

RESOLUTION NO. 2022-012

RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, COMMITTING TO THE STUDY AND REVIEW OF THE COSTS BUILT IN THE CITY'S WATER AND SEWER RATES, THE FISCAL PRESSURES ON FUTURE RATE INCREASES, IDENTIFICATION OF OPERATING EFFICIENCIES, SUBSIDIES, OR ALTERNATE SOURCES OF FUNDING TO IMPROVE RATE AFFORDABILITY, IDENTIFICATION AND IMPLEMENTATION OF PROGRAMS OR ACTIONS TO CONSERVE WATER, AND TO RECOMMEND TO THE MAYOR COST-CUTTING MEASURES, POLICIES, ACTIONS OR SOLUTIONS TO MITIGATE FUTURE RATE HIKE IMPACTS FOR THE BENEFIT OF CITY RESIDENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City is the second largest wholesale purchaser of treated water and sewer collection, treatment and disposal services client of Miami-Dade County;

WHEREAS, the City has existing 20-year service agreements with the County spending approximately \$12 million for treated water and over \$34 million for sewer collection, treatment and disposal in fiscal year 2020;

WHEREAS, the terms of the service agreements with the County allow the County to adjust the wholesale volume rates it charges the City for treated water and sewer collection, treatment and disposal, to cover County increases in operating and maintenance expenses, renewal and replacement funding, debt service payments, inflation, and a reasonable return on investment;

WHEREAS, the City has approximately \$41 million in outstanding revenue bonds issued in 2011 to fund the costs of constructing the Reverse Osmosis Water Treatment Plant in joint equal participation with the County, debt service of the bonds is secured by a pledge of all revenues of the water and sewers section of the Department of Public Works;

WHEREAS, the bond covenants include a rate covenant which requires that the City fix, maintain and collect rates in an amount to generate net revenues sufficient to cover 110% of Bond Service Requirements;

WHEREAS, on November 26, 2013, the City adopted Hialeah, Fla. Ordinance 2013-82 imposing a fee on the utility of 7.5% to 10% of all sales of water and wastewater services in the city as a payment for the use of municipal rights-of-way (the "Payment in Lieu of Franchise Fee Ordinance")

WHEREAS, as of fiscal year 2022, the Payment in Lieu of Franchise Fee has been reduced to a range between 3% and 6% currently assessed at 4%;

WHEREAS, the City also regularly adjusts rates to reflect an increase to the Consumer Price Index pursuant to Section 94-153(c);

WHEREAS, the City adopts rates sufficient to cover all its operating and maintenance expenses, debt service, regulatory, contractual and other fiscal obligations yearly through the budget adoption process;

WHEREAS, the City faces increasing operating costs as a result of cost pass throughs by Miami-Dade County attributable in part to pay for the County's capital improvements required by the consent decree with the U.S. Environmental Protection Agency;

WHEREAS, the City will continue to pass through to its customers all Miami-Dade County wholesale rate increases;

WHEREAS, the City's bond rating agency, in its latest performance ratings commentary issued December 3, 2021, finds rates to be affordable to approximately 75% of the city's population although income levels in the city are considered weaker at 56% of the national average;

WHEREAS, in recognition of the pressures to raise rates year over year to cover the city's fiscal obligations related to the operations of its utility, and in order to provide some relief to the city consumers, the city must identify solutions to control or reduce costs within its control, identify alternate sources of funding or both.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, THAT:

Section 1: The Council hereby commits to the study and review of the costs built in the City's water and sewer rates and the fiscal pressures on future rate increases. The Council further commits to identifying feasible operating efficiencies, subsidies, or alternate sources of funding to improve rate affordability.

Section 2: The Council shall hold public workshops for the purpose of gathering facts and information to aid the Council's and public's understanding of the

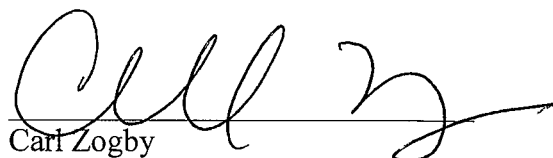
operations and cost drivers of the City's water and sewer utility. Specifically, the Council may

- (i) review existing programs, such as the City's leak credit program, and lining and infiltration, to identify opportunities for expansion or improvement to aid in the reduction of sewer service costs;
- (ii) consider new programs to address more precise metering of water and sewer service, such as a consumptive water use and evaporative loss sewer credit, or new subsidies for aged or reduced income consumers to improve rate affordability;
- (iii) consider further reductions to the Payment in Lieu of Franchise Fee;
- (iv) evaluate the production costs of the reverse osmosis water treatment plant to identify opportunity costs and evaluate diminishing returns;
- (v) recommend the implementation of educational campaigns or public service announcements promoting water conservation;
- (vi) recommend changes to the manner in which rates are disclosed to increase public awareness about the utility's operating costs and expenses;
- (vii) Identify and apply for existing available federal or state funding or subsidies in furtherance of any of the purposes identified in this Resolution or engage federal and state congressional representatives and any other federal, state or county elected officials to propose legislation in furtherance of any of the purposes identified in this Resolution.

The Council shall formulate and make recommendations to the Mayor on the adoption of policies, the implementation of programs, actions or solutions to mitigate the impacts of rate hikes. The public workshops shall be held at times and places and frequency as deemed necessary by the Council.

Section 3: This resolution shall become effective upon signature of the Mayor of the City of Hialeah, Florida or at the next regularly scheduled City Council meeting, if the Mayor's signature is withheld or if the City Council overrides the Mayor's veto.

PASSED AND ADOPTED this 25 day of january, 2022.



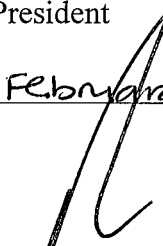
Carl Zogby
Council President

Attest:

Approved on this 7 day of February, 2022.




Marbelys Fatjo, City Clerk



Mayor Esteban Bovo, Jr.

Approved as to form and legal sufficiency:



Lorena E. Bravo, City Attorney

Resolution was adopted by 7-0 vote with Councilmembers, Calvo, De la Rosa, Garcia-Roves, Perez, Rodriguez, Tundidor, and Zogby voting "Yes."