

Utilities Department

Water and Wastewater Rates

January 27, 2026



Presentation Outline

- **Background**
- **Water & Wastewater Rate Study**
- **Customer Impacts**
- **Conservation & Bill Reduction**
- **Other Rate Changes**
- **Requested Actions**



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Background

- The current Water Utilities System (System) 5-year rate plan was developed in 2022 to achieve parity between residential and commercial system effective rates
- Post-pandemic economic conditions resulted in unsustainable increases for operating, maintenance, and capital costs

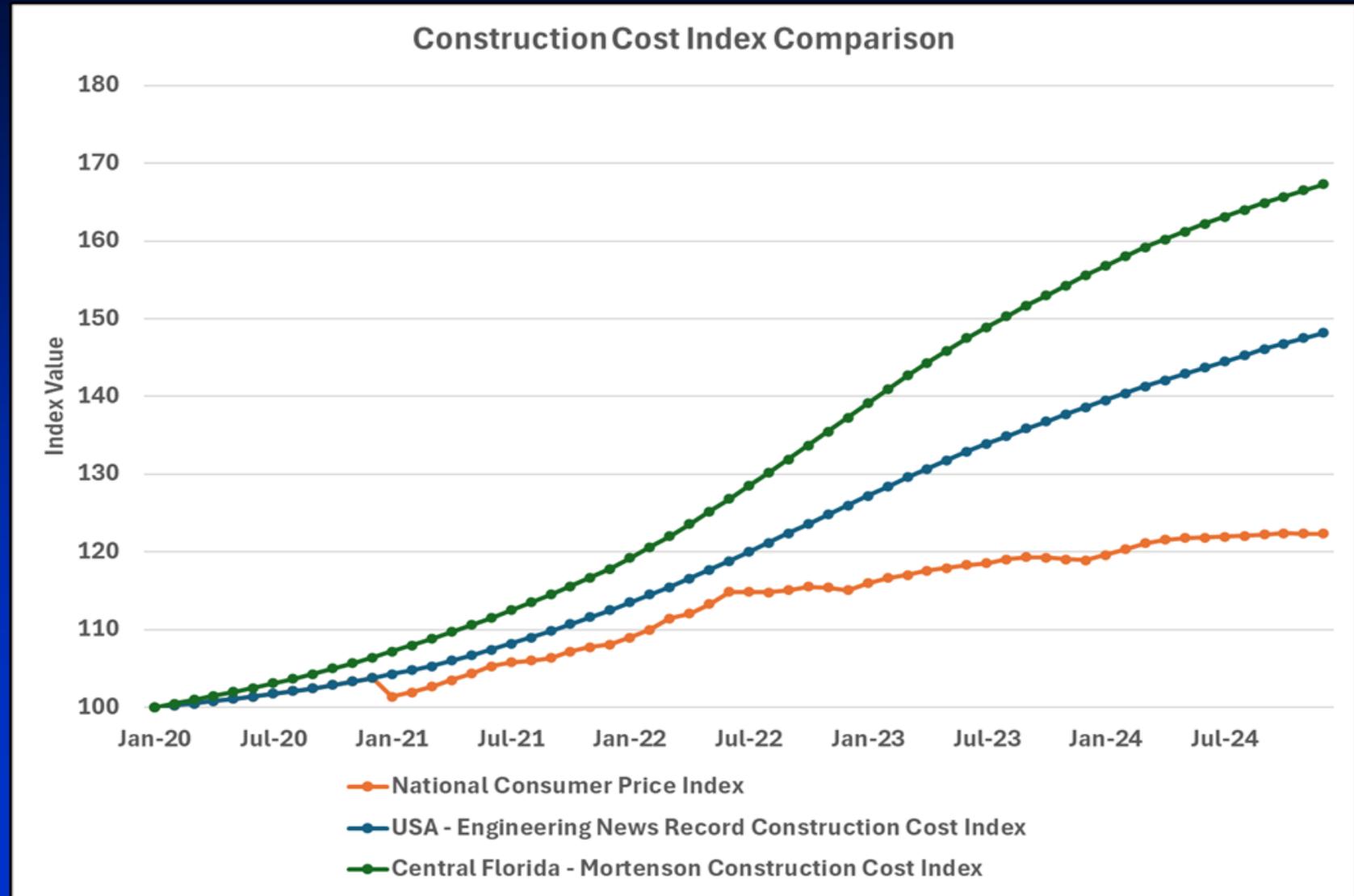
Operating Cost Increases	Cost in FY 2020	Cost in FY 2025	Average Annual Growth
Electricity	\$12.9M	\$19.5M	8.6%
Maintenance	\$15.9M	\$24.4M	9.0%
Chemicals	\$6.7M	\$14.2M	16.2%
Biosolids	\$3.3M	\$9.6M	23.5%



Background

■ CIP Cost Increases

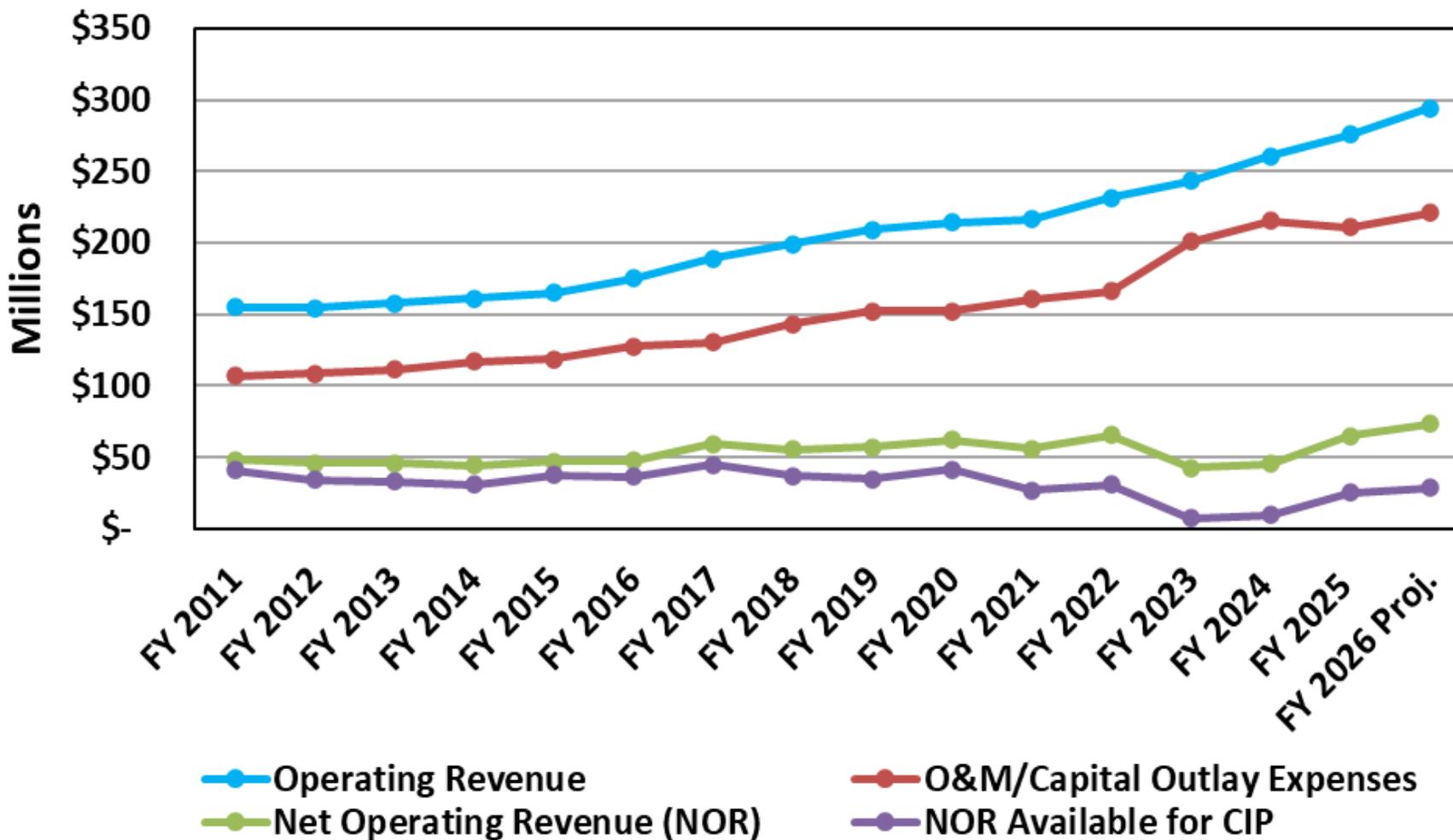
- Central Florida construction cost increases higher than national increases and well over household cost increases (CPI)





Background

Water Utilities System Net Operating Revenue





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Water & Wastewater Rate Study

▪ Study Goals:

1. Establish rate plan necessary to sustainably fund operations, debt, and R&R/capital
2. Continue equity goal of parity between residential and commercial effective rates

▪ Key Assumptions:

1. Investment of planned capital (60-65% of annual budget, consistent with past data)
2. Cost inflation and growth rates

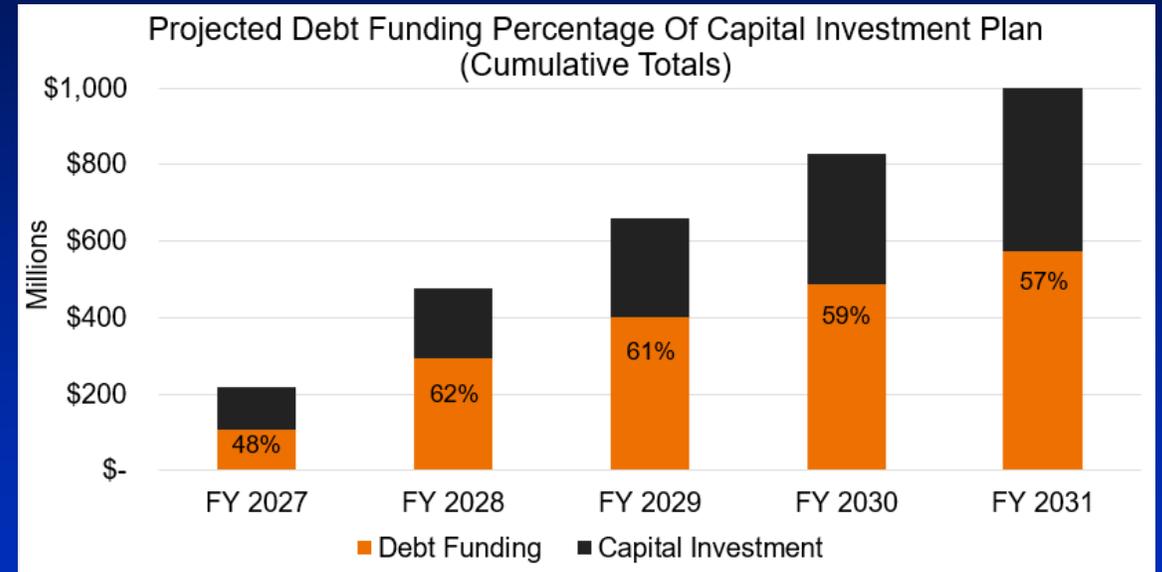
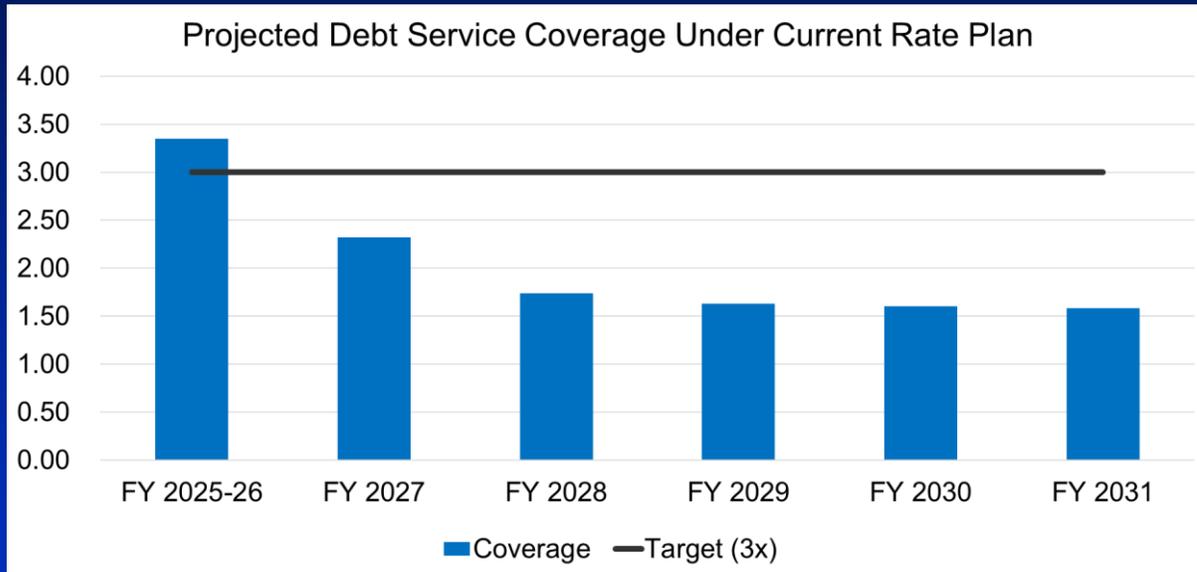
▪ Financial Pillars:

1. Target debt service coverage greater than 3x net revenue (but in no case <2x) to minimize reliance on and lower cost of debt
2. Maintain reserves sufficient to mitigate risks and manage cash flow (>\$25M)



Water & Wastewater Rate Study

Current Rate Plan Does Not Meet Financial Requirements



- Consider rate revenue increases to minimize reliance on debt, mitigate risk, and manage cash flow



Water & Wastewater Rate Study

	Annual Increases FY 2027 - FY 2031	Current 5-Year Rate Plan	Variance
Water			
Residential – Fixed Monthly Charge	9.0%	3.0%	6.0%
Residential – Volume Charges	3.0%	3.0%	0.0%
Commercial – Fixed Monthly Charge	9.0%	3.0%	6.0%
Commercial – Volume Charge	11.0%	5.0%	6.0%
Wastewater			
Residential – Fixed Monthly Charge	5.0%	0.0%	5.0%
Residential – Volume Charges	5.0%	0.0%	5.0%
Commercial – Fixed Monthly Charge	5.0%	0.0%	5.0%
Commercial – Volume Charges	11.0%	10.0%	1.0%

- Average annual residential rate increase is 5.2% over five years
- Average annual commercial rate increase is 10.2% over five years
- Overall average annual increase of 7.7% over five years



Water & Wastewater Rate Study

Other Utilities' Published Increases:

Utility	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
City of Apopka	15.5%	9.0%	6.0%	6.0%	
Collier County Wastewater	7.5%				
Lee County	8.0%	8.0%			
OUC*	7.6%				
City of Oviedo	9.0%	9.0%	9.0%		
Hillsborough County**	7.0%	8.0%	8.0%	8.0%	8.0%
Polk County	6.0%	6.0%	6.0%		
Toho Water Authority	7.5%	7.5%	7.5%	4.0%	4.0%
City of Winter Garden	20.0%	20.0%	7.0%	7.0%	

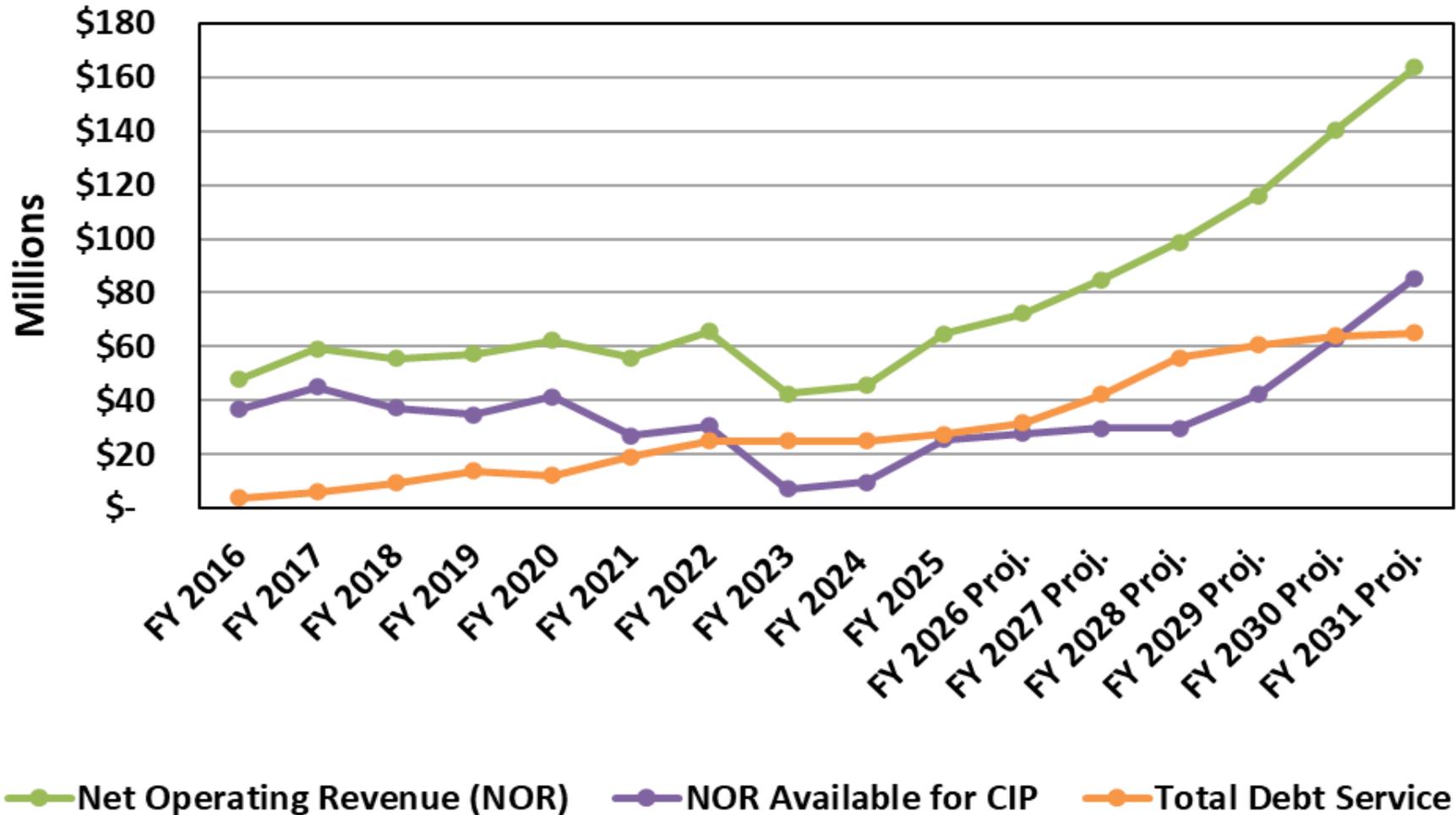
*Rate increase varies across bill components.

**Rate increases shown based on monthly residential bill at 7 KGAL.



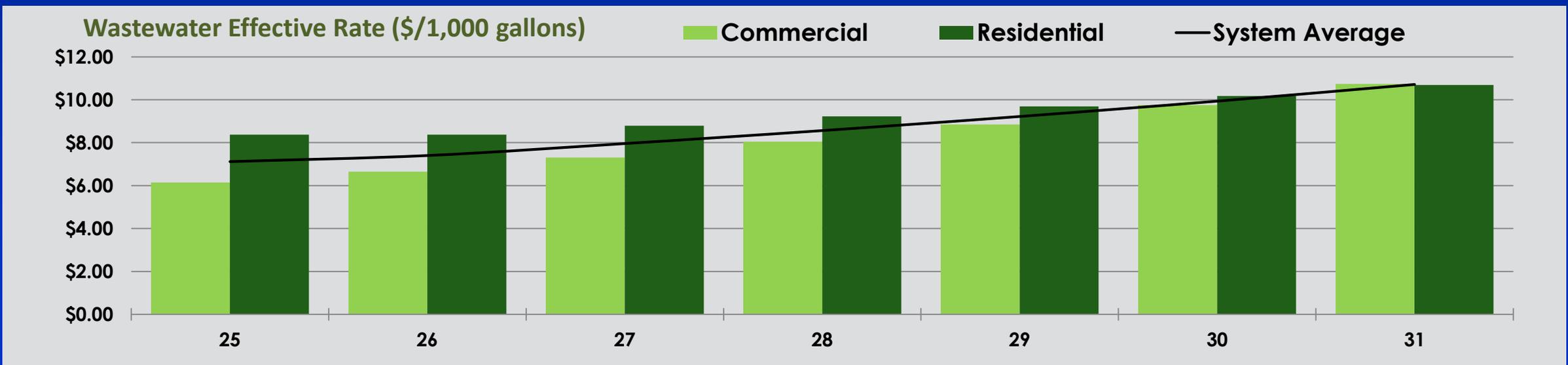
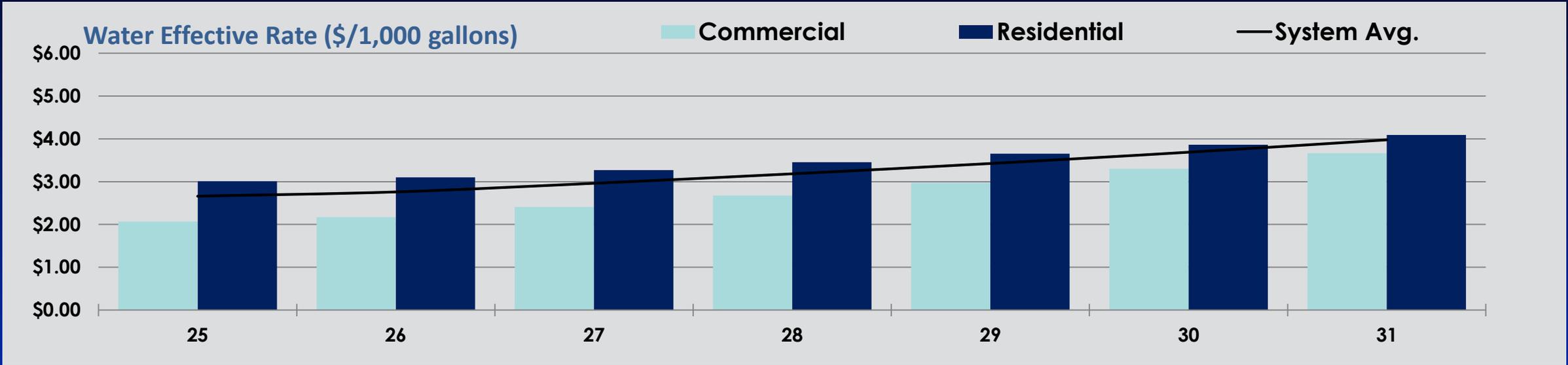
Water & Wastewater Rate Study

Water Utilities System Net Operating Revenue





Water & Wastewater Rate Study





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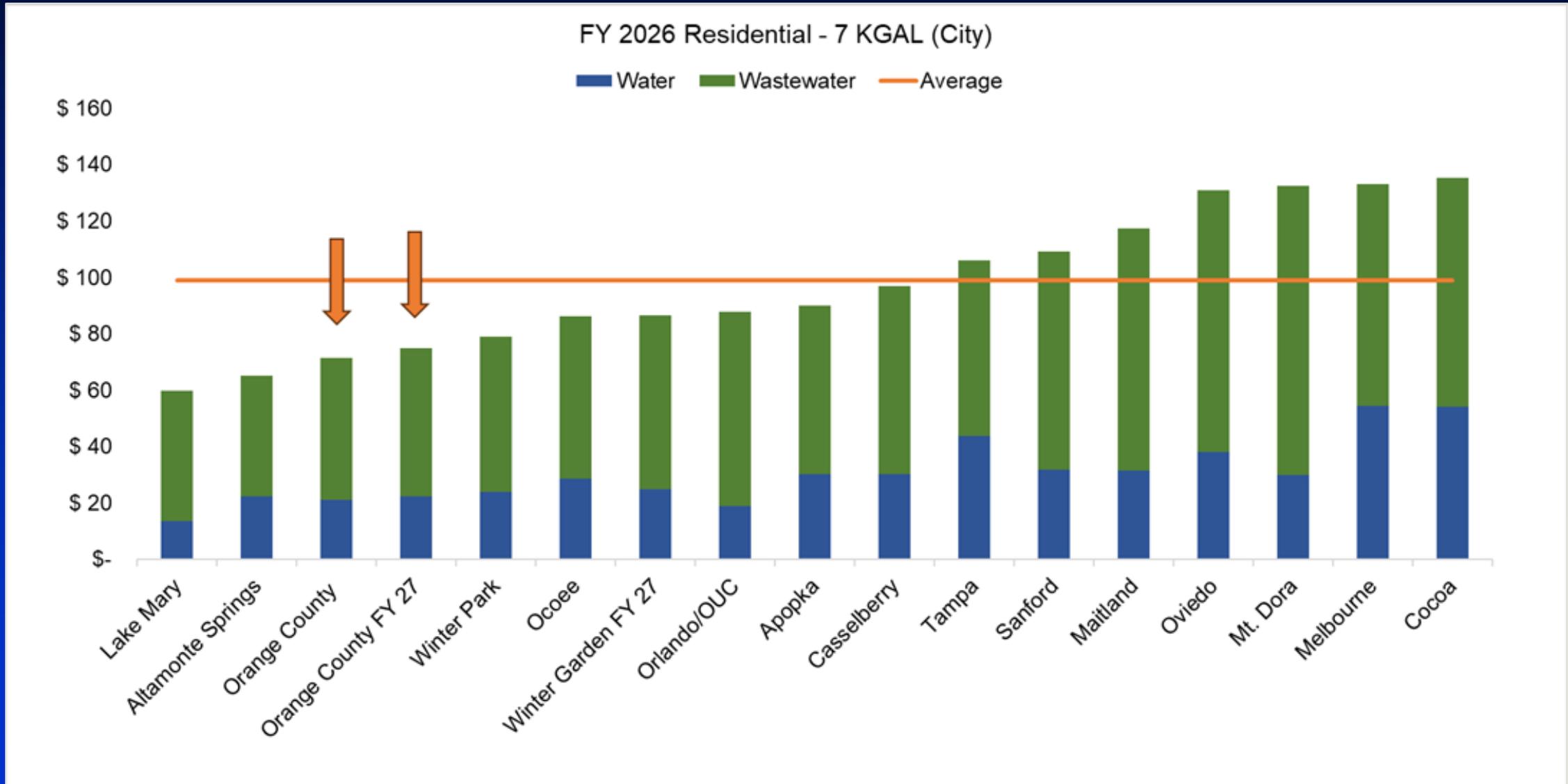
Customer Impacts

Residential Customer Impacts:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Lower Volume User						
Combined W/WW Bill @ 4 KGAL	\$52.19	\$55.03	\$58.04	\$61.25	\$64.63	\$68.26
\$ Increase		\$2.84	\$3.01	\$3.21	\$3.38	\$3.63
Typical/Average User						
Combined W/WW Bill @ 7 KGAL	\$71.30	\$74.98	\$78.86	\$82.97	\$87.28	\$91.93
\$ Increase		\$3.68	\$3.88	\$4.11	\$4.31	\$4.65
Higher Volume User						
Combined W/WW Bill @ 12 KGAL	\$107.07	\$112.27	\$117.72	\$123.47	\$129.47	\$135.94
\$ Increase		\$5.20	\$5.45	\$5.75	\$6.00	\$6.47



Customer Impacts

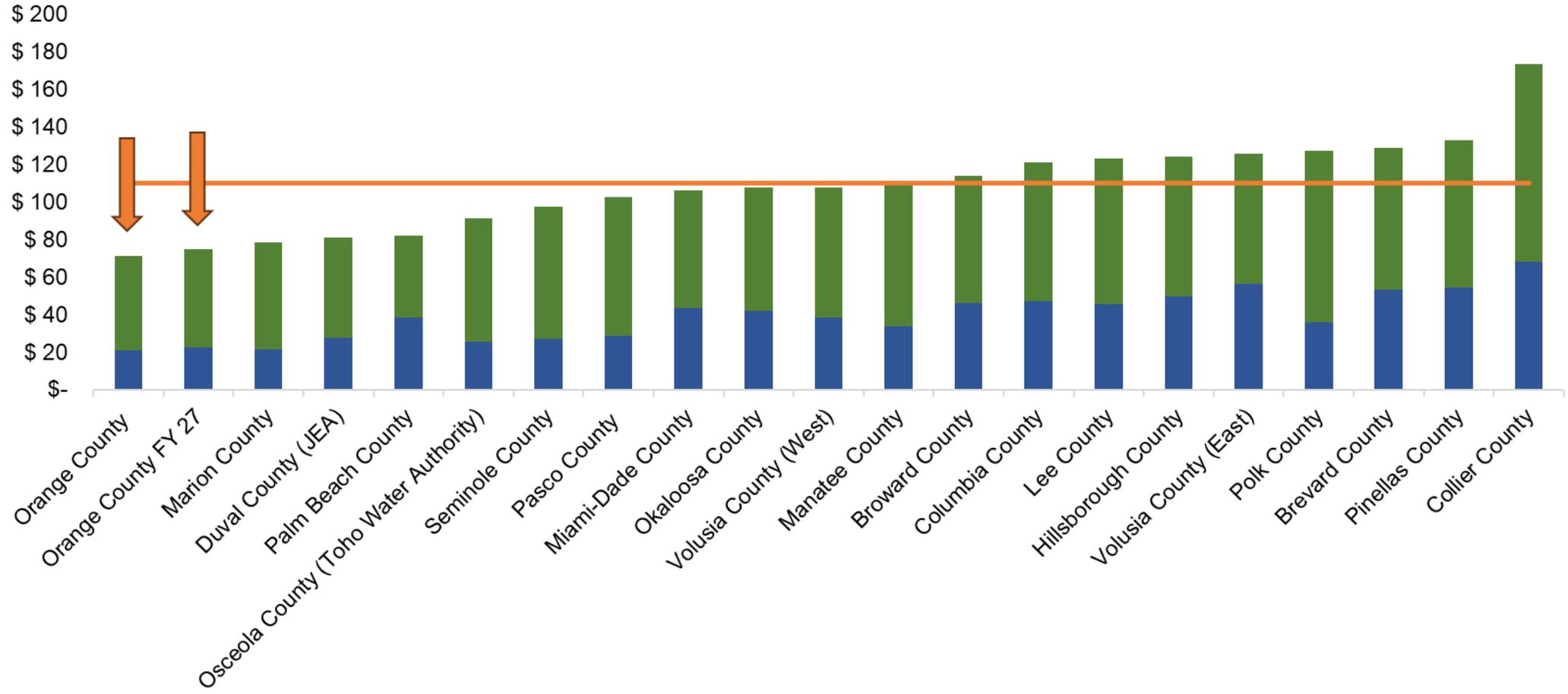




Customer Impacts

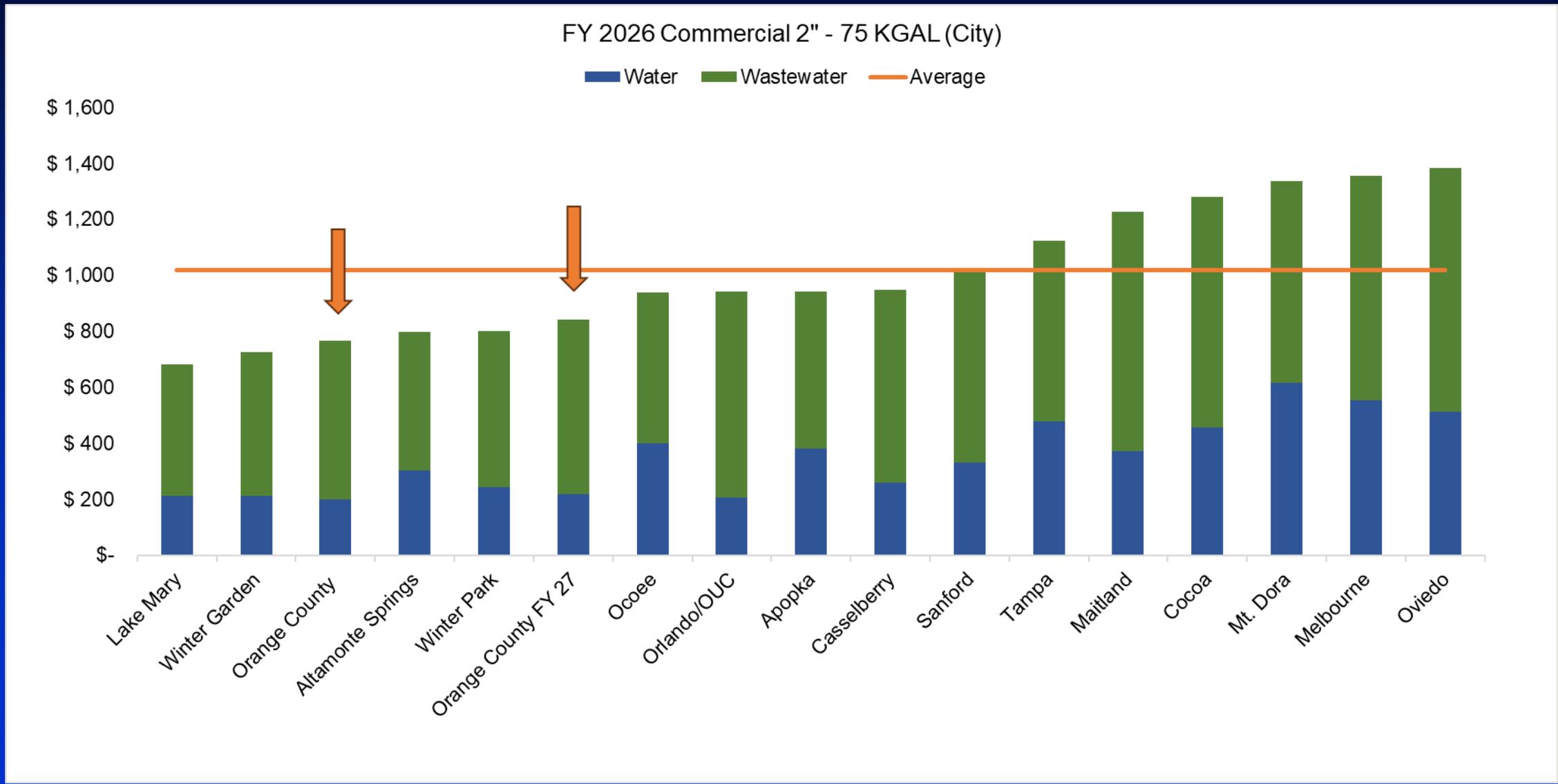
FY 2026 Residential - 7 KGAL (County)

Water Wastewater Average





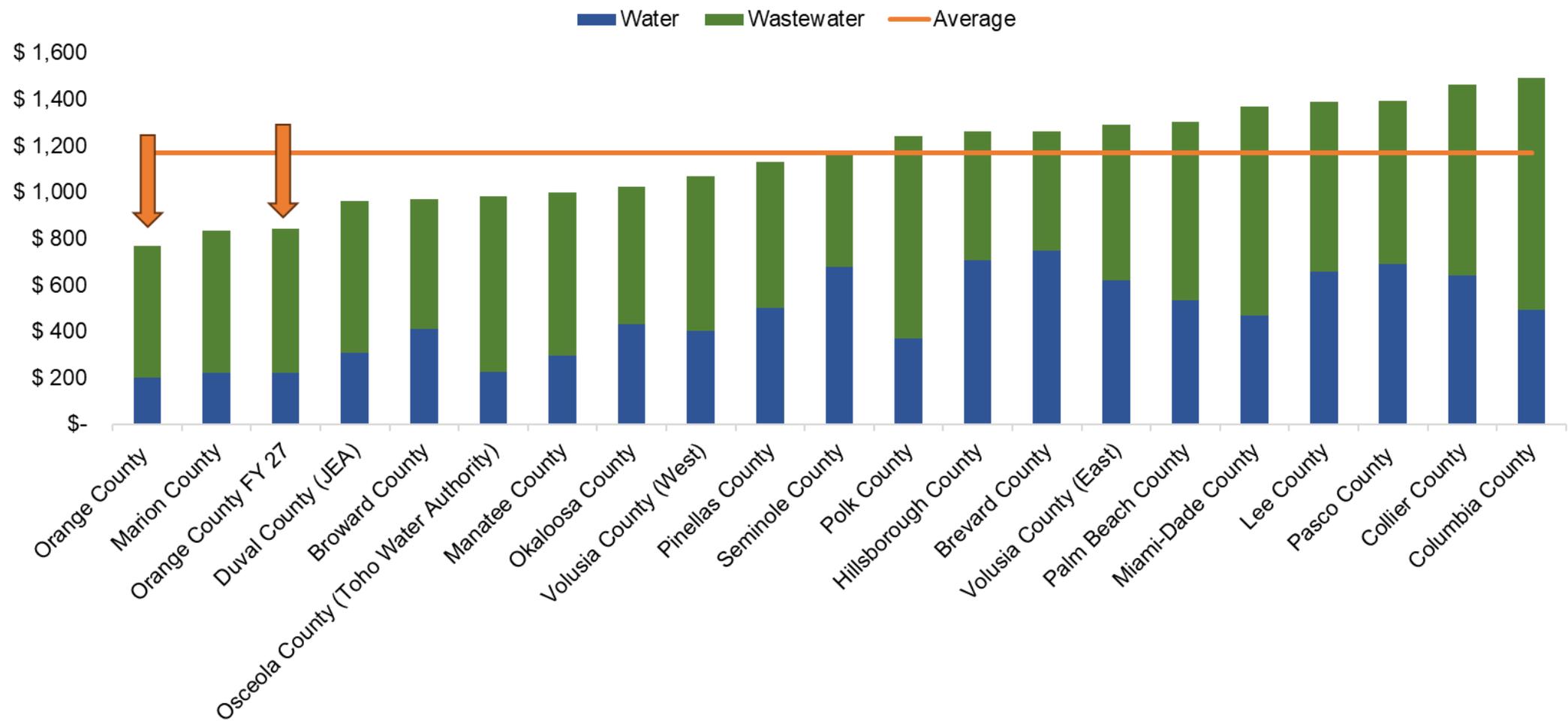
Customer Impacts





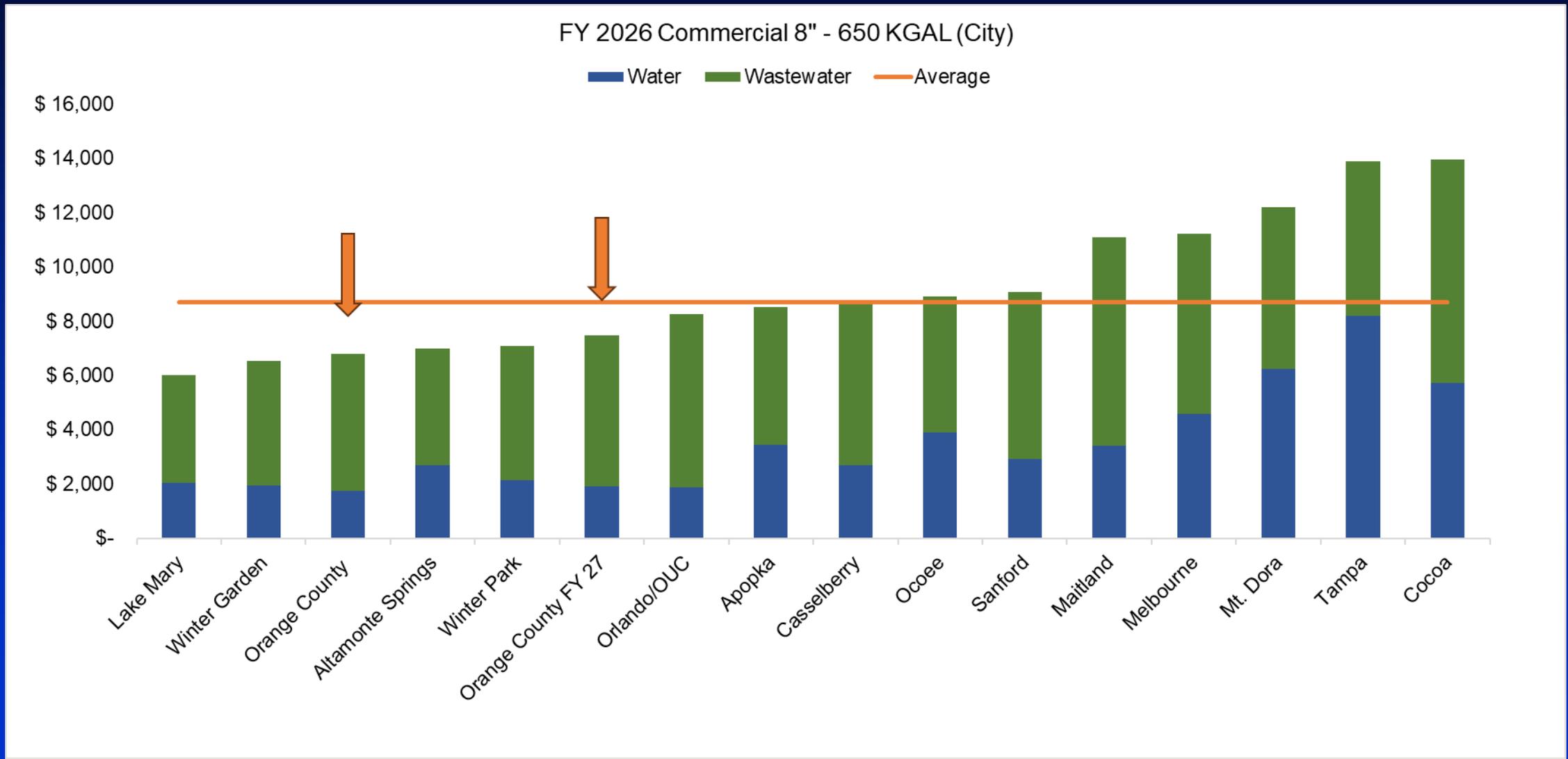
Customer Impacts

FY 2026 Commercial 2" - 75 KGAL (County)





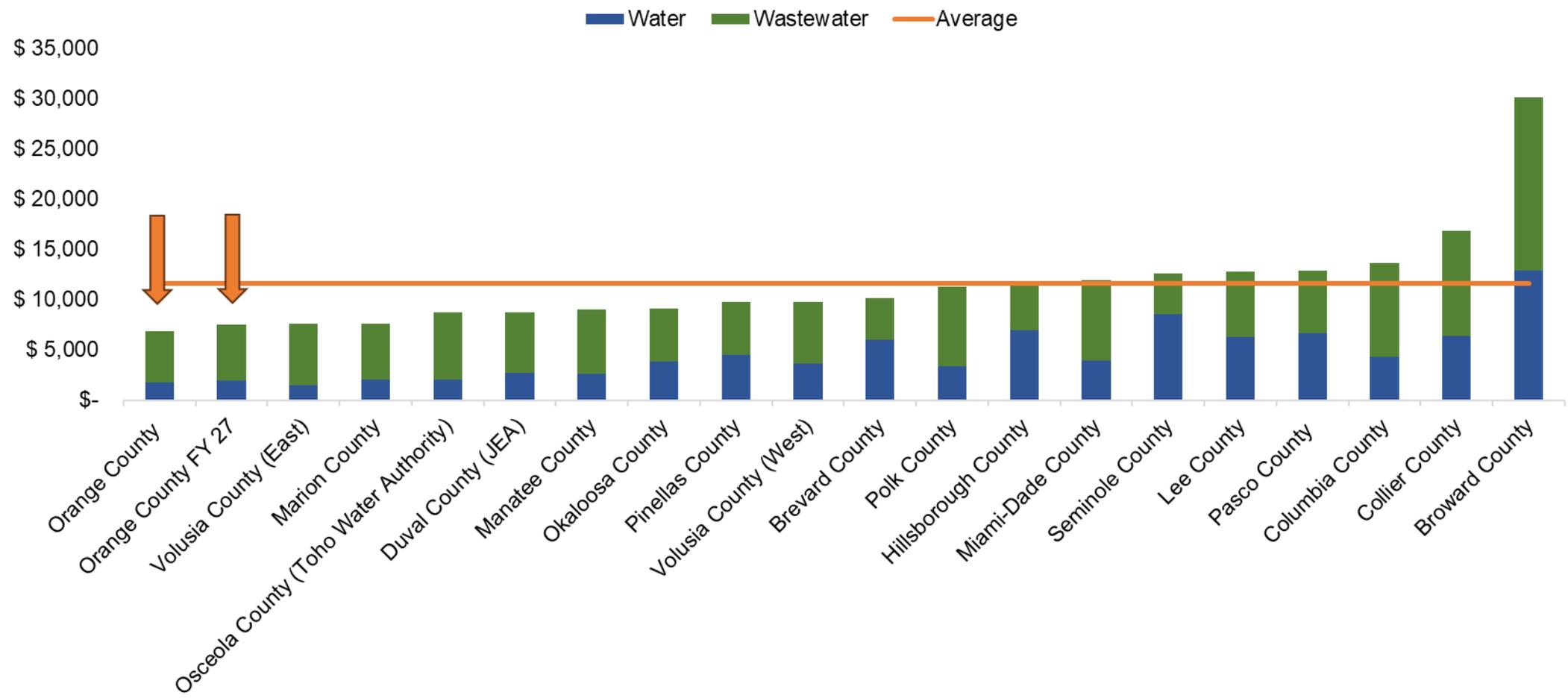
Customer Impacts





Customer Impacts

FY 2026 Commercial 8" - 650 KGAL (County)



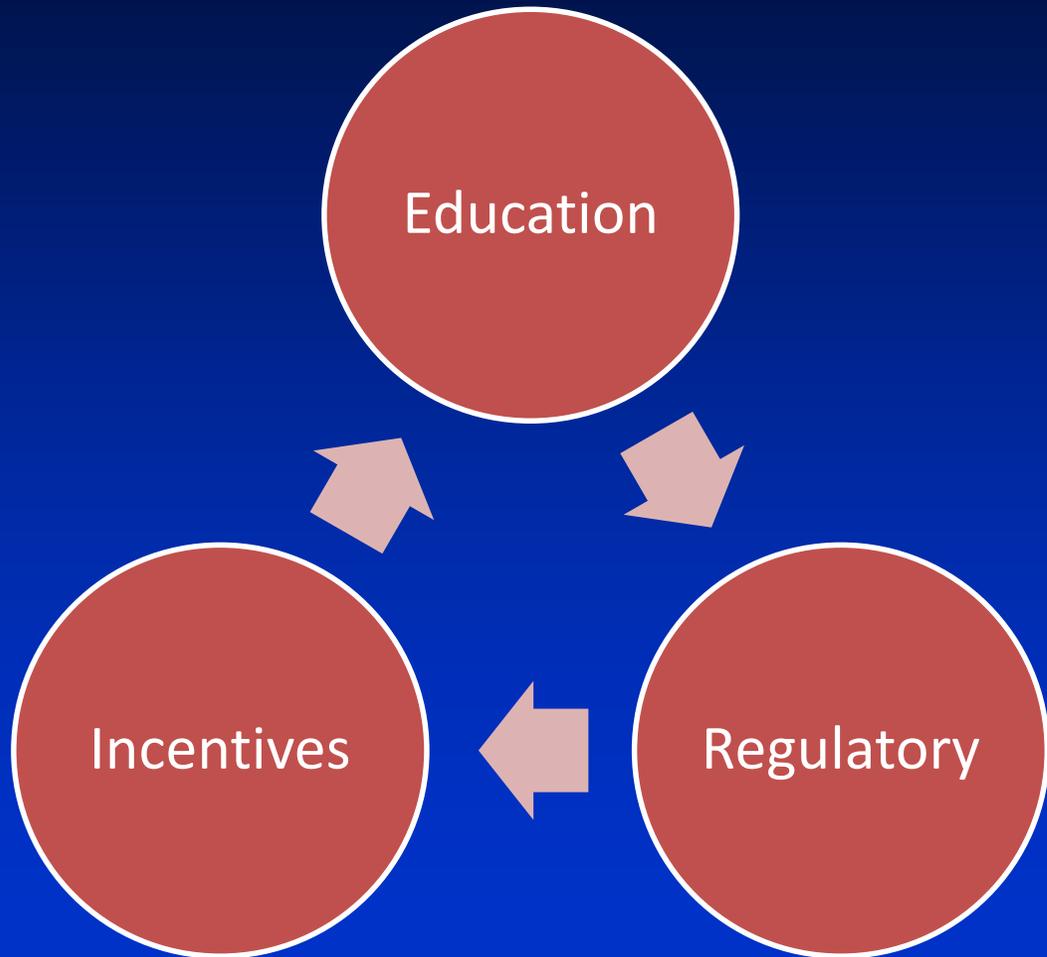


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Conservation & Bill Reduction



▪ Reduce Water Use

- Modify behaviors and practices
- Improve and/or take advantage of new technologies
- Lower monthly bills

▪ How We Do It

- Education programs
- Incentive programs
- Regulatory programs



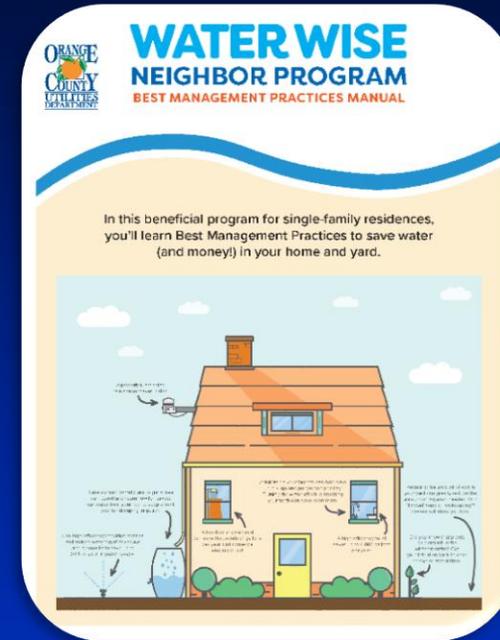
Conservation & Bill Reduction

Water Wise Neighbor Program

- Best Management Practices to help customers become water efficient and save money

Irrigation Consultations

- Evaluation of customer irrigation system:
 - Flagging sprinkler heads
 - Running all zones
 - Providing a written report with recommendations





Conservation & Bill Reduction

▪ Available Incentives

- Low-flow toilet replacement credit
- Showerhead and aerator replacement
- Efficient irrigation nozzles
- Rain sensors
- Hose bib timers
- Smart irrigation technology controllers

▪ Classes Available

- Irrigation Techniques
- Florida Friendly Landscaping
- Rain Barrel Implementation





Conservation & Bill Reduction

Water Savings

– Potential Water Savings per Device



Incentive	Gallons of Water Saved/Year	Estimated Savings on Monthly Bill*
Irrigation Consultation	43,800	\$14.82
Smart Timer	30,597	\$10.35
Low-Flow Toilets	12,151 <i>per home</i>	\$6.73
HE Nozzles	1,290 <i>per head</i>	\$5.24**
Hose Bib Timer	9,870	\$3.34
Rain Sensor	7,300	\$2.47
Shower Heads	2,161 <i>per home</i>	\$1.20
Faucet Aerator	700 <i>per home</i>	\$0.39



*Based on proposed FY 2027 rates, combined water/wastewater bill.

**Monthly bill savings calculated on an average of 12 nozzles per home.



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Other Rate Changes

▪ Update Wastewater Environmental Surcharges

Nutrient	Current (\$/100 lbs)	Updated (\$/100 lbs)	\$ Change	% Change
BOD	\$64.92	\$78.14	\$13.22	20.4%
TSS	\$69.23	\$75.36	\$6.13	8.9%
TN	\$71.82	\$72.79	\$0.97	1.4%
TP	\$268.25	\$390.09	\$121.84	45.4%

▪ Include “Lateral Installation or Repair” fee listed “At Cost”

- Provides approval on rate schedule to cover current business practice

▪ Create new “Environmental Program Reinspection Fee”

- Provides mechanism to charge customers for return reinspection trips
- Calculated at FY 2025 cost to be \$48 per hour, 1 hour minimum



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Requested Actions

- **APPROVAL AND EXECUTION OF A RESOLUTION SETTING A REVISED WATER SYSTEM CHARGE SCHEDULE; SUPERSEDING THE EXISTING WATER SYSTEM CHARGE SCHEDULE RESOLUTION; PROVIDING FOR AN AUTOMATIC ANNUAL RATE INCREASE; PROVIDING FOR A FIVE-YEAR RATE PLAN; PROVIDING FOR REVISED CONSERVATION CHARGES; PROVIDING FOR PERIODIC REVIEW; PROVIDING FOR ANNUAL NOTICE TO CUSTOMERS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.**

-AND-

- **APPROVAL AND EXECUTION OF A RESOLUTION SETTING A REVISED WASTEWATER AND POLLUTION CONTROL CHARGE SCHEDULE INCLUDING NEW FEES FOR ENVIRONMENTAL PROGRAM REINSPECTION AND A LATERAL INSTALLATION OR REPAIR; SUPERSEDING THE EXISTING WASTEWATER AND POLLUTION CONTROL CHARGE SCHEDULE RESOLUTION; PROVIDING FOR AN AUTOMATIC ANNUAL RATE INCREASE; PROVIDING FOR A FIVE-YEAR RATE PLAN; PROVIDING FOR PERIODIC RATE REVIEW; PROVIDING FOR ANNUAL NOTICE TO CUSTOMERS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**