

MEMORANDUM

To:	Terrence Moore, City Manager
From:	Daryll Parker, Willdan Financial Services
Date:	March 25, 2025
Subject:	Rate Study Update - 2025

During recent years, the City has focused a significant amount of attention and effort on strategic and capital planning measures in all areas of utility operations to ensure that it remains prepared for the future. As part of the strategic planning measures, the City commissioned a water and wastewater rate study to analyze the revenue sources and expenditures of the utility system and provide recommendations for proposed rate and/or rate structure adjustments to meet the financial and administrative goals and objectives of the City. The analysis results and proposed rates were provided to the City in a rate study report dated May 24, 2022 (herein referred to as the "Report".

The findings and conclusions of the rate analysis, as well as the resulting rate recommendations, were utilized to develop a projection of future operating results for a 5-year planning period from fiscal year 2022 (beginning October 1, 2021) through fiscal year 2026 (ending September 30, 2026), herein referred to as the "Projection Period". The purpose for developing the 5-year projections is to demonstrate the financial capability of the water and wastewater revenues to support system operations and fund planned capital improvements. The Report proposed a series of annual rate adjustments that were subsequently adopted on June 7, 2022, via Ordinance No. 17-22, herein referred to as the "Rate Ordinance".

One of the primary drivers for the rate adjustment was the City's planned construction of a new water treatment plant. The treatment plant project was included in the City's adopted Capital Improvement Program (CIP) and, at the time, had an estimated cost of approximately \$140 million. It was anticipated that the treatment plant project would be funded with the issuance of a revenue bond, the annual payments of which would be recovered through the user rates.

In April 2024, the EPA established legally enforceable limits Maximum Contamination Levels for certain forever chemicals such as PFAS (PFOA + PFOS) of 8 ppt in drinking water. This drastically changes the original design of the water treatment plant from 14 million gallons per day (MGD) of treatment capacity to 22 MGD. Given the inflationary impacts that have occurred in the construction industry in recent years, as the City begins to move forward with the treatment plant project, the estimated cost is now \$280 million. Due to the significant increase in capital costs for the project, and in preparation for a pending revenue bond issue to fund the project, the City requested that Willdan update the rate analysis. Since the original Report addressed the five-fiscal year period through September 30, 2026, the update includes that final fiscal year plus an additional four fiscal years through September 30, 2030. The proposed 5-year rates are provided in **Tables 1 and 2** for water and wastewater, respectively.



			_	posec									
Description		Existing		ffective		ffective		ffective		ffective ct 1, 2028		ffective	
Water Rates - Inside City		Rates		. 7, 2025				. 1, 2027		2028		:†1, 2029	
Minimum Monthly Charges:													
3/4 Inch	\$	13.57	\$	15.09	\$	16.45	\$	17.93	\$	19.54	\$	21.30	
1.0 Inch	\$	33.93	\$	37.73	\$	41.13	_	44.83	\$	48.85	\$	53.25	
1.5 Inch	\$	67.85	\$	75.45	\$	82.25	- · · ·	89.65	\$	97.70	\$	106.50	
2.0 Inch	\$	108.56	\$	120.72	\$	131.60	\$	143.44	\$	156.32	\$	170.40	
3.0 Inch	\$	203.55	\$	226.35	\$	246.75	\$	268.95	\$	293.10	\$	319.50	
4.0 Inch	\$	339.25	\$	377.25	\$	411.25	\$	448.25	\$	488.50	\$	532.50	
6.0 Inch	\$	678.50	\$	754.50	\$	822.50	\$	896.50	\$	977.00	<u> </u>	1,065.00	
8.0 Inch	Ψ \$	1,085.60	- · ·	1,207.20	Ψ \$	1,316.00	φ \$	1,434.40	<u> </u>	1,563.20	Ψ \$	1,704.00	
10.0 Inch	φ \$	1,696.25	Ψ \$		Ψ \$	2,056.25	· ·	2,241.25		2,442.50	<u> </u>	2,662.50	
	- T	.,	Ŧ	.,	т	_,	Ŧ		т		Ŧ	_,	
Customer Charge per Meter:													
Per Meter	\$	3.00	\$	3.00	\$	3.00	\$	3.00	\$	3.00	\$	3.00	
Volumetric Rates Per 1,000 Gallo	n c	Posidon			mil	<i>,</i> .							
	ns - \$	2.03	\$	2.61		2.84	\$	3 10	\$	3 30	\$	3.68	
Block 1 - 0 to 12,000 Gal / Mo	_		<u> </u>	5.22	\$ ¢		- ·	3.10	<u> </u>	3.38	- · ·	7.36	
12,001 to 25,000 Gal / Mo	\$ ¢	4.06	\$ ¢		\$ ¢	5.68	- · ·	6.20	\$ ¢	6.76	\$ ¢		
25,001 to 50,000 Gal / Mo 50,001 and Over Gal / Mo	\$ \$	6.09 8.12	\$ \$	7.83	\$ \$	8.52	\$ \$	9.30	\$ \$	10.14	\$ \$	11.04	
30,001 and Over Gar7 Mo	Ψ	0.12	Ψ	10.44	Ψ	11.50	φ	12.40	Ψ	10.02	ψ	14.72	
Volumetric Rates Per 1,000 Gallo	ns -	Potable I	rrig	ation:									
0 to 25,000 Gal / Mo	\$	4.06	\$	5.22	\$	5.68	\$	6.20	\$	6.76	\$	7.36	
25,001 to 50,000 Gal / Mo	\$	6.09	\$	7.83	\$	8.52	\$	9.30	\$	10.14	\$	11.04	
50,001 and Over Gal / Mo	\$	8.12	\$	10.44	\$	11.36	\$	12.40	\$	13.52	\$	14.72	
Volumetric Rates Per 1,000 Gallo	ns - \$	Other: 3.05	\$	3.92	\$	4.26	\$	4.65	\$	5.07	\$	5.52	
Non-Residential	۹ \$	1.00	.⊅ \$	1.00	.թ \$	1.00	۹ \$	1.00	.թ \$	1.00	۹ \$	1.00	
Reclaimed - Retail	۹ \$	0.30	.⊅ \$	0.30	.թ \$	0.30	۹ \$	0.30	.թ \$	0.30	<u> </u>	0.30	
Reclaimed - Wholesale	\$	0.30	Þ	0.30	Þ	0.30	Þ	0.30	Þ	0.30	\$	0.30	
Water Rates - Outside City													
Minimum Monthly Charges:													
3/4 Inch	\$	16.96	\$	18.86	\$	20.56	\$	22.41	\$	24.43	\$	26.63	
1.0 Inch	\$	42.41	\$	47.16	\$	51.41	\$	56.04	\$	61.06	\$	66.56	
1.5 Inch	\$	84.81	\$	94.31	\$	102.81	\$	112.06	\$	122.13	\$	133.13	
2.0 Inch	\$	135.70	\$	150.90	\$	164.50	\$	179.30	\$	195.40	\$	213.00	
3.0 Inch	\$	254.44	\$	282.94	\$	308.44	\$	336.19	\$	366.38	\$	399.38	
4.0 Inch	\$	424.06	\$	471.56	\$	514.06	\$	560.31	\$	610.63	\$	665.63	
6.0 Inch	\$	848.13	\$	943.13	<u> </u>	1,028.13		1,120.63		1,221.25	<u> </u>	1,331.25	
8.0 Inch		1,357.00		1,509.00						1,954.00			
10.0 Inch	1	2,120.31	1	2,357.81		2,570.31	1	2,801.56	-	3,053.13	-	3,328.13	
Customer Charge per Meter:													
Per Meter	\$	3.75	\$	3.75	\$	3.75	\$	3.75	\$	3.75	\$	3.75	
Volumetric Rates Per 1,000 Gallo	ne -	Resident	ial 9	Multi-Eau	mil	<i>.</i>							
Block 1 - 0 to 12,000 Gal / Mo	\$	2.54		3.26	\$	3.55	\$	3.88	\$	4.23	\$	4.60	
12,001 to 25,000 Gal / Mo	\$	5.08	Ψ \$	6.53	φ \$	7.10		7.75	φ \$	8.45	Ψ \$	9.20	
25,001 to 50,000 Gal / Mo	۹ \$	7.61	.⊅ \$	9.79	.թ \$	10.65	<u> </u>	11.63	-	12.68	۹ \$	13.80	
50,001 and Over Gal / Mo	٦ \$	10.15	⊅ \$	13.05	٦ \$	14.20	٦ \$	15.50	⊅ \$	12.68	٦ \$	18.40	
	Ψ	10.10	Ψ	10.00	Ψ	17,20	Ψ	10.00	Ψ	10.70	Ψ	10,40	
Volumetric Rates Per 1,000 Gallo	ns -	Potable I	rrig	ation:									
0 to 25,000 Gal / Mo	\$	5.08	\$	6.53	\$	7.10	\$	7.75	\$	8.45	\$	9.20	
25,001 to 50,000 Gal / Mo	\$	7.61	\$	9.79	\$	10.65	\$	11.63	\$	12.68	\$	13.80	
50,001 and Over Gal / Mo	\$	10.15	\$	13.05	\$	14.20	\$	15.50	\$	16.90	\$	18.40	
Volumetric Rates Per 1,000 Gallo	1												
Non-Residential	\$	3.81	\$	4.90	\$	5.33	\$	5.81	\$	6.34	\$	6.90	

Table 1 – Proposed Water Rates



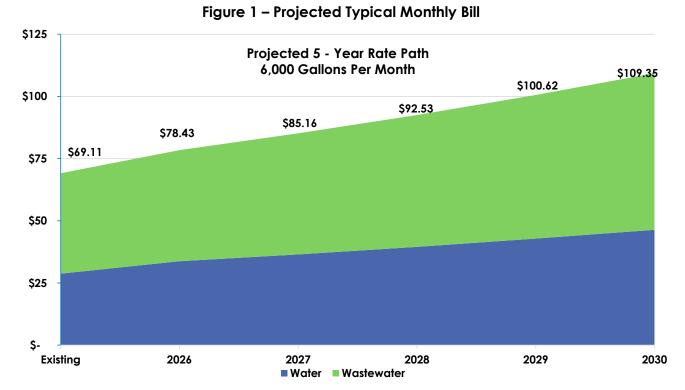
Table z – Froposed Waslewaler Rales												
Description	i	Existing		ffective		ffective	Effective Oct 1, 2027			ffective	Effective Oct 1, 202	
Wastewater Rates - Inside City		Rates		et 1, 2025		ct 1, 2026		ST 1, 2027		:†1, 2028		TT, 2029
,												
Minimum Monthly Charges:	¢	10.04		10.77	<i>•</i>	01.40	<i>•</i>	00.07	¢	05.44	•	07.75
3/4 Inch	\$	18.04	\$	19.66	\$	21.43	\$	23.36	\$	25.46	\$	27.75
1.0 Inch	\$	45.10	\$	49.15	\$	53.58	\$	58.40	\$	63.65	\$	69.38
1.5 Inch	\$	90.20	\$	98.30	\$	107.15	\$	116.80	\$	127.30	\$	138.75
2.0 Inch	\$	144.32	\$	157.28	\$	171.44	\$	186.88	\$	203.68	\$	222.00
3.0 Inch	\$	270.60	\$	294.90	\$	321.45	\$	350.40	\$	381.90	\$	416.25
4.0 Inch	\$	451.00	\$	491.50	\$	535.75	\$	584.00	\$	636.50	\$	693.75
6.0 Inch	\$	902.00	\$	983.00	\$	1,071.50	\$	1,168.00	\$	1,273.00	\$	1,387.50
8.0 Inch	\$	1,443.20	\$	1,572.80	\$	1,714.40	\$	1,868.80	\$	2,036.80	\$	2,220.00
10.0 Inch	\$	2,255.00	\$	2,457.50	\$	2,678.75	\$	2,920.00	\$	3,182.50	\$	3,468.75
Volumetric Rate/1,000 Gal	\$	3.72	\$	4.17	\$	4.54	\$	4.94	\$	5.39	\$	5.87
Wastewater Rates - Outside City												
Minimum Monthly Charges:												
3/4 Inch	\$	22.55	\$	24.58	\$	26.79	\$	29.20	\$	31.83	\$	34.69
1.0 Inch	\$	56.38	\$	61.44	\$	66.98	\$	73.00	\$	79.56	\$	86.73
1.5 Inch	\$	112.75	\$	122.88	\$	133.94	\$	146.00	\$	159.13	\$	173.44
2.0 Inch	\$	180.40	\$	196.60	\$	214.30	\$	233.60	\$	254.60	\$	277.50
3.0 Inch	\$	338.25	\$	368.63	\$	401.81	\$	438.00	\$	477.38	\$	520.31
4.0 Inch	\$	563.75	\$	614.38	\$	669.69	\$	730.00	\$	795.63	\$	867.19
6.0 Inch	\$	1,127.50	\$	1,228.75	\$	1,339.38	\$	1,460.00	\$	1,591.25	\$	1,734.38
8.0 Inch	\$	1,804.00	\$	1,966.00	\$	2,143.00	\$	2,336.00	\$	2,546.00	\$	2,775.00
10.0 Inch	\$	2,818.75	\$	3,071.88	\$	3,348.44	\$	3,650.00	\$	3,978.13	\$	4,335.94
Volumetric Rate/1,000 Gal	\$	4.65	\$	5.22	\$	5.68	\$	6.18	\$	6.74	\$	7.34

Table 2 – Proposed Wastewater Rates

It is important for utility management to understand the impact that a change will have on the existing customers. Table 3 provides a comparison of a typical monthly utility bill under the existing and proposed rates for an inside residential City customer. A graphical illustration of the projected typical bill is provided in Figure 1 for a residential customer with both water and wastewater service.

Table 3 – Projected Typical Monthly Bill																
Description	E>	cisting	Projected Bill @ 6,000 Gallons Per Mon									th				
Description	R	Rates	1	2026		2027		2028		2029		2030				
Water	\$	28.75	\$	33.75	\$	36.49	\$	39.53	\$	42.82	\$	46.38				
Wastewater	\$	40.36	\$	44.68	\$	48.67	\$	53.00	\$	57.80	\$	62.97				
Combined	\$	69.11	\$	78.43	\$	85.16	\$	92.53	\$	100.62	\$	109.35				
Change from Prior			\$	9.32	\$	6.73	\$	7.37	\$	8.09	\$	8.73				

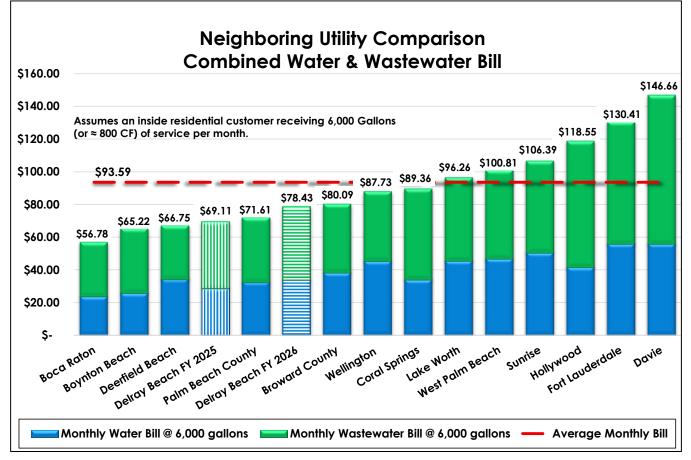




In order to provide the City with additional insight regarding the proposed rate levels, the analysis includes a comparison of both the existing and proposed user rates relative to the user rates imposed by other water and wastewater utility systems located primarily in Southeast Florida. A summary analysis is provided comparing the cost of monthly water and wastewater service for a typical residential customer (assumed to have a 5/8 x 3/4-inch water meter) calculated under the existing and proposed rates of the City with those of the other utilities. The rates utilized for the other neighboring utilities shown were in effect as of January 2025 and are exclusive of local taxes, outside surcharges, franchise fees, or other rate adjustments. A summary comparison with other utilities for a residential customer using 6,000 gallons of service per month is illustrated in **Figure 2**.



Figure 2 – Neighboring Utility Comparison



As a conclusion to the study, proforma operating statements were developed for both the water and wastewater systems, together with a combined proforma of the collective operations. The statements summarize the projected financial results based on the system revenues, expenses, and other revenue requirements anticipated in future years. The individual operating statements cover the 5-fiscal year Projection Period through September 30, 2030, and are prepared on a cash-flow basis.

The cash-flow statement developing the projected operating results for the combined system is summarized in **Table 4**. The results demonstrate that the proposed rates and charges along with the other operating revenues and estimated future rate adjustments are anticipated to be sufficient to satisfy the projected revenue requirements and capital needs of the combined utility system.



		Table 4 – Projected Operating Results Projected for Fiscal Year Ending September 30, (\$1,000s)												
Description Revenues:		Existing 2025		Proposed 2026		2027		2028		2029		2030		
			•		•				•		•			
Water	\$	21,945	\$	26,556	\$	28,889	\$	31,497	\$	34,327	\$	37,389		
Wastewater		20,504		22,693		24,736		26,956		29,415		32,069		
Combined	\$	42,449	\$	49,248	\$	53,625	\$	58,453	\$	63,743	\$	69,458		
Other Revenues	\$	1,921	\$	1,921	\$	1,921	\$	1,921	\$	1,921	\$	1,921		
Total Revenues	\$	44,370	\$	51,170	\$	55,546	\$	60,374	\$	65,664	\$	71,379		
Total O&M Expenses	\$	(38,697)	\$	(40,518)	\$	(42,342)	\$	(44,151)	\$	(45,982)	\$	(47,886)		
Net Revenues	\$	5,674	\$	10,652	\$	13,205	\$	16,223	\$	19,682	\$	23,494		
Debt Service:														
Existing	\$	-	\$	-	\$	-	\$	7,350	\$	14,701	\$	16,651		
Future		_	1	-	1	-	1	-	- 1	-		-		
Total Debt Service	\$	-	\$	-	\$	-	\$	7,350	\$	14,701	\$	16,651		
Net Results of Operations	\$	5,674	\$	10,652	\$	13,205	\$	8,873	\$	4,981	\$	6,843		
Other Revenues (Expenses)														
Capital Outlay	\$	(47)	\$	(48)	\$	(49)	\$	(51)	\$	(52)	\$	(54		
Transfers Out	T	(4,452)	т	(4,586)	т	(4,723)	т	(4,865)	т	(5,011)	т	(5,161		
Total Other Revs/(Expenses)	\$	(4,499)	\$	(4,634)	\$	(4,773)	\$	(4,916)	\$	(5,063)	\$	(5,215)		
Net Results	\$	1,175	\$	6,018	\$	8,432	\$	3,957	\$	(82)	\$	1,628		
Fund Balance Activity:		(0.050	•		•		•	50 (0)	•		•			
Beginning Balance	\$	43,058	\$	44,234	\$	50,252	\$	58,684	\$	62,641	\$	62,559		
Operating Balance	_	1,175		6,018		8,432		3,957		(82)		1,628		
Transfer to Capital	_	-	•	-	•	-		-	•	-	•	-		
Ending Fund Balance	\$	44,234	\$	50,252	\$	58,684	\$	62,641	\$	62,559	\$	64,187		
Days Cash On Hand		417		453		506		518		497		489		
Debt Coverage		N/A		N/A		N/A		2.21		1.34		1.41		