



July 22, 2019

Mr. Mark Moore
Deputy Director, Finance - Department of Public Utilities
City of Hollywood
1621 North 14th Avenue
Hollywood, FL 33020

Re: Broward County Bulk Water Rate Change for FY 2020

Dear Mr. Moore:

The Bulk Water Agreement between Broward County and the City of Hollywood states the following with respect to increases in the bulk water rate:

"Beginning on October 1, 2005, and annually thereafter, City may increase the Base Rate by an amount not to exceed the percentage increase enacted for City's retail customers, which increase shall be deemed appropriate by a competent rate consulting professional. The "percentage of increase enacted for City's retail customers" phrase shall be determined by the percentage difference found from a comparison of the total of all retail water revenues, projected over all retail water classes, when identical volumetric, unit and meter bases are used"

The above essentially states that the percentage increase allowed to the Broward County Bulk Water Rate is the percentage increase in projected retail water revenues versus the prior year's retail water revenues. In this case, we have a retail water revenue projection for FY 2020 which is based on a current rate study which was conducted. This amount incorporates a shift in the total targeted FY 2020 retail revenue from sewer to water based on a comprehensive cost of service analysis.

The FY 2019 projected retail water revenue \$33,951,736. This number can be found in the 2019 Rate Study, Appendix A, Schedule A-1, line 8.

The FY 2020 retail water revenue projected is \$35,286,953. This number can be found in the 2019 Rate Study, Appendix A, Schedule A-1, line 8.

Revenue	FY 2019 Projected	FY 2020 Projected	% Change
Retail Water Rate Revenue	\$ 33,951,736	\$ 35,286,953	3.93%

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The table above presents the retail water rate revenue and the percentage change calculation in accordance with the requirements of the Bulk Water Agreement between Broward County and the City of Hollywood. The percentage change, 3.93%, should then be applied as the increase in the bulk water rate for Broward County. The current bulk water rate for Broward County, \$2.308, would therefore increase to \$2.399 (rounded).

We appreciate the opportunity to be of service to the City on this important project. If you have any questions regarding this letter please feel free to contact me at 904.860.5897.

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Varnes', with a stylized flourish extending from the bottom.

Jonathan Varnes

Principal

Lighthouse Utility Consulting