewer, which are assessed as "connection fees," are competitive with those charged by other Florida local governments; and

WHEREAS, the City seeks to amend Chapter 110 and Appendix A to codify the GovRates recommendations; and

WHEREAS, at its February 21, 2025 meeting, the Finance and Economic Resiliency Committee recommended approval of the GovRates recommendations; and

WHEREAS, on March 19, 2025, the City Commission approved accepting the recommendation of the Finance and Economic Resiliency Committee to increase the City's water impact fees and sewer impact fees; and

WHEREAS, the amendments set forth below are necessary to accomplish the above objectives.

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA:

SECTION 1. That Chapter 110 of the Miami Beach City Code entitled "Utilities," Article IV, entitled "Fees, Charges, Rates and Billing procedure," at Section 110-167, entitled "Water impact fee," and Section 110-169, entitled "Sewer impact fee," are hereby amended as follows:

**CHAPTER 110
UTILITIES**

* * *

ARTICLE IV. Fees, Charges, Rates and Billing Procedure.

Sec. 110-167. Water impact fee.

- (a) There is hereby imposed upon all new connections to the water system and upgrades to meter sizes a one-time water impact fee. Such water impact fee shall be assessed as a connection fee based on the size of water meter serving such premises as set forth in appendix A.
- (b) The water impact fee shall be due and payable at the time of issuance of the initial building permit for the premises or upon submittal of the application to the public works department.

- (c) All water impact fees collected shall be deposited into the city's water impact fee subaccount within the water and sewer impact fee account. The moneys on deposit in the water impact fee subaccount, together with investment earnings thereon, shall be used by the city only in accordance with the provisions of applicable law.
- (d) The city manager or their designee has the authority to determine the applicable water connection fee imposed pursuant to this section for each particular property based on the adopted fee amounts, the intent of the fee, and the customer's specific configurations or circumstances.
- (e) The amount of, and methodology used, to calculate, the water connection fee imposed pursuant to this section shall be reviewed by the city manager at least once every five years to ensure that the fees remain cost-based.

Sec. 110-169. Sewer impact fee.

- (a) There is hereby imposed upon all new connections to the sewer system or upgrades to water meter sizes a one-time sewer impact fee. Such sewer impact fee shall be assessed as a connection fee based on the size of water meter serving such premises as set forth in appendix A.

No sewer impact fees shall be charged for water meters used strictly for irrigation or other purpose that does not generate wastewater returned to the sanitary sewer system.

- (b) The sewer impact fee shall be due and payable at the time of issuance of the initial building permit for the premises.
- (c) All sewer impact fees collected shall be deposited into the city's sewer impact fee subaccount within the water and sewer impact fee account. The moneys on deposit in the sewer impact fee subaccount, together with investment earnings thereon, shall be used by the city only in accordance with the provisions of applicable law.
- (d) The city manager or their designee has the authority to determine the applicable sewer connection fee imposed pursuant to this section for each particular property based on the adopted fee amounts, the intent of the fee, and the customer's specific configurations or circumstances.
- (e) The amount of, and methodology used, to calculate, the sewer connection fee imposed pursuant to this section shall be reviewed by the city manager at least once every five years to ensure that the fees remain cost-based.

SECTION 2. That Chapter 110, "UTILITIES," Article IV "Fees, charges, rates and billing procedures," in APPENDIX A is hereby amended as follows:

**APPENDIX A
FEE SCHEDULE**

* * *

110-167(a)	Water impact fee, <u>assessed as a connection</u>		<u>Fee Effective Upon Approval</u>	Annual Adjustment (References shown are defined at the end of
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	fee based on the per meter size in inches:			this Appendix A)
	$\frac{5}{8}$	\$155.00	<u>\$1,630.00</u>	N/A
	$\frac{3}{4}$	230.00	<u>N/A</u>	N/A
	1	385.00	<u>4,075.00</u>	N/A
	1½	775.00	<u>8,150.00</u>	N/A
	2	1,240.00	<u>13,040.00</u>	N/A
	3	2,480.00	<u>26,080.00</u>	N/A
	4	3,875.00	<u>40,750.00</u>	N/A
	6	7,750.00	<u>81,500.00</u>	N/A
	8	12,400.00	<u>130,400.00</u>	N/A
	10		<u>187,450.00</u>	N/A
	12		<u>350,450.00</u>	N/A
	Larger than 8 inches, based on relative meter capacities	0.00		N/A

* * *

110-169(a)	Sewer impact fee, assessed as a connection fee based on the per meter size in inches:		Fee Effective Upon Approval	Annual Adjustment (References shown are defined at the end of this Appendix A)
	$\frac{5}{8}$	\$235.00	<u>\$2,030.00</u>	N/A
	$\frac{3}{4}$	350.00	<u>N/A</u>	N/A
	1	585.00	<u>5,075.00</u>	N/A
	1½	1,175.00	<u>10,150.00</u>	N/A
	2	1,880.00	<u>16,240.00</u>	N/A
	3	3,760.00	<u>32,480.00</u>	N/A
	4	5,875.00	<u>50,750.00</u>	N/A
	6	11,750.00	<u>101,500.00</u>	N/A
	8	18,800.00	<u>162,400.00</u>	N/A
	<u>10</u>		<u>233,450</u>	<u>N/A</u>

	<u>12</u>		<u>436,450</u>	<u>N/A</u>
	Larger than 8 inches, based on relative meter capacities	0.00		N/A

* * *

SECTION 3. REPEALER.

All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

SECTION 4. SEVERABILITY.

If any section, subsection, clause or provision of this Ordinance is held invalid, the remainder shall not be affected by such invalidity.

SECTION 5. CODIFICATION.

It is the intention of the Mayor and City Commission of the City of Miami Beach, and it is hereby ordained that the provisions of this ordinance shall become and be made a part of the Miami Beach City Code. The sections of this ordinance may be renumbered or re-lettered to accomplish such intention, and the word "ordinance" may be changed to "section," "article," or other appropriate word.

SECTION 6. EFFECTIVE DATE.

This Ordinance shall take effect ten days following adoption, and the revised impact fee rates shall be applied to all bills rendered on or after the effective date.

PASSED and ADOPTED this ____ day of _____, 2025.

ATTEST:

Rafael E. Granado, City Clerk

Underline denotes additions
~~Strikethrough~~ denotes deletions

(Sponsored by Commissioner Tanya K. Bhatt)

Steven Meiner, Mayor

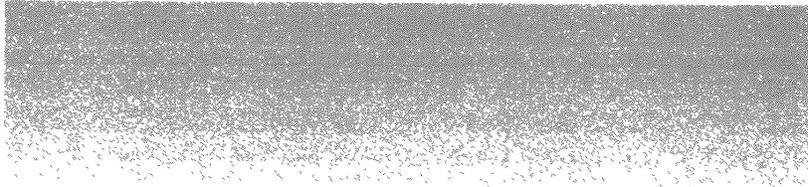
APPROVED AS TO FORM AND
LANGUAGE AND FOR EXECUTION



City Attorney

NK

4/15/2025
Date



**SECTION 2:
Water and Sewer Impact Fees**



SECTION 2:

WATER AND SEWER IMPACT FEES

2-1: Background on Water and Sewer Impact Fees

The purpose of Impact Fees is to assign the proportionate share of growth-related capital costs to new customers benefiting from such additional costs. This practice has been referred to as "growth paying its own way" without existing user cost burdens.

The initial precedent for Impact Fees in Florida was set in the Florida Supreme Court decision *Contractors and Builders Association of Pinellas Authority v. The Authority of Dunedin, Florida*. In this case, the Court's ruling found that an equitable cost recovery mechanism, such as Impact Fees, could be levied for a specific purpose by a Florida municipality as a capital charge for services. On June 14, 2006, new Impact Fee legislation became effective as Chapter 2006-218, Laws of Florida, and was later incorporated in Section 163.31801 of the Florida Statutes. These new Impact Fee laws, which were labeled as the "Florida Impact Fee Act," recognize that Impact Fees are an important source of revenue for a local government to use in funding the infrastructure necessitated by growth. The Florida Impact Fee Act has subsequently been amended in May 2009 with Florida House Bill 227, in July 2019 with Florida House Bill 207, and in June 2021 with Florida House Bill 337. The act states that an Impact Fee adopted by ordinance of a county or municipality, or by resolution of a special district, must meet the following minimum requirements:

- The Impact Fee must be calculated based on the most recent and localized data.
- The local government must provide for accounting and reporting of Impact Fee collections and expenditures in a separate accounting fund.
- The local government must limit administrative charges for the collection of Impact Fees to actual costs.
- The local government must provide notice no less than 90 days before the effective date of an ordinance or resolution imposing a new or amended Impact Fee. However, a county or municipality is not required to wait 90 days to decrease, suspend, or eliminate an Impact Fee.
- The local government may not require payment of the Impact Fee before the date of issuance of the building permit.
- The Impact Fee must be reasonably connected to, or have a rational nexus with, the need for additional capital facilities and the increased impact generated by the construction.

- The Impact Fee must be reasonably connected to, or have a rational nexus with, the expenditures of the revenues generated and the benefits accruing to the new construction.
- The local government must specifically earmark revenues generated by the impact fees to acquire, construct, or improve capital facilities to benefit new users.
- The local government may not use revenues generated by the Impact Fees to pay existing debt or for previously approved projects unless the expenditures are reasonably connected to, or have a rational nexus with, the increased impact generated by the new construction.

The Florida Impact Fee Act also states:

"In any action challenging an impact fee, the government has the burden of proving by a preponderance of the evidence that the imposition or amount of the fee meets the requirements of state legal precedent or this section. The court may not use a deferential standard."

Florida House Bill 337 added the following Impact Fee increase limitations:

- An increase in the Impact Fee of not more than 25% must be implemented in two equal annual increments.
- An increase in the Impact Fee greater than 25% but not more than 50% must be implemented in four equal installments.
- An Impact Fee increase may not exceed 50% of the current fee.
- An Impact Fee may not be increased more than once every 4 years.

HOWEVER, a local government can increase impact fees beyond the phase-in limitations if:

- A demonstrated needs study has been completed within the past 12 months that expressly demonstrates extraordinary circumstances necessitating the need to exceed the phase-in limitations.
- The local government holds two publicly noticed workshops dedicated to the extraordinary circumstances.
- The Impact Fee increases is approved by at least a two-thirds vote of the governing body.

Legislation added in 2024 requires that local governments must ensure that "the calculation of the impact fee is based on a study using the most recent and localized data available within 4 years of the current impact fee update. The new study must be adopted by the local government within 12 months of the initiation of the new impact fee study if the local government increases the impact fee."

However, the Florida Impact Fee Act also states that "This section does not apply to water and sewer connection fees." Based on legal opinions that we have received, many provisions of the Florida Impact Fee Act – including the increase limitations – are not applicable to water and sewer impact fees. According to the legal opinions:

Impact Fees have been defined as "scheduled charges applied to new development to generate revenue for the construction or expansion of capital facilities located outside the boundaries of the new development (off-site) that benefit the contributing development." Ronald H. Rosenberg, *The Changing Culture Of American Land Use Regulation: Paying For Growth With Impact Fees*, 59 S.M.U. L.Rev. 177, 206 (Winter 2006) (citing James C. Nicholas, Arthur C. Nelson & Julian C. Juergensmeyer, *A Practitioner's Guide to Development Impact Fees* 1–2 (1991)).

"Impact fees, which include connection fees, are the method by which a new user of a municipally-owned water or sewer system pays his or her fair share of the costs that the new use of the system involves." See *Contractors & Builders Ass'n v. City of Dunedin*, 329 So.2d 314 (Fla.1976).

"A connection fee is generally considered to be a type of impact fee charged by utility companies for initiating new service." See, e.g., *Save Our Septic Sys. Comm., Inc. v. Sarasota Cnty.*, 957 So.2d 671 (Fla. 2d DCA 2007); *City of Zephyrhills v. Wood*, 831 So.2d 223, 224 (Fla. 2d DCA 2002).

The Florida Impact Fee Act legislation was apparently written based upon a particular jurisdiction which referred to their water and sewer Impact Fees as "water and sewer connection fees" but the intent was to exempt water and sewer Impact Fees regardless of what they are called.

Based on Florida statutory and case law, certain conditions are required to develop a valid Impact Fee:

1. **The Impact Fee must meet the "dual rational nexus" test.** First, Impact Fees are valid when a reasonable impact or rationale exists between the anticipated need for capital facilities and the growth in population. Second, Impact Fees are valid when a reasonable association, or rational nexus, exists between the expenditure of the Impact Fee proceeds and the benefits accruing to the development from use of those proceeds.
2. **The system of Impact Fees and related charges should be set up so that there is not an intentional windfall to existing users.**
3. **The Impact Fee should only cover the capital cost of construction and related costs (engineering, legal, financing, administrative, etc.) for capital expansions or other capital requirements to serve growth.** Expenses for rehabilitation or replacement of a facility benefiting the existing customers (e.g., replacement of a capital asset) or an increase in the level of service should be borne by all users of the facility (i.e., existing and future users to the extent that capacity is available in such facilities to serve growth). Similarly, increased expenses due to operation and maintenance of that facility should be borne by the existing users of the utility and are not a cost component of the derivation of the Impact Fees.
4. **An Impact Fee resolution or ordinance should be maintained that explicitly restricts the use of Impact Fees collected and requires Impact Fee revenue to be set aside in a separate**

account. Separate accounting must be made for those funds to ensure that they are used only for the lawful purposes described above.

The courts, recent legislation, and industry practices have addressed three areas associated with the development of Impact Fees. These areas include i) the "fair share" concept relating to payment of the fee by the affected property owners; ii) the "rational nexus" concept, which focuses on the expenditure or purpose of the fee; and iii) the consideration of credits that recognize appropriate fee offsets (e.g., grant-funded infrastructure).

The fair share concept addresses the fact that the fee can only be used for capital expenditures attributable to new growth. The fee cannot be used to finance level of service deficiencies or the replacement of existing facilities required to provide services to the existing system users. Typical industry practices also allow for establishing different fees for different classes of customers and the ability for the payment of a reduced impact fee if applicants can demonstrate that their development will have smaller impact (or capacity need resulting in a lower allocated capital requirement) than assumed in the fee determination. Additionally, the fair share concept recognizes that the cost of facilities used by both existing customers and new growth must be apportioned between the two user groups such that the user groups are treated equally, and that one group does not intentionally subsidize the other.

The rational nexus concept requires that there be a reasonable relationship between the need for capital facilities and the benefits to be received by new development for which the fee will be expended or applied. The City's existing infrastructure and the corresponding financing and management of such infrastructure is on a system-wide basis. As such, the Impact Fees were calculated on a System-wide basis. The second nexus condition recognizes that the property must receive a benefit from the public services for which the fee is being applied. The water and sewer facilities are used by and are constructed on behalf of all the property within the City's service area and benefit both residential and commercial customers. As such, all new growth requesting capacity from the utility system is subject to the application of the Impact Fees.

Credit or fee offsets recognize that credits should be applied to an Impact Fee if an agency has received property in the form of cost-free capital or if there is a specific revenue (e.g., taxes) that will be used for the growth-driven capital expenditures for which the impact fee was designed. Examples of cost-free capital include grants, property contributions by developers, infrastructure funded from external sources (assessments), and other sources that provide funds toward the capital expenditures for which the impact fee was designed to recover. These credits allow for the recovery of costs to serve new development through impact fees net of such cost-free capital. The calculated water and sewer Impact Fees recognize the above-referenced issues.

2-2: Existing Water and Sewer Impact Fees

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 (the "Impact Fee Ordinances"). The Impact Fees have not been adjusted for 30 years.

The City's water and sewer impact fees recover the cost of transmission capacity. Separate impact fees are paid to Miami-Dade County for water and sewer treatment capacity. The current impact fees are summarized in the following Exhibit 2-1.

Exhibit 2-1: Existing Water and Sewer Impact Fees

Description	Water	Sewer	Combined
All Customer Classes - City Portion Only			
<u>Meter Size (Inches)</u>			
5/8"	\$155	\$235	\$390
3/4"	230	350	580
1"	385	585	970
1.5"	775	1,175	1,950
2"	1,240	1,880	3,120
3"	2,480	3,760	6,240
4"	3,875	5,875	9,750
6"	7,750	11,750	19,500
8"	12,400	18,800	31,200

2-3: Water and Sewer Level of Service Requirements

In the evaluation of the capital facility needs for providing water and sewer utility services, it is critical that a level of service ("LOS") standard be developed. Per Section 163.3164(28) of the Florida Statutes, the "level of service" means "an indicator of the extent or degrees of service provided by, or proposed to be provided by a facility, based on and related to the operational characteristics of the facility." A level of service indicates the capacity per unit of demand for each public facility or service. Essentially, the level of service standards are 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.

For water and wastewater service, the level of service that is commonly used in the industry is the amount of capacity (service) allocable to an ERC expressed as the amount of usage (gallons) allocated. This allocation of capacity would generally represent the amount of capacity allocable to an ERC, whether or not such capacity is actually used (commonly referred to as "readiness to serve"). As previously mentioned, an ERC – sometimes known as an equivalent residential unit (ERU) or equivalent dwelling unit (EDU) – is representative of the capacity allocated to provide service to a typical individually-metered single family residential account. This class of users is usually the largest number of customers served by a public utility such as the City's, and such customers generally have the lowest level of usage requirements for a specifically metered account.

Since Miami-Dade County provides the City's water supply and sewer treatment, GovRates developed proposed Impact Fees for the City assuming the County's level of service standard of 210 gallons per day for units under 3,001 square feet.

2-4: Existing Water and Sewer Utility Assets in Service

In the determination of the Impact Fees associated with serving future customers, any excess capacity of the existing utility system available to serve such growth should be considered. Since this capacity is available to serve the near-term incremental growth of the utility system, it would be appropriate to evaluate the capacity availability of such facilities. In order 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 functionalization of the existing utility assets is necessary to identify those assets that should be included in the determination of the capacity charges.

The functional cost categories are based on the purpose of the assets and the service that such assets provide. The following Exhibit 3-2 contains a summary of the functional cost categories for the utility assets considered in a typical impact fee analysis:

Exhibit 2-2: Water and Sewer Utility Asset Categories

Water Service	Wastewater Service	Other Assets
Supply	Treatment	General Assets (equipment, vehicles, etc.)
Treatment, Transmission, and Storage	Effluent / Reclaimed Water	
Distribution	Transmission and Major Pumping Stations	
Fire Hydrants	Collection (includes local lift stations, manholes, and laterals)	
Meters and Services		

Supply, treatment, and disposal costs are not applicable to the City's impact fees since these functions are provided by Miami-Dade County. Generally, the costs of onsite facilities which serve a specific development or customer such as water distribution and wastewater collection lines, meters and services, and fire hydrants are usually i) donated by a developer as part of the City's utility extension program (a contribution of the plant); ii) recovered from the individual properties through an assessment program based on those properties which receive special benefit from such facilities or from the application of a main line extension fee to recover the specific cost of such facilities; or iii) funded from the customer directly (e.g., by a "front-foot" charge where the on-site lines were initially financed by the utility and then paid by the customer or an installation charge to recover the cost of a new service line and/or the meter).

The City provided GovRates with reported utility asset information that served as the basis of the functionalization of the existing utility assets. Table 2-1 at the end of this section provides a summary of the functionalization of the existing utility assets-in-service for the System. This information represents the most current information available relative to the assets that can serve the existing and near-term future customer base of each utility system.

2-5: Additional Water and Sewer System Capital Investment

The City's capital improvement program (CIP) through the Fiscal Year 2034, as prepared and estimated by the 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.

Tables 2-2 and 2-3 at the end of this section show the capital costs included in the impact fee calculations. No amounts associated with departmental capital outlay were included. Departmental capital outlay is the ongoing replacement of vehicles, equipment, machinery,

computers, furniture, and other assets that generally have relatively short average service lives (e.g., five years). These amounts are typically considered or classified as general plant and are funded on a "pay-as-you-go" basis through the annual user rate revenues of the System.

Based on our understanding of 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).

2-6: Water and Sewer System Impact Fee Calculations

The water impact fee calculations are shown in Table 2-4 at the end of this section, while Table 2-5 shows the sewer impact fee calculations. The calculated Impact Fees are shown in the following Exhibit 2-3:

**Exhibit 2-3: Existing and Proposed
Water and Sewer Impact Fees Per ERC**

System	Existing Fee	Calculated / Proposed Fee	Difference
Water	\$155	\$1,630	\$1,475
Wastewater	235	2,030	1,795
Total	\$390	\$3,660	\$3,270

ERC = Equivalent Residential Connection

As shown in the preceding table, both the water and sewer Impact Fees are proposed to increase. 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.

2-7: Water and Sewer Impact Fee Comparisons

In order to provide additional information to the City regarding the existing and calculated Impact Fees, a comparison of the existing and calculated fees for the City with those of other Florida jurisdictions was prepared. Table 2-6 and Figure 2-1 at the end of this section provide a comparison of the City's existing and proposed Impact Fees charged to single family residential connections (i.e., one ERC) with the fees or comparable charges currently imposed by other

municipal/governmental water and sewer systems located in southeast Florida. Figure 2-1 shows a graphical representation of the comparison. For comparison purposes, the Miami-Dade County treatment component has been added to the City's existing and proposed Impact Fees, which represent a transmission component. It is important to note that the methods used in the development of the water and wastewater impact fees imposed by other jurisdictions may vary. Moreover, no analysis has been performed to determine whether 100% of the proportionate cost of new facilities is recovered from system Impact Fees, or some percentage less than 100% with the balance recovered through the user charges. Additionally, the types of capital facilities currently in service or planned for the utility may have a material effect on the impact fee charged by a local government. For example, wastewater effluent disposal utilizing a deep injection well system generally has a higher capital cost per unit of capacity than use of a surface water discharge such as an outfall to a bay or river. The capital costs associated with constructing reverse osmosis water treatment facilities, which treat brackish water, are higher than those of lime softening facilities, which treat freshwater.

Some reasons why Impact Fees differ among utilities include:

- Source and quality of raw water supply.
- Proximity to source of supply.
- Type and complexity of treatment process.
- Effluent disposal method.
- Density of service area.
- Availability of grant funding to finance capital assets / CIP.
- Age of system.
- Utility life cycle (e.g., growth-oriented vs. mature).
- Level of service standards.
- Administrative policies.
- Time of last impact fee review.

As shown in Table 2-6 and Figure 2-1, the calculated Impact Fees for the City are comparable with the fees charged by the surveyed utilities. It should be noted that many of the utilities in the comparison have not updated their fees for many years.

Table 2-2
City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study
Summary of Water and Sewer Capital Improvement Program by Function Through Fiscal Year 2031

Line No.	Project Description	Project Type	Estimated Total Capital Cost	Adjustments to Remove Project Costs Allocable to Existing Users	Net Amount For Future Expenditures	Allocation Reference	Supply and Treatment	Functional Category Storage, Pumping and Transmission	Distribution and Collection
WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM									
1	SCADA & PROGRAMMABLE LOGIC CONTROLLERS	Critical Needs	(106,298) \$	106,298 \$	-	N/A	- \$	- \$	-
2	SEWER LINE ADJUSTMENTS	Critical Needs	8,065,000	-	8,065,000	Distr/Collect	-	-	8,065,000
3	WATER & WASTEWATER MAINS AND REPAIR	Critical Needs	136,985,675	-	136,985,675	Transmission	-	136,985,675	-
4	WATER PUMP STATIONS IMPROVEMENTS	Critical Needs	24,334,111	-	24,334,111	Transmission	-	24,334,111	-
5	1ST STREET-ALTON RD TO WASHINGTON	Neighborhoods	6,494,518	-	6,494,518	W-TR-Dist/Weigh	-	3,566,681	2,927,837
6	1ST STREET-ALTON RD TO WASHINGTON PH 1 & 4	Neighborhoods	14,515,000	-	14,515,000	W-TR-Dist/Weigh	-	7,971,396	6,543,604
7	FLAMINGO-LUMMUS C PHASE 1	Neighborhoods	2,421,459	-	2,421,459	Distr/Collect	-	-	2,421,459
8	NORMANDY ISLES A PHASE 1	Neighborhoods	28,233,218	-	28,233,218	Distr/Collect	-	-	28,233,218
9	NORMANDY ISLES A PHASE 2	Neighborhoods	2,823,322	-	2,823,322	Distr/Collect	-	-	2,823,322
10	NORTH SHORED - TOWN CENTER PHASE 1	Neighborhoods	5,771,581	-	5,771,581	W-TR-Dist/Weigh	-	3,169,656	2,601,925
11	NORTH SHORED - TOWN CENTER PHASE 2	Neighborhoods	10,000,000	-	10,000,000	W-TR-Dist/Weigh	-	5,491,833	4,508,167
12	100 BLOCK OF LINCOLN ROAD	Other	7,953,802	-	7,953,802	W-TR-Dist/Weigh	-	4,368,096	3,585,706
13	100 BLOCK OF LINCOLN ROAD	Other	300,000	-	300,000	Distr/Collect	-	-	300,000
14	17TH STREET IMPROVEMENTS PHASE 1	Other	9,471,045	-	9,471,045	W-TR-Dist/Weigh	-	5,272,160	4,198,885
15	COLLINS PARK ANCILLARY IMPROVEMENTS	Other	471,045	-	471,045	Distr/Collect	-	-	471,045
16	CONVENTION CENTER LINCOLN RD CONNECTOR	Other	2,711,673	-	2,711,673	Transmission	-	2,711,673	-
17	1901 ALTON ROAD UTILITIES RELOCATION	Other	21,505,138	-	21,505,138	W-TR-Dist/Weigh	-	11,810,264	9,694,874
18	PUBLIC WORKS OPERATIONS FACILITY	Other	1,495,000	-	1,495,000	W-TR-Dist/Weigh	-	821,029	673,971
19	TOTAL WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM		\$ 283,576,241 \$	106,298 \$	283,682,540		- \$	206,505,573 \$	77,179,966

Table 2-2

City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study

Summary of Water and Sewer Capital Improvement Program By Function Through Fiscal Year 2034

Line No.	Project Description	Project Type	Estimated Total Capital Cost	Adjustments to Remove Project Costs Considered 100% Allocable to Existing Users	Net Amount For Future Expenditures	Allocation Reference	Supply and Treatment	Functional Category Storage, Pumping and Transmission	Distribution and Collection
SEWER SYSTEM CAPITAL IMPROVEMENT PROGRAM									
20	UPGRADES		\$ 16,105,000	\$ -	\$ 16,105,000	FMSGCWeight	\$ -	\$ 9,617,621	\$ 6,492,379
21	SCADA & PROGRAMMABLE LOGIC CONTROLLERS	Critical Needs	(425,194)	435,194	-	N/A	-	-	-
22	SEWER PUMP STATION ODOOR CONTROL	Critical Needs	3,000,000	-	3,000,000	Transm	-	3,000,000	-
23	SEWER LINE ADJUSTMENTS	Critical Needs	8,065,000	-	8,065,000	Distr/Collect	-	-	8,065,000
24	WATER MAIN PROGRAM	Critical Needs	(811,493)	811,493	-	N/A	-	-	-
25	WASTEWATER STATIONS REHABILITATION	Critical Needs	46,068,282	-	46,068,282	Transm	-	46,068,282	-
26	WATER & WASTEWATER MAINS AND DEHAM	Critical Needs	136,985,675	-	136,985,675	Distr/Collect	-	-	136,985,675
27	WATER & WASTEWATER MAINS AND DEHAM	Critical Needs	6,495,518	-	6,495,518	FMSGCWeight	-	-	6,495,518
28	1ST STREET-ALTON RD TO WASHINGTON	Neighborhoods	14,515,000	-	14,515,000	FMSGCWeight	-	-	14,515,000
29	1ST STREET-ALTON RD TO WASHINGTON PH 3.4	Neighborhoods	2,421,459	-	2,421,459	FMSGCWeight	-	-	2,421,459
30	FLAMINGO-LUDMUS C PHASE 1	Neighborhoods	28,233,218	-	28,233,218	FMSGCWeight	-	-	28,233,218
31	NORMANDY ISLES A PHASE 1	Neighborhoods	2,823,322	-	2,823,322	FMSGCWeight	-	-	2,823,322
32	NORMANDY ISLES A PHASE 2	Neighborhoods	5,771,581	-	5,771,581	FMSGCWeight	-	-	5,771,581
33	NORTH SHORE - OAKS CENTER PHASE 1	Neighborhoods	7,053,802	-	7,053,802	FMSGCWeight	-	-	7,053,802
34	NORTH SHORE - TOWN CENTER PHASE 2	Neighborhoods	300,000	-	300,000	FMSGCWeight	-	-	300,000
35	WEST AVENUE PH III	Other	9,600,000	-	9,600,000	FMSGCWeight	-	-	9,600,000
36	100 BLOCK OF LINCOLN ROAD	Other	473,045	-	473,045	Distr/Collect	-	-	473,045
37	17TH STREET IMPROVEMENTS PHASE 1	Other	2,711,673	-	2,711,673	Transm	-	2,711,673	-
38	COLLINS PARK ANCILLARY IMPROVEMENTS	Other	6,734,310	-	6,734,310	Distr/Collect	-	-	6,734,310
39	CONVENTION CNTR LINCOLN RD CONNECTOR	Other	21,505,138	-	21,505,138	FMSGCWeight	-	-	21,505,138
40	DERM & EPA CONSENT DECREE	Other	1,495,000	-	1,495,000	FMSGCWeight	-	892,323	602,677
41	FOOT ALTON ROAD UTILITIES RELOCATION	Other	-	-	-	-	-	-	-
42	PUBLIC WORKS OPERATIONS FACILITY	Other	-	-	-	-	-	-	-
43	TOTAL SEWER SYSTEM CAPITAL IMPROVEMENT PROGRAM		\$ 337,924,199	\$ 1,256,687	\$ 339,180,885		\$ -	\$ 266,519,428	\$ 72,661,457
TOTAL WATER AND SEWER CAPITAL IMPROVEMENT PROGRAM									
44	PROGRAM		\$ 671,500,440	\$ 1,340,985	\$ 672,841,425		\$ -	\$ 473,022,001	\$ 199,819,424

Table 2-3
 City of Miami Beach, Florida
 Water, Sewer, and Stormwater Rate Study
 Summary of Water and Sewer Capital Improvement Program Recognized in System Impact Fees – Fiscal Years 2024 Through 2034

Line No.	Project Description	Adjusted Project Cost [1]	Project Status	Assumed Original In-Service Date [2]	Estimated Original Cost [3]	Amount Recognized [4]		Percent to Recognize for Expansion
						Existing	Future / Direct	
WATER TREATMENT PROJECTS (Not Applicable)								
WATER TRANSMISSION PROJECTS								
1	WATER & WASTEWATER MAINS AND REHAB	\$ 136,985,675	Upgrade	1965	\$ 16,543,691	\$ 136,985,675	\$ -	0.00%
2	WATER PUMP STATIONS IMPROVEMENTS	74,334,111	Upgrade	1965	2,938,818	24,334,111	-	0.00%
3	1ST STREET-ALTON RD TO WASHINGTON	3,566,681	Upgrade	1965	430,746	3,566,681	-	0.00%
4	3+4	7,971,396	Upgrade	1965	962,702	7,971,396	-	0.00%
5	NORTH SHORE D - TOWN CENTER PHASE 1	3,169,656	Upgrade	1965	382,798	3,169,656	-	0.00%
6	NORTH SHORE D - TOWN CENTER PHASE 2	5,491,833	Upgrade	1965	663,246	5,491,833	-	0.00%
7	WEST AVENUE PH III	4,368,096	Upgrade	1965	527,533	4,368,096	-	0.00%
8	17TH STREET IMPROVEMENTS PHASE 1	5,272,160	Upgrade	1965	636,716	5,272,160	-	0.00%
9	CONVENTION CNTR LINCN RD CONNECTOR	2,711,673	Upgrade	1965	327,487	2,711,673	-	0.00%
10	FDOT ALTON ROAD UTILITIES RELOCATION	11,810,264	Upgrade	1965	1,426,320	11,810,264	-	0.00%
11	PUBLIC WORKS OPERATIONS FACILITY	821,029	Upgrade	1965	99,155	821,029	-	0.00%
12	Total Water Transmission Projects	\$ 206,502,573			\$ 34,939,212	\$ 206,502,573	\$ -	0.00%
13	TOTAL WATER PROJECTS	\$ 206,502,573			\$ 34,939,212	\$ 206,502,573	\$ -	0.00%

Table 2-3
 City of Miami Beach, Florida
 Water, Sewer, and Stormwater Rate Study
 Summary of Water and Sewer Capital Improvement Program Recognized in System Impact Fees – Fiscal Years 2024 Through 2034

Line No.	Project Description	Adjusted Project Cost [1]	Project Status	Assumed Original In-Service Date [2]	Estimated Original Cost [3]	Amount Recognized [4]		Percent to Recognize for Expansion
						Existing	Future / Direct	
SEWER TREATMENT PROJECTS (Not Applicable)								
SEWER TRANSMISSION PROJECTS								
14	COLLECTION UPGRADES	\$ 9,612,621	Upgrade	1965	\$ 1,160,911	\$ 9,612,621	\$ -	0.00%
15	SEWER PUMP STATION ODOR CONTROL	3,000,000	Upgrade	1965	362,308	3,000,000	-	0.00%
16	WASTEWATER STATIONS REHABILITATION	48,068,282	Upgrade	1965	5,805,182	48,068,282	-	0.00%
17	WATER & WASTEWATER MAINS AND REHAB	136,985,675	Upgrade	1965	16,543,691	136,985,675	-	0.00%
18	1ST STREET-ALTON RD TO WASHINGTON	3,876,394	Upgrade	1965	468,150	3,876,394	-	0.00%
19	3-4	8,663,594	Upgrade	1965	1,046,298	8,663,594	-	0.00%
20	FLAMINGO-LUMMUS C PHASE 1	1,445,300	Upgrade	1965	174,548	1,445,300	-	0.00%
21	NORMANDY ISLES A PHASE 1	16,851,612	Upgrade	1965	2,035,161	16,851,612	-	0.00%
22	NORMANDY ISLES A PHASE 2	1,685,161	Upgrade	1965	203,516	1,685,161	-	0.00%
23	NORTH SHORE D - TOWN CENTER PHASE 1	3,444,894	Upgrade	1965	416,038	3,444,894	-	0.00%
24	NORTH SHORE D - TOWN CENTER PHASE 2	5,968,718	Upgrade	1965	720,839	5,968,718	-	0.00%
25	WEST AVENUE PH III	4,747,400	Upgrade	1965	573,341	4,747,400	-	0.00%
26	17TH STREET IMPROVEMENTS PHASE 1	5,729,969	Upgrade	1965	692,006	5,729,969	-	0.00%
27	CONVENTION CENTER LINGEN RD CONNECTOR	2,711,673	Upgrade	1965	327,487	2,711,673	-	0.00%
28	FOOT ALTON ROAD UTILITIES RELOCATION	12,835,811	Upgrade	1965	1,550,174	12,835,811	-	0.00%
29	PUBLIC WORKS OPERATIONS FACILITY	892,323	Upgrade	1965	107,765	892,323	-	0.00%
30	Total Wastewater Transmission Projects	\$ 266,519,428			\$ 32,187,417	\$ 266,519,428	\$ -	0.00%
31	TOTAL WASTEWATER PROJECTS	\$ 266,519,428			\$ 32,187,417	\$ 266,519,428	\$ -	0.00%
32	TOTAL SYSTEM PROJECTS	\$ 473,022,001			\$ 57,126,629	\$ 473,022,001	\$ -	0.00%

Table 2-3

City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study

Summary of Water and Sewer Capital Improvement Program Recognized in System Impact Fees – Fiscal Years 2024 Through 2034

Footnotes:

- [1] Amounts shown are derived from Table 2-2 and do not include any capital expenditures classified as distribution-related or collection-related
- [2] Estimated original in-service date based on discussions with City staff.
- [3] Amount shown was determined by discounting the projected (replacement) cost by an inflationary factor as measured by the Engineering News-Record (ENR) Construction Cost Index applied to the estimated number of years in service.
- [4] For replacement projects only, amount derived by subtracting the estimated original cost from the new project cost (net asset addition).

Note: With respect to capital projects associated with plant upgrades, the following were assumed:

New = Project designated for capacity expansion only.

Upgrade = Project designated to improve existing capacity facilities.

Replacement = Project which removes original asset from service but necessary for providing service to City customers.

Relocate = Project which removes original asset from service, and usually replaces it with an asset designated for capacity expansion.

Redundancy = Project which provides redundancy to existing capacity and not an increase in capacity to serve new growth.

Reliability = Project which provides additional reliability to existing capacity and not an increase in capacity to serve new growth.

Future = Reflects project which extends beyond the planning horizon (e.g., beyond Fiscal Year 2034) in this report.

System = Project that benefits existing, expansion and future customers.

Direct = Reflects projects which directly relate to specific customer base and not System cost

Table 2-4
City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study
Development of Water System Impact Fee

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
	Major Transmission System: [1]	
1	Existing Facilities [2]	\$ 75,437,017
2	Additional Costs Capitalized to Plant in Service [3]	206,502,573
3	Less Anticipated Retirements [4]	(24,939,212)
4	Less Grant Funds and Other Contributions [4]	(521,724)
5	Major Transmission Facility Costs	<u>\$ 256,478,654</u>
6	Estimated Capacity-Total Service Area (MGD) (Average Daily Flow) [5]	33,000
7	ERC Factor - GPD [6]	210
8	Estimated ERCs served by Transmission Facilities [5]	157,143
9	Base Rate per ERC of Major Transmission Facilities	<u>\$ 1,632.14</u>
10	Capital Financing Recovery - Transmission Component	0.00
11	Rate per ERC of Major Transmission Facilities	<u>\$ 1,632.14</u>
12	Rate Adjustment	-
13	Total Rate per ERC After Rate Adjustment	<u>1,632.14</u>
14	Rounded Rate per ERC	<u>\$ 1,630.00</u>
15	Cost Per Gallon	<u><u>\$ 7.762</u></u>

MGD = Million-Gallons-Per-Day
ERC = Equivalent Residential Connection
GPD = Gallons Per Day

Footnotes are on following page.

Table 2-4
City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study
Development of Water System Impact Fee

Footnotes:

- [1] Amounts do not include the estimated costs of retail on-site capital expenditures such as meters, hydrants, services, and on-site (local) distribution utility plant facilities or general plant assets (vehicles, equipment, etc.) or general transmission lines; such costs are: i) generally provided by the developer or owners of property which specifically benefit from such facilities; or ii) funded by a separate and distinct fee (e.g., meter installation charge).
- [2] Amount derived from Table 2-1, Line 849; reflects cost of water transmission and storage utility plant in service.
- [3] Amount derived from Table 2-3, Line 12; reflects net recognized additions to the water transmission facilities where applicable.
- [4] Amount derived from Table 2-3, Line 12 and reflects estimated transmission fixed asset retirements due to imposition of the capital improvement plan of the City's utility system.
- [5] Reflects total estimated system capacity for the forecast period for the water service area based on capacity planning estimates. Amount calculated as follows:

	Amount
Existing Capacity (MGD-ADF)	33,000
Assumed ERC Factor (Gallons Per Day Per ERC)	210
Total Estimated ERCs Available to be Served	157,143

- [6] The level of service factor for a water ERC reflects capacity requirements expressed on an average daily flow basis; the assumed factor of 210 gallons per day per ERC is based on review of historical flow data and current Miami-Dade County level of service standards.

Table 2-5
City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study
Development of Sewer System Impact Fee

Line No.	Description	Amount
	Major Transmission System: [1]	
1	Existing Facilities [2]	\$ 88,812,584
2	Additional Costs Capitalized to Plant in Service [3]	266,519,428
3	Less Anticipated Retirements [4]	(32,187,417)
4	Less Receipt of Grant Funds and Other Contributions [4]	(1,967,028)
5	Total Major Transmission Facility Costs	<u>\$ 321,177,567</u>
6	Estimated Capacity-Total Service Area (MGD) (Average Daily Flow) [5]	33.173
7	ERC Factor - GPD [6]	210
8	Estimated ERCs served by Transmission Facilities [5]	157,968
9	Base Rate per ERC of Major Transmission Facilities	\$ 2,033.18
10	Capital Financing Recovery - Transmission Component	0.00
11	Rate per ERC of Major Transmission Facilities	\$ 2,033.18
12	Rate Adjustment	-
13	Rate per ERC of Major Transmission Facilities After Rate Adjustment	<u>2,033.18</u>
14	Rounded Rate per ERC	\$ 2,030.00
15	Cost Per Gallon	<u><u>\$ 9.667</u></u>

MGD = Million-Gallons-Per-Day
ERC = Equivalent Residential Connection
GPD = Gallons Per Day

Footnotes are on following page.

Table 2-5
City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study
Development of Sewer System Impact Fee

Footnotes:

- [1] Amounts do not include the estimated costs of retail on-site capital expenditures such as manholes, local lift stations, service laterals, and on-site (local) collection utility plant facilities or general plant assets (vehicles, equipment, etc.) or general transmission lines; such costs are i) generally provided by the developer or owners of property which specifically benefit from such facilities; or ii) funded by a separate and distinct fee (e.g., sewer tap charge).
- [2] Amount derived from Table 2-1, Line 849; reflects cost of sewer transmission and master pumping station utility plant in service.
- [3] Amount shown derived from Table 2-3, Line 30; reflects net recognized additions to the sewer transmission facilities where applicable.
- [4] Amount derived from Table 2-3, Line 30 and reflects estimated transmission fixed asset retirements due to imposition of the capital improvement plan of the City's utility system.
- [5] Reflects total estimated capacity for the forecast period for the sewer service area based on capacity planning estimates. Amount calculated as follows:
- | | Amount |
|---|---------|
| Existing Capacity (MGD-ADF) | 33,173 |
| Capacity to Be Added During Forecast Period: 2022- 2026 (MGD-ADF) | - |
| Total Projected Capacity Needs | 33,173 |
| Assumed ERC Factor (gallons per day per ERC) | 210 |
| Total Estimated ERCs Available to be Served | 157,968 |
- [6] The level of service factor for a sewer ERC reflects capacity requirements expressed on an average daily flow basis; the assumed factor of 210 gallons per day per ERC is based on review of historical flow data and current Miami-Dade County standards.

Table 2-6
City of Miami Beach, Florida
Water, Sewer, and Stormwater Rate Study

Comparison of Impact Fees Per
Equivalent Residential Connection (ERC) for Water and Sewer Service

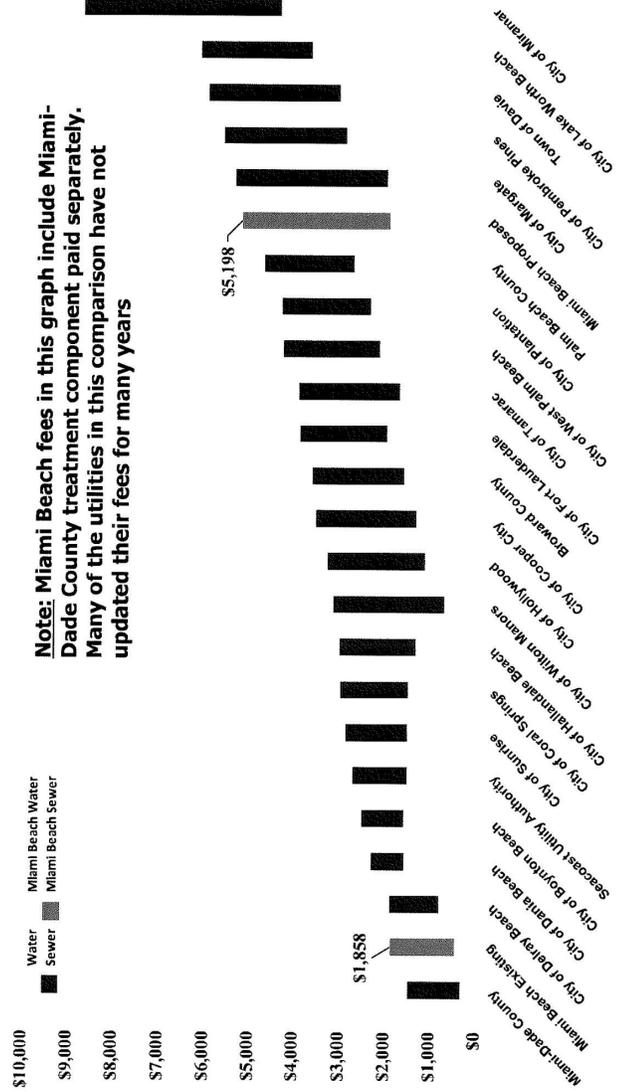
Line No.	Description	Impact Fee Per ERC [1]		
		Water	Wastewater	Combined
City of Miami Beach, Florida				
1	Existing Impact Fees Per ERC [2]	\$ 447	\$ 1,411	\$ 1,858
2	Proposed Impact Fees Per ERC [2]	1,936	3,262	5,198
Other Florida Utilities				
3	City of Boynton Beach	\$ 1,571	\$ 931	\$ 2,502
4	Broward County	1,590	2,010	3,600
5	City of Cooper City	1,316	2,201	3,517
6	City of Coral Springs	1,487	1,487	2,974
7	City of Dania Beach	1,557	725	2,282
8	Town of Davie	3,050	2,920	5,970
9	City of Delray Beach	788	1,084	1,872
10	City of Fort Lauderdale	1,977	1,888	3,865
11	City of Hallandale Beach	1,318	1,672	2,990
12	City of Hollywood	1,130	2,130	3,260
13	City of Lake Worth Beach	3,659	2,483	6,142
14	City of Margate	1,995	3,350	5,345
15	Miami-Dade County	292	1,176	1,468
16	City of Miramar	4,350	4,370	8,720
17	Palm Beach County	2,720	1,980	4,700
18	City of Pembroke Pines	2,900	2,709	5,609
19	City of Plantation	2,349	1,942	4,291
20	Seacoast Utility Authority	1,500	1,200	2,700
21	City of Sunrise	1,500	1,350	2,850
22	City of Tamarac	1,700	2,200	3,900
23	City of West Palm Beach	2,150	2,100	4,250
24	City of Wilton Manors	696	2,441	3,137
25	Other Florida Utilities' Average	\$ 1,891	\$ 2,016	\$ 3,907
26	Minimum	292	725	1,468
27	Maximum	4,350	4,370	8,720

Footnotes:

[1] Amounts reflect fees for a typical single family residential unit (i.e., one ERC) and are effective in January 2025.

[2] Includes current Miami-Dade County impact fees for treatment capacity

Figure 2-1
City of Miami Beach, Florida
Comparison of Impact Fees
Per ERC for Water and Sewer Service



**Proposed Water and Sewer Impact Fees
Per Equivalent Residential Connection (ERC)**

- Last Adjusted in 1995 – 30 Years Ago
- Case Law: Impact Fees Must Be Proportionate to Benefit Received

**Existing and Proposed
Water and Sewer Impact Fees Per ERC**

System	Calculated /		Difference
	Existing Fee	Proposed Fee	
Water	\$155	\$1,630	\$1,475
Wastewater	235	2,030	1,795
Total	\$390	\$3,660	\$3,270

ERC = Equivalent Residential Connection

- Impact Fees Support "Growth Paying for Growth" and Help to Reduce Need for Monthly User Rate Increases

