

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: May 7, 2024

Consent []
Public Hearing []

Regular [X]

Department: Water Utilities Department

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file: Palm Beach County Water Utilities Department's Proposed FY2025 Budget Overview.

Summary: The Palm Beach County Water Utilities Department (PBCWUD) will provide an overview of the proposed FY2025 Budget. For FY2025, PBCWUD has prepared a proposed budget of \$611,303,610, which includes operating, capital and debt service. As an enterprise fund, the Utility must fund its own operating and capital project budget lines. PBCWUD is undertaking capital projects to address our aging infrastructure and ensure full compliance with applicable regulations including newly adopted water quality standards. PBCWUD's funding comes primarily through user fees (customers, developers, etc.) grants, investment income and balance brought forward Countywide (MWJ)

Background and Policy Issues: PBCWUD is the 3rd largest full service utility in Florida and provides services to approximately 635,000 residents. PBCWUD owns and operate nine water, wastewater, reclaimed water plants, maintains over 900 lift stations and has over 4,500 miles of pipes. PBCWUD is a nationally recognized utility for Safety, Regulatory Compliance, Asset Management, and Water Reuse programs and is also AAA rated by the major rating agencies. PBCWUD rates are 25% lower than the average in southeast Florida, making them more affordable for our customers. Large-scale capital projects currently require multi-year phasing to complete due to escalation in project costs associated with labor and supply chain issues, PBCWUD will be recommending additional funding sources in the future.

Attachment:

- 1. Budget Presentation

Recommended By: Ali Boyat 5/2/2024
 Department Director Date

Approved By: [Signature] 5/6/24
 Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2024	2025	2026	2027	2028
Capital Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
External Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Program Income (County)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
In-Kind Match County	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET FISCAL IMPACT	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
# ADDITIONAL FTE POSITIONS (Cumulative)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Budget Account No.: Fund Dept Unit Object

Is Item Included in Current Budget? Yes ___ No X

Is this item using Federal Funds? Yes ___ No X

Is this item using State Funds? Yes ___ No X

Reporting Category N/A

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Department Fiscal Review: Joony Sereman

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

Laura Mart 5/3/24
OFMB MF 53
APF 513

Carly M. Amick 5/6/24
Contract Development and Control

B. Legal Sufficiency:

Anne Delgent 5.6.24
Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.



Palm Beach County **WATER UTILITIES**

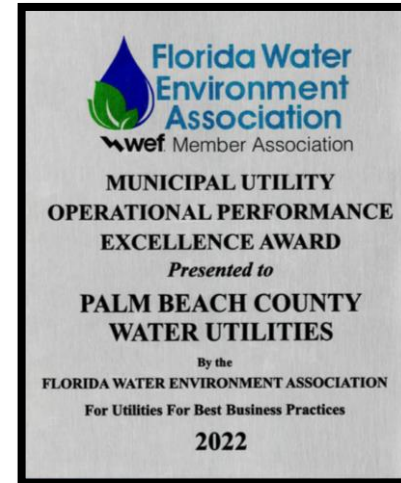
Fiscal Year 2025 Proposed Budget



BEST WATER, BEST SERVICE & BEST ENVIRONMENTAL STEWARDSHIP

Department Highlights

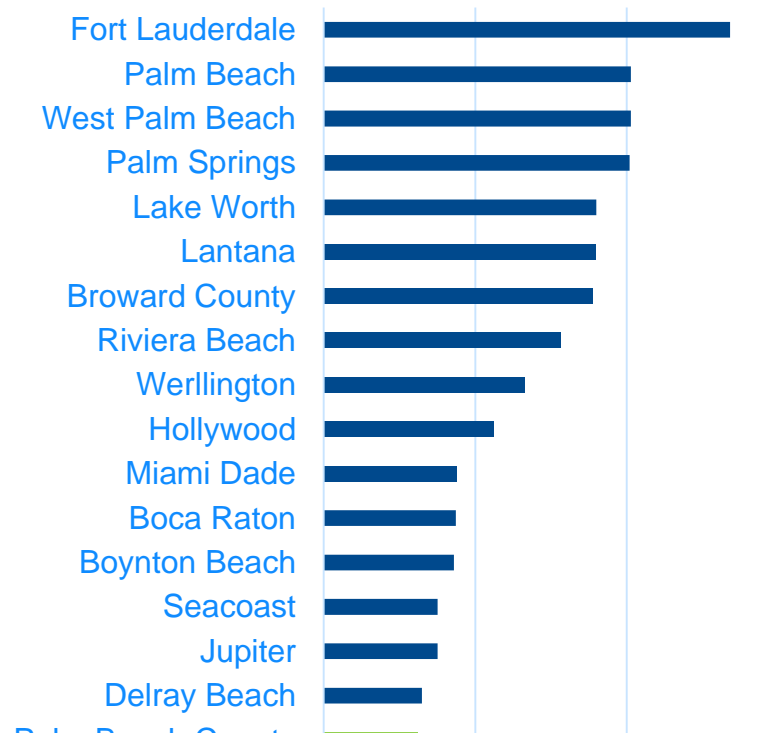
- ❑ **5** consecutive years with zero water quality violations
- ❑ Nationally recognized utility for **Safety, Regulatory Compliance, Asset Management, and Water Reuse** programs
- ❑ **AAA** rated by major rating agencies



Customer Affordability

Monthly water and wastewater residential cost with 5,000 gallons consumption

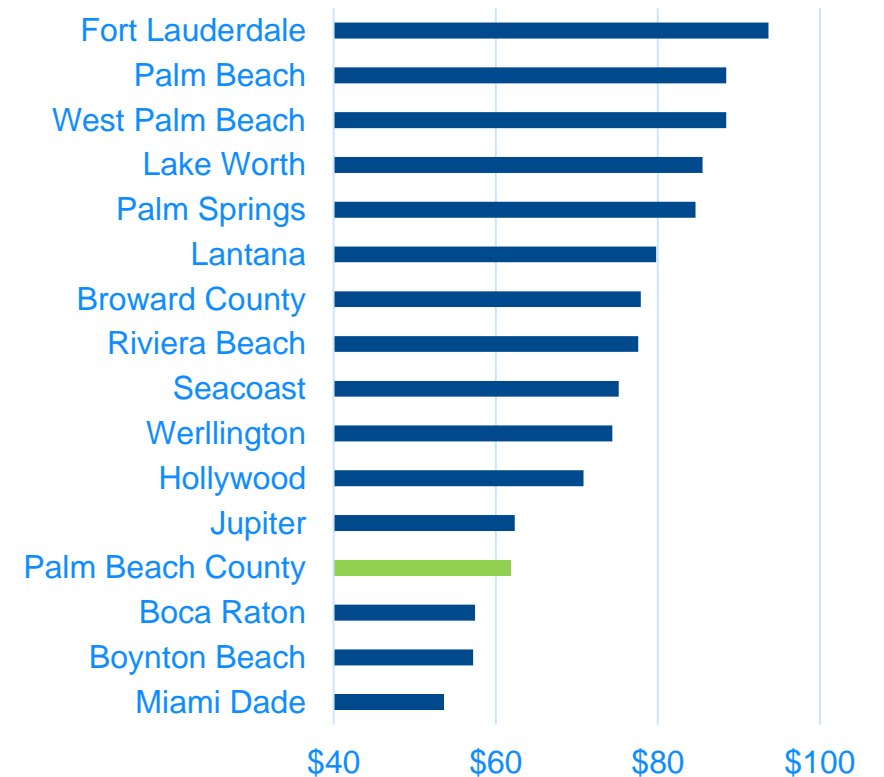
Multi Family



Multi family dwelling: \$52.46,
36% lower than the SE
Florida average

Single family dwelling: \$61.81
25% lower than the SE
Florida average

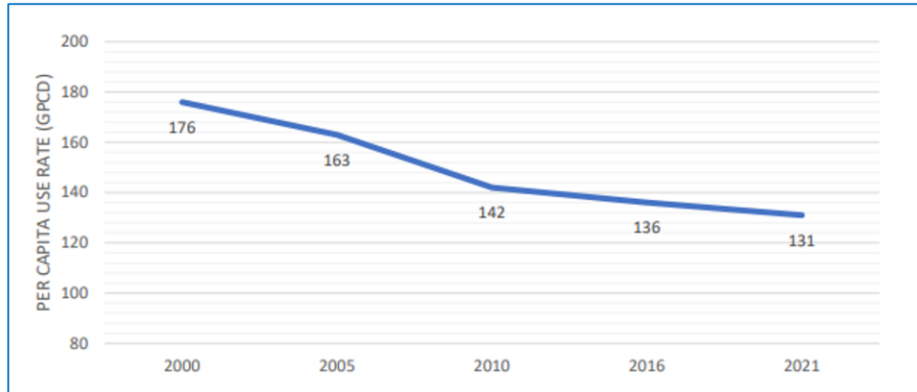
Single Family



Environmental Stewardship

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

LEC Water Conservation



Average Per Capita 2017-2021 (gallons per day)

PBC Eastern	103	Riviera Beach	192
Wellington	104	Delray Beach	204
Lake Worth Bch	106	Jupiter	211
Boynton Beach	119	West Palm Bch	230
Seacoast	188	Roca Raton	290

- Agriculture
 - FDACS* best management practices
 - More efficient irrigation systems
- Public supply
 - Indoor and outdoor programs
 - Conservation rate structures
- Public supply per capita use rate (gallons per capita per day)

2000 176

2020 131

26% decrease

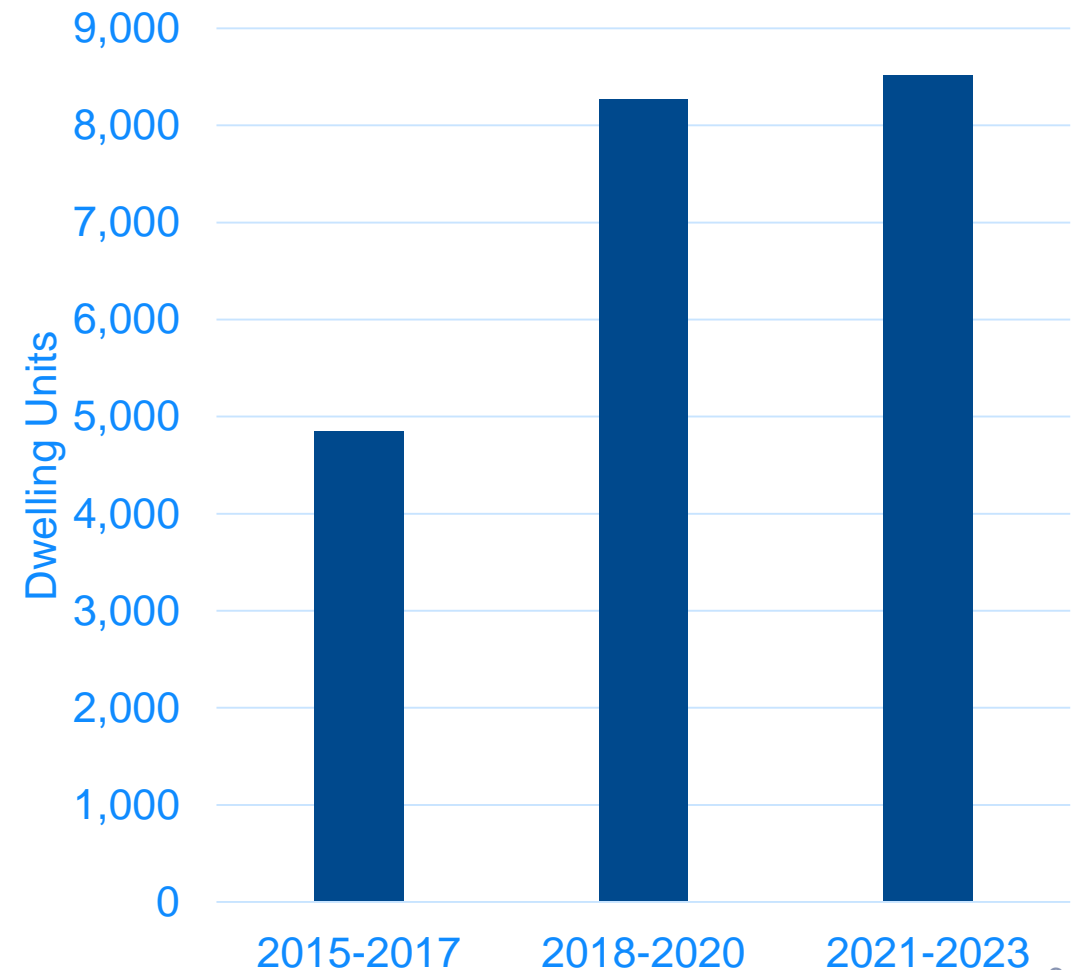
* Florida Department of Agriculture and Consumer Services

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TAL STEWARDSHIP

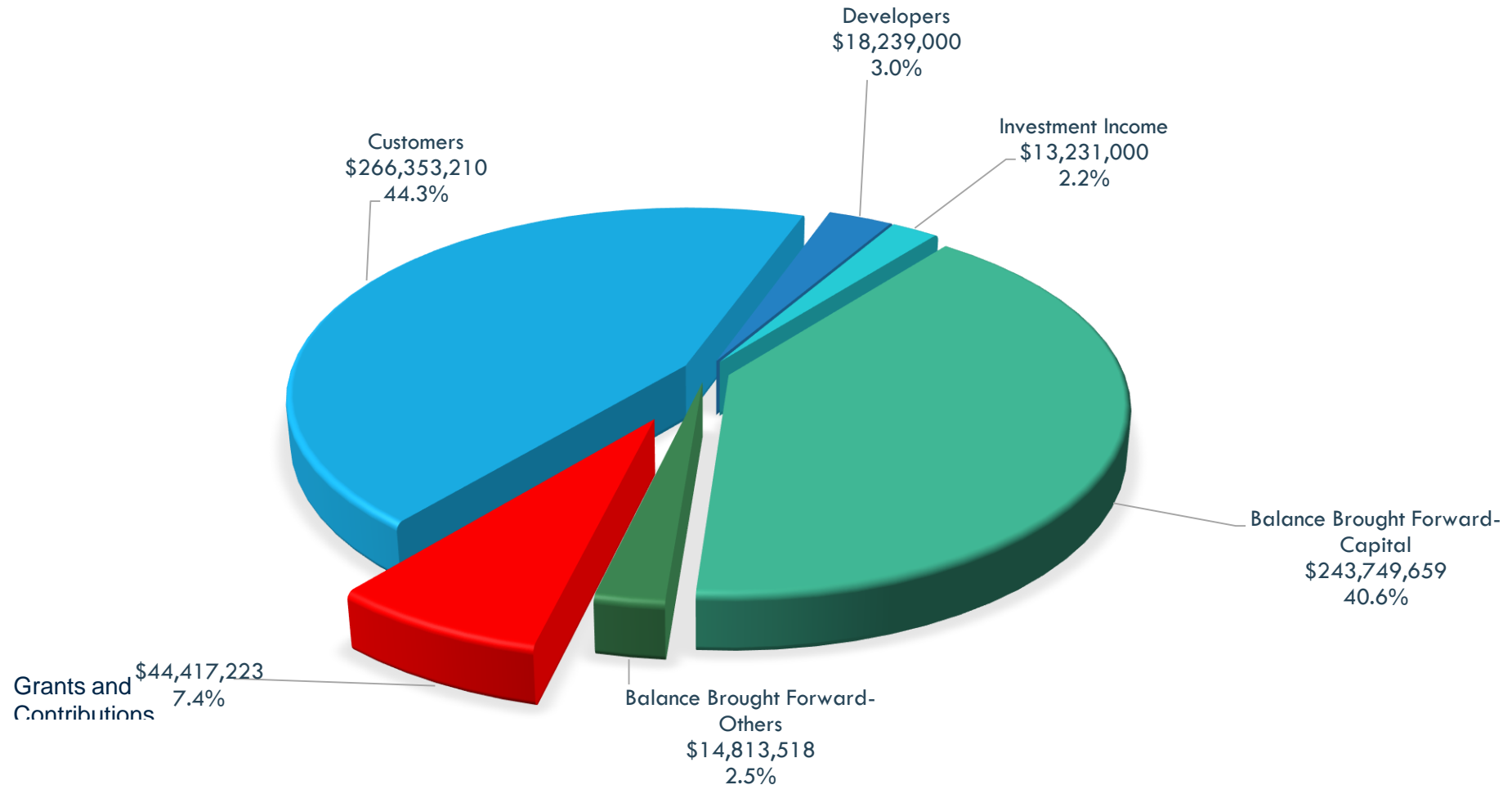
Customer Growth

- ❑ Significant customer growth between 2018-2020 and after
- ❑ Annual average customer growth of 1 to 1.3 percent



FY 2025 Proposed Revenues

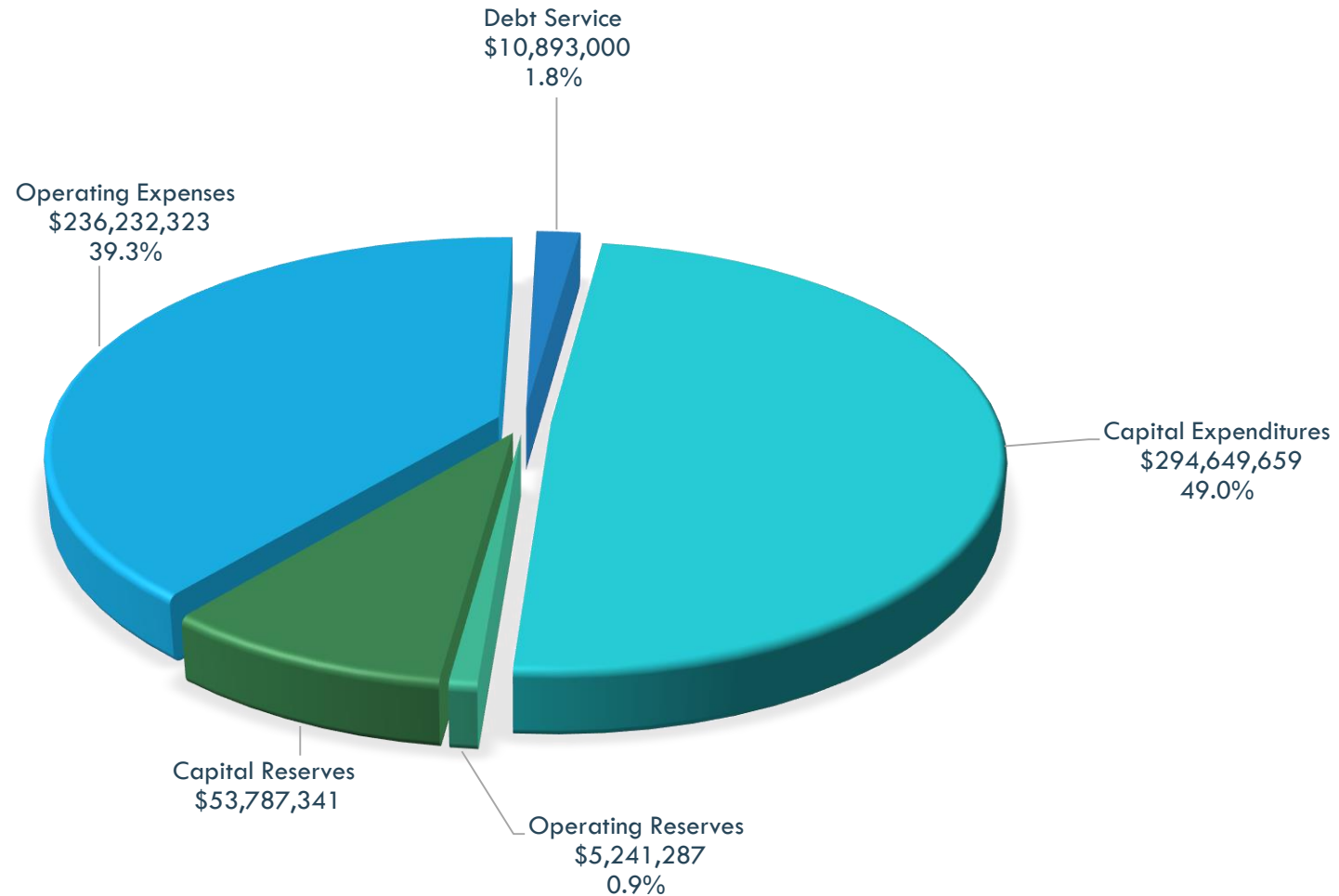
Total Revenues (excluding transfers) - \$600,803,610



ITAL STEWARDSHIP

FY 2025 Proposed Expense Budget

Total Expenses (excluding transfers) - \$600,803,610



ITAL STEWARDSHIP

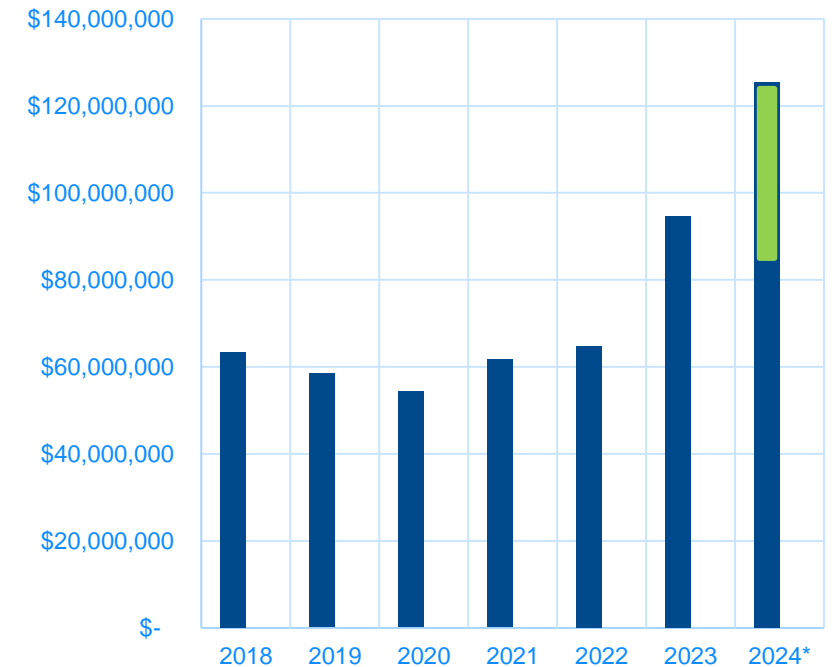
FY 2025 Proposed Operating Expenses

Major Operating Expenses	FY2024	FY2025
Personnel	\$70,041,419	\$ 73,804,122
Operation & Maintenance Projects	\$44,148,909	\$ 44,383,346
Chemicals & Supplies	\$18,611,148	\$ 20,951,919
Purchased Sewer Treatment	\$11,550,000	\$ 15,624,000
Utilities/Electric	\$11,126,201	\$ 11,288,501
Others	\$70,865,830	\$ 70,180,435
Total Expenses	\$226,343,507	\$ 236,232,323
		4.4% increase

FY 2025 Proposed Capital Budget

- FY 2025 Total Capital Budget: \$294,649,659
 - Balance Brought Forward: \$243,749,659
 - New allocation: \$50,900,000
- Water Utilities is undertaking capital projects to address our aging infrastructure and ensure full compliance with applicable regulations. Our proposed budget includes new capital projects and capital carryover for multi-year projects.
- In FY 2023, our total expenditures were approximately \$94M.
- For FY 2024* our estimated expenditures will be approximately \$125M, including \$40M for **Green Cay Phase II**. Currently we have spent approximately \$42.7M for this fiscal year.

Capital Expenditures



Five Year Projections- Operating Revenues and Expenses

Operating Revenues	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Charges for Service	\$261,027,386	\$276,960,454	\$293,852,578	\$311,761,154	\$330,747,176	\$1,474,348,748
Other Operating Revenues	\$5,433,214	\$5,487,546.14	\$5,542,422	\$5,597,846	\$5,653,824	\$27,714,852
Total Operating Revenues	\$266,460,600	\$282,448,000	\$299,395,000	\$317,359,000	\$336,401,000	\$1,502,063,600
Total Operating Expenses	\$196,749,000	\$206,586,000	\$216,915,000	\$227,761,000	\$239,149,000	\$1,087,160,000
Net Operating Income	\$69,711,600	\$75,862,000	\$82,480,000	\$89,598,000	\$97,252,000	\$414,903,600

Key Assumptions

Operating Revenues	
Rate Index	5%
Customer Growth	1%
Total	6%
Operating	5%

Debt Service	No new debt is to be assumed during this forecast period
Other Operating Revenues	Amounts shown include meter sales, service charges, industrial pre-treatment revenues, and other miscellaneous charges.
Total Operating Expenses	Excludes depreciation and amortization and equity interest in net (income) loss of joint venture.
Net Operating Income	Amounts shown include what is left for Capital Improvement Reserves.

Five Year Projections- Capital Improvements

		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Reclaimed Water	Distribution System Improvements	\$0	\$32,340,000	\$0	\$0	\$0	\$32,340,000
Wastewater	Collection System Improvements	\$12,797,895	\$74,568,547	\$76,544,400	\$30,729,800	\$33,064,200	\$227,704,843
Wastewater	Plant Improvements	\$4,241,778	\$40,677,723	\$38,415,410	\$15,716,000	\$13,253,746	\$112,304,658
Water	Distribution System Improvements	\$8,395,580	\$19,664,400	\$34,020,000	\$23,491,200	\$12,123,000	\$97,694,180
Water	Plant Improvements	\$21,124,746	\$45,577,988	\$113,590,159	\$172,117,339	\$5,111,208	\$357,521,440
Water & Wastewater	Distribution and Collection System Improvements	\$4,340,000	\$10,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$35,340,000
Total		\$50,900,000	\$222,828,658	\$269,569,969	\$249,054,339	\$70,552,154	\$862,905,120

Five Year Projections- Capital Improvements

- ❑ Estimated funding shortfalls: **\$448,001,520**
- ❑ Historically capital improvement projects costs would be funded on a pay-as-you-go basis using a combination of Department revenues and grants
- ❑ The projected expenses now surpass the available funding from Department revenues primarily due to escalating construction costs and newly announced water quality standards

Five Year Projections- Capital Improvements

Funding Strategies:

- WUD has applied to receive settlement proceeds from manufacturers in a multidistrict class action case
- Working with our State and Federal agencies such as the Environmental Protection Agency and the Department of Environmental Protection to receive
 - Grants,
 - Loans with principal and/or interest forgiveness options, and
 - Loans with low interest rates
- Performing utility rate study to ensure financial stability
- Issuance of bonds

Personnel

- Total number of positions: 643
- A total of 7 new positions with an overall annual cost of \$567,055 are requested for FY 2025



Thank You

We will now take any questions

Palm Beach County Water Utilities

Supplemental Position Request

Unit: Wud Support Services
Requesting: Education Specialist

4001-720-1200	<p>Education Specialist (1) Pay Grade 30 (Annual Cost \$83,400.22) Job Spec. TBD</p> <p>Green Cay RECAP Center- With the launch of the RECAP Facility, we require an education specialist to create, execute, and assess public education and outreach initiatives covering of the facility. The main objective will be to conduct school and community tours and presentations emphasizing reclaimed, water conservation and waste reduction programs.</p> <p>Strategic Priority: Infrastructure, Public Safety, Economic Development Associated KPI: All KPI's associated with public relations will be positively impacted. Once this position is implemented, baseline KPIs will be created to capture performance and efficiency.</p>	0	62,551	0	62,551	1
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Unit: Materials Management
Requesting: Utilities Support Services Coordinator

4001-720-2310	<p>Utilities Support Services Coordinator (1) Pay Grade 32 (Annual Cost \$87,037.02)</p> <p>The Support Services Coordinator Position is needed due to the aging workforce in the Procurement section. This position will assist the division with succession planning and additional duties assigned to the department. Our current Utilities Support Services Coordinator has a wealth of knowledge and plans to retire within the next two years. Many of the tasks performed by this position directly affect operations as this key position is responsible for the timely development of specifications, sole source contracting, and emergency confirming order requirements for WUD. Water Utilities currently holds ISO 55001 Certification. Succession planning is an integral part of the continuous improvement requirement necessary to maintain the ISO 55001 Certification. Furthermore, since 2019, WUD Procurement has absorbed additional responsibilities with the addition of the OEBO ordinance as outlined in CW-O-043 and the requirement of managing county wide master agreements as a Lead Department. The addition of these two new requirements have dramatically increased the amount of time required to review and process documents. In the case of County Wide Master Agreements, prior to 2019, County Purchasing administered all County Wide Master agreements. The administration of these contracts was diverted to the County Department who has the largest share of purchases for each contract and was deemed to be the "Lead" for the Master Agreement. Since WUD is one of the larger Departments, the lion's share of contract administration fell in our laps. The addition of the Utilities Support Services Coordinator will enable us to train and prepare for the eventual departure of the current Utilities Support Services Coordinator as well as better absorb the additional volume of work that has been created as stated above.</p> <p>Strategic Priority: Infrastructure and Public Safety Associated KPI: All KPI's related to contracts and procurement will be positively impacted. Currently working with Manager to created baseline KPIs to capture performance and efficiency.</p>	0	65,279	0	65,279	1
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Palm Beach County Water Utilities

Supplemental Position Request

Unit: Linecrews South

Requesting: Utility Line Crew Chief

4001-720-2460	Utility Line Crew Chief (1) Pay Grade 26 (Annual Cost \$76,668.50)	0	57,502	0	57,502	1
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In an effort to restructure the O&M Lines section of the Department, we are moving to remove Supervisor positions on the Lines that we cannot fill. This change would require the Utility to have one Superintendent per Zone, supported by two individual crews. These crews will consist of one Crew Chief, one Line Technician III, two Line Technician II's, one Line Technician I, one Utility Maintenance worker. This position is one needed after the all the moves and reclasses are completed to make the re-organization successful.

Strategic Priority: Infrastructure
 Associated KPI: To increase maintenance effectiveness by reducing the amount of work orders generated over a 90 day period.

Unit: Linecrews North

Requesting: Utility Line Crew Chief

4001-720-2521	Utility Line Crew Chief (1) Pay Grade 26 (Annual Cost \$76,668.50)	0	57,502	0	57,502	1
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In an effort to restructure the O&M Lines section of the Department, we are moving to remove Supervisor positions on the Lines that we can not fill. This change would require the Utility to have one Superintendent per Zone, supported by two individual crews. These crews will consist of one Crew Chief, one Line Technician III, two Line Technician II's, one Line Technician I, one Utility Maintenance worker. This position is one needed after the all the moves and reclasses are completed to make the re-organization successful.

Strategic Priority: Infrastructure
 Associated KPI: To increase maintenance effectiveness by reducing the amount of work orders generated over a 90 day period.

Unit: Water Plant #3 Operations

Requesting: Chief Plant Operator

40017202533	Chief Plant Operator (1) Pay Grade 36 (annual Cost \$94,888.98)	0	71,167	0	71,167	1
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Green Cay Water Purification Facility Chief Plant Operator - With the expansion project for the new Water Purification Facility, new advance water treatment technology will require supervision from a knowledgeable Chief Plant Operator that can work with this new membrane treatment with UV and advanced oxidation process. The new advance treatment process will be the successful key to gaining regulatory compliance with Department of Environmental Protection and Department of Health.

Strategic Priority: Infrastructure
 Associated KPI: All KPI's associated with regulatory requirements and safety will be positively impacted. Once this position is implemented, baseline KPIs will be created to capture performance and efficiency.



Palm Beach County Water Utilities Supplemental Position Request

Unit: Glades Utility Authority Customer Service
Requesting: Customer Service Representative

40017202GUA	Customer Service Representative (1) Pay Grade 15 (Annual Cost \$61,350.17)	0	46,013	0	46,013	1
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The Customer Service Representative position is needed to handle the maintenance of the utility infrastructure. Customer Service has set a goal to visit every meter box at least once a year to conduct maintenance in and around the meter box; removing obstructions and debris to ensure that the box is visible and in good condition. In addition, responding and troubleshooting to various alerts now available with the new Advanced Metering Infrastructure (AMI) such as stopped meters or unexpected consumption. Current staffing isn't sufficient to ensure proper meter service maintenance and adding a position will help ensure that WUD's meter services remain in good working condition and that alerts are responded to and resolved in a timely manner.

Strategic priority: Infrastructure
Associated KPI's: All KPI's associated with efficiency of meter maintenance will be positively impacted. Once this position is implemented, baseline KPIs will be created to capture performance and efficiency.

Unit: Water Utilities Information Technology
Requesting: Electronic Technician

400172032IT	Electronic Technician (1) Pay Grade 32 (Annual Cost \$87,037.02)	0	65,279	0	65,279	1
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The Electronic Technician position is needed to ensure proper system wide coverage. The continued focus on physical site security has increased the number of CCTV devices like DVR's, Cameras and Access Control devices like card readers, door and gate controllers. To ensure site safety this position will be required to be available 24 hours a day, 7 days a week, to conduct maintenance and repairs.

Strategic Priority: Infrastructure
Associated KPI: All KPI's associated with supporting operational treatment control and ensuring process compliance will be positively impacted. Once this position is implemented, baseline KPI's will be created to capture performance and efficiency.

Total for: Non-Ad Valorem		0	425,293	0	425,293	7
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WUD Customer Statistics

**Water Utilities Department
Customer Statistics - Data by Customer Type
March 2024**

Potable Water and Wastewater (excluding contractual, fire line, wholesale, and reclaimed):

	Potable Water Meters	Dwelling Units		Water Sold in thousands of gallons	Gallons Sold Per DU	Average Monthly Potable Water Consumption		
		Potable Water	Waste-Water			Dwelling Units	in thousands of gallons	Gallons Sold Per DU
Single Family	158,084	158,085	141,433	883,810	5,591	157,820	887,907	5,626
Multi-Unit	37,234	97,971	95,372	338,290	3,453	97,453	332,763	3,415
Non-Residential	8,019	8,025	6,681	365,715	45,572	8,038	367,079	45,668
Total	203,337	264,081	243,486	1,587,815	6,013	263,311	1,587,749	6,030

	Growth		
Fiscal Year-to-Date Change	1,002	1,783	1,716
Fiscal Year-to-Date % Change	0.50	0.68	0.71

Estimated population By Region:

Est 2.46 residents per Residential Unit	Eastern Region	604,343
Est 3.01 residents per Residential Unit	Western Region	31,268
	Total	635,611

**Potable Water Contractual/
Wholesale/Interconnect**

	Gallons Sold per Meter	Meters	Gallons Sold per Meter
26	109,705	4,219,423	26
			121,559
			4,675,346

Potable Water Fire Line

2,383	669	281	2,366	665	281
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Potable Water Grand Total

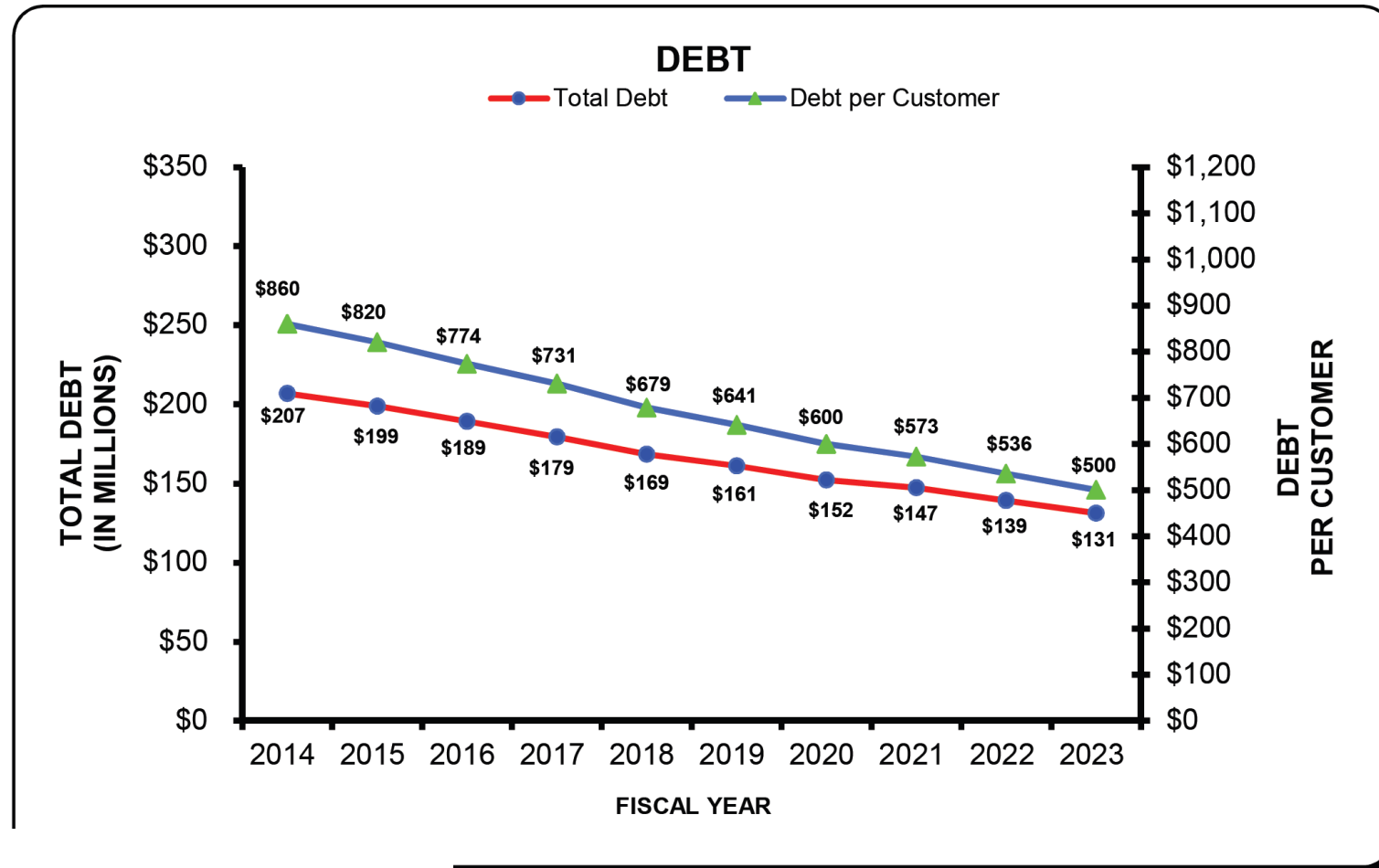
<u>205,746</u>	<u>1,698,189</u>	<u>1,709,973</u>
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Meters

8

113	580,460	5,136,814	113	758,202	6,709,752
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WUD Debt Capacity Information (FY 2023)



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FY 2025 Proposed Debt Service Budget

Total Debt Service - \$10,893,000

	Principal	Interest & Other Fees	Estimated Payoff Year
GUA Debt - Fund 4044	\$628,000	\$69,000	2033
Series 2015	\$100,000	\$816,000	2037
Series 2019 Refunding	\$1,920,000	\$823,000	2041
Series 2020 Refunding	\$5,355,000	\$1,182,000	2034

WUD rate covenant requires that our rates and fees must always provide net revenues to pay at least one hundred twenty five percent (1.25x) and this requirement was exceeded in FY 2023 at 9.82x

New Constructs Rating	Moody's Rating	S&P Rating	Fitch Rating	Wolf Street Commentary
Very Attractive	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
Attractive	A1	A+	A+	Upper medium grade
	A2	A	A	
	A3	A-	A-	
Neutral	Baa1	BBB+	BBB+	lower medium grade
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
Unattractive	Ba1	BB+	BB+	Non-investment grade speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly speculative
	B2	B	B	
	B3	B-	B-	
Very Unattractive	Caa1	CCC+	CCC	Substantial junk
	Caa2	CCC		Extremely speculative
	Caa3	CCC-		Default imminent with little prospect for recovery
	Ca	CC	CC	
		C	C	
	C			In default
	/	D	D	
/				