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Money from water hookups dries up as growth slows

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WEST PALM BEACH — Providing further proof of the county's housing slowdown, new connections to Palm Beach County's water utilities system have plunged over the last year and a half, according to department figures.

New residential and commercial hookups dropped from 497 in January to 164 in July, decreasing precipitously almost every month during that time. The highest number of new connections during the past 18 months was 575 in March 2006.



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The stunted housing market and water restrictions imposed because of the drought have affected the revenue flowing into the county's water utility, which services about 475,000 residents, mostly in unincorporated neighborhoods. But the utility, the largest in the county, won't yet consider raising rates to make up the shortfall.

"We're very far from that," water utilities Director Bevin Beaudet said. "We plan our finances understanding these cycles come up. We can weather some level of reduced fees and charges."

County commissioners this year approved increasing residential water and sewer rates by an average of 18 percent, the first rate hike in almost a decade. The new rates went into effect April 1.

The real estate market slowdown, coupled with property tax cut measures approved by state lawmakers,

have left Palm Beach County officials with no remedy but to cut long-planned projects and revise the expected revenue that new growth was supposed to bring.

Impact fees, money collected from each new home built to pay for associated growth, will reach their lowest point in more than a decade this year, county officials predict.

While the county collected almost \$99 million two years ago, that number dropped to \$79 million last year and could plummet to as low as \$29 million by the end of this budget year, which ends Sept. 30.

Long-planned road projects have been postponed or canceled, in part because of the dwindling impact fee revenue, which is a key funding source.

First on the chopping block are \$65 million in planned capital projects.

State lawmakers' decisions resulted in the county cutting \$46 million in property tax revenue from next year's budget.

Beaudet said the utilities department will study its numbers closely in October and evaluate whether another rate hike is necessary.

"We're going to take another very hard look," he said.

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