

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 15, 1998 Revised: _____

Subject: Broward County/Water and Sewer

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Matthews</u>	<u>Guthrie</u>	<u>RI</u>	<u>Favorable</u>
2.	_____	_____	<u>RC</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill provides additional procedural requirements for water and sewer rate surcharges imposed by municipalities within Broward County upon customers outside their municipal boundaries, notwithstanding the provisions of s. 180.191, F.S., relating to utility surcharges.

II. Present Situation:

Under general law, a municipal owned or operated water or sewer utility may, under certain conditions, impose a maximum 25% surcharge on rates, fees, and charges assessed customers outside its municipal boundaries (*see* s. 180.191, F.S.). The municipal utility is limited to imposing on outside customers either:

- ▶ the same rates, fees and charges charged customers inside municipal boundaries, plus a maximum surcharge of 25%, in which case no public hearing is required except as may be provided for service to consumers inside municipal boundaries; or
- ▶ just and equitable rates, fees and charges based on the same factors used in fixing those rates charged to customers inside municipal boundaries plus a maximum surcharge of 25%. A public hearing is required, and the total of rates, fees and charges to customers outside the municipal boundaries cannot exceed by more than 50 percent the amounts charged to customers inside municipal boundaries.

Several municipalities in Broward County have protested the alleged inequity of water and sewer surcharges upon certain residents and businesses when served by adjoining municipalities. Neither state nor local law requires that municipalities within Broward County use surcharge revenues to fund additional municipal services for outside customers or allows those customers to participate

in serving municipalities' commission elections. This bill results from negotiations between the Broward County Legislative Delegation and the Town of Davie which had objected to surcharges imposed upon certain residents and businesses by the South Broward Utility, Inc. (owned by the City of Sunrise). The Town of Davie recently had adopted a resolution to petition Broward County to introduce legislation exempting utility customers from water and sewer surcharges imposed under s. 180.191, F.S.

III. Effect of Proposed Changes:

This bill imposes additional procedural requirements upon any municipality within Broward County intending to change the water or sewer rates of customers residing outside its municipal boundary. Specifically, a municipality must hold a duly noticed public hearing, explain the need for the proposed rate change and show the proposed rate is just and equitable before changing the rate. Notice of the public hearing on the rate change must be made through an insert placed in the bills forwarded to customers outside municipal boundaries. These requirements apply notwithstanding the provisions of s. 180.191, F.S.

The bill does not specify the timing, format, and content of the public notice, or provide the criteria for justifying a rate as just and equitable.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Notice of the bill was published in February , 1998, as required by s. 11.02, F.S., and Art. III, s. 10, Fla. Const. The Broward County Legislative Delegation unanimously approved the bill after holding a public hearing on January 15, 1998.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

This bill will provide additional opportunities for water and sewer customers outside municipal boundaries to provide input regarding rate increases imposed by municipal-owned or -operated utilities.

C. Government Sector Impact:

Municipalities within Broward County will be subject to additional procedural requirements prior to changing water and sewer rates imposed on customers outside municipal boundaries.

VI. Technical Deficiencies:

None.

VII. Related Issues:

SB 2610, sponsored by Senator Campbell, creates a 7-member South Broward Utility Advisory Board for the City of Sunrise, whose members are to be appointed individually by the City of Sunrise, the Town of Davie, Pembroke Pines, and the Broward County Commission. In addition, SB 2610 provides for qualifications, terms, responsibilities and powers of the board as relates to water and sewer rates, appropriates a \$25,000 cap for a rate consultant, limits the board's standing to take legal action, and requires the City of Sunrise to adopt procedures and regulations as needed.

VIII. Amendments:

None.