

# City of Palm Coast, Florida Agenda Item

**Agenda Date:** February 11, 2025

|   |  |                  |
|---|--|------------------|
| <b>Department</b>   | CONSTRUCTION MANAGEMENT<br>& ENGINEERING | <b>Amount</b>    |
| <b>Division</b>   | ENGINEERING                              | <b>Account #</b> |
| <b>Subject:</b> PRESENTATION - GAP ANALYSIS RECOMMENDATIONS FOR UTILITY RATE INCREASES AND ADJUSTMENTS  |  |                  |
| <b>Presenter:</b> Carl Cote, Director of Stormwater & Engineering   |  |                  |
| <b>Attachments:</b>   |  |                  |
| <ol style="list-style-type: none"> <li>1. Presentations (2)</li> <li>2. Ordinance</li> </ol>  |  |                  |
| <b>Background:</b>  |  |                  |
| <b>Council Priority:</b>  |  |                  |
| <b>D. Sustainable Environment and Infrastructure</b>  |  |                  |
| <p>To ensure revenues are sufficient to support the operation, maintenance and expansion of the water and sewer utility the City periodically conducts a review of the established rates and fees. The city enlisted the services of Stantec Consulting Services Inc., in Florida to conduct a <i>Water and Wastewater Revenue Sufficiency and Capital Facilities Fees Study</i>. Calculations are needed to assess the rates necessary to maintain the infrastructure of the water and sewer system. The consultant will recommend adjustments to various rates including monthly base charges and per gallon charges as well as adjustments to water and sewer capacity fees that are assessed for new construction. Rate studies are performed to assure that the studied entity will be sustainable over time to cover operating costs, capital improvements costs, stay within financial policies and cover debt payments with a reserve for emergencies. Much information must go into this evaluation and ultimately the result that is derived from all the information that goes into the study. These studies are usually performed every 3 to 5 years to keep up with the changes that occur in the operation, growth changes, material cost changes, labor rates, equipment costs as well as maintenance and other factors.</p> <p>Based on the current economic factors changing much of how our economy functions, such as covid impact, supply chain issues, inflation, labor shortages and the fact that our past few studies have not been of the most comprehensive nature, this study is a more thorough dive into our system needs.</p> <p>During the regularly scheduled City Council meeting of November 14, 2023, utility staff and the utility rate consultant presented its initial findings, options for consideration, and recommendations for cost adjustments. This was a presentation only for information and to request council direction with a future rate consideration to come back to council for adoption. City staff and the Consultant have taken the guidance provided by council at the November meeting and included a new water tier, holding the base rates flat for the initial rate adjustment, and moving up the capacity fees adjustment from October to May to coincide with the first monthly rate adjustment.</p> |  |                  |

City Council heard the first reading of this item at the February 20, 2024, Business Meeting. Per City Council direction an Ordinance was revised to reflect City Council's motion to adjust only the Capital Facility Fee and approval of 2<sup>nd</sup> reading on March 5, 2024.

On October 15, 2024, City Council approved proceeding with a utility gap analysis to be performed by Raftelis, a rate consultant, to determine the current rate revenue shortfall. This is important because it helps identify and address deficiencies in a utility system's capacity, financial performance, and infrastructure. It provides a clear understanding of current capabilities versus future needs, enabling informed decision-making and strategic planning. Key reasons for conducting a utility gap analysis include; Identifying Capital Needs, Ensure Service Reliability, Support economic development, Update fees for services, and Budgeting and Resource Allocations.

This item is to review the findings of the GAP analysis and proposed recommendations for utility rate increases and adjustments to utility charges.

**Recommended Action:**  
**FOR PRESENTATION AND COUNCIL RECOMMENDATION ONLY**



# OVERVIEW OF UTILITY RATES, FEES, & CHARGES

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# Palm Coast Utilities



## Our Mission

The Utility Department provides essential, high-quality water services, meeting community needs while protecting public health and the environment.

## Our Vision

Committed to providing safe, reliable water and wastewater services, continuously improving our operations, and protecting water resources while preparing for the future.

## Our Values

- Safety
- Stewardship
- Quality
- Education
- Customer Care



# Agenda

## Utility Overview

- Background
- Infrastructure
- Prior Development & Usage
- Budget

## Impact Fees (CIAC)

- Summary

## Charges for Services

- Summary
- Proposed Fee Updates

## Rates

- Summary
- Utility Bill
- Critical Projects
- Rate Consultant



## UTILITY DEPARTMENT

# Milestones

- 1973** ●●●●● Constructed a new water softening facility.
- 1977** ●●●●● Wastewater Treatment Plant #1 is expanded to 600,000 GPD.
- 1979** ●●●●● The old water softening facility is dismantled and the first full-scale water treatment plant, Water Treatment Plant (WTP) #1, is constructed as a 2 million gallon per day (MGD) facility.
- 1982** ●●●●● WTP #1 is expanded to 6 MGD.
- 1983** ●●●●● WWTP #1 is expanded to 1.6 MGD.
- 1990** ●●●●● WWTP #1 is expanded to 2.6 MGD.
- 1992** ●●●●● WTP #2 is constructed as a 2 MGD facility.
- 1994** ●●●●● WWTP #1 is expanded to 4.0 MGD.
- 1999** ●●●●● Florida Water Services, Inc., a large multi-system owner operating throughout the State of Florida, purchases the utility from ITT Corporation.
- 2003** ●●●●● The City of Palm Coast purchases the assets of the Palm Coast water and sewer systems for \$83 million and establishes a new City department. Also, WTP#2 is expanded to 3.19 MGD.
- 2004** ●●●●● WTP #2 is expanded to 6.38 MGD. The City also took over operations for Customer Service and Utility Billing.
- 2006** ●●●●● WWTP #1 is expanded to 6.83 MGD.
- 2008** ●●●●● WTP #3 is constructed as a 3 MGD facility.
- 2015** ●●●●● The Zero Liquid Discharge (ZLD) treatment system added to WTP #2 which also expands its capacity to 7.584 MGD.
- 2018** ●●●●● Wastewater Treatment Plant #2 is constructed as a 2.0 MGD facility.

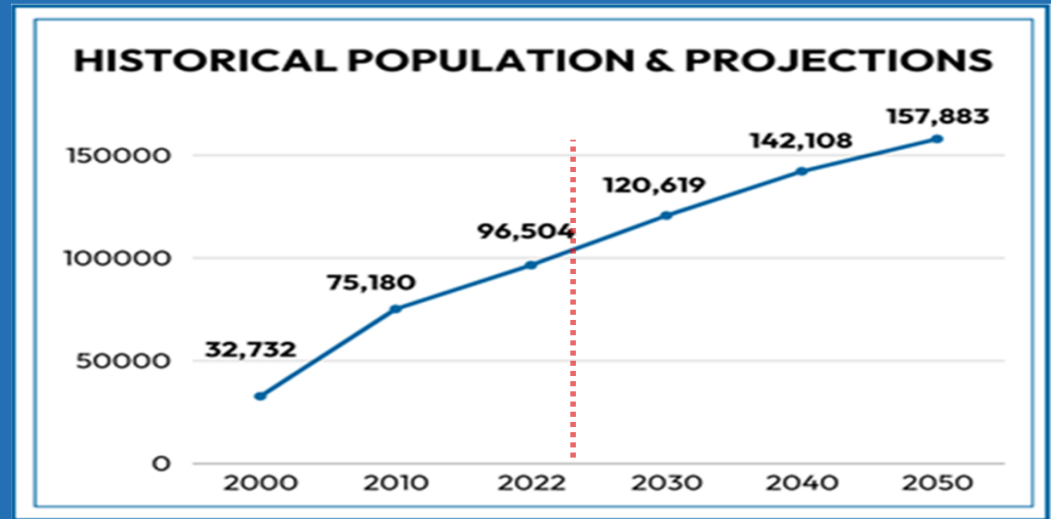


## Creation of Palm Coast Utility Corporation

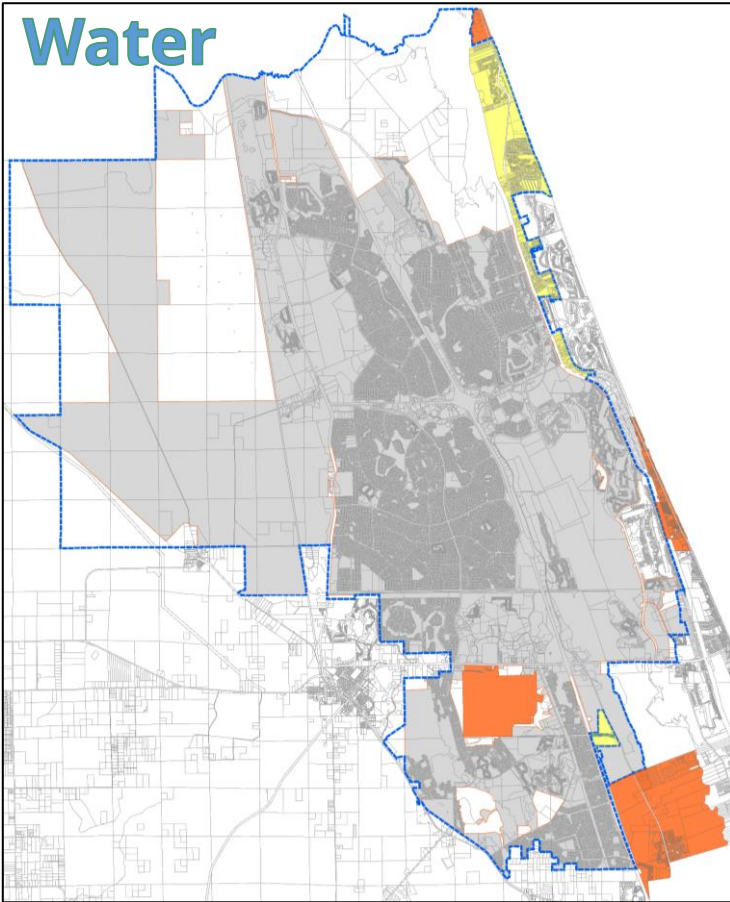
In 1970 the ITT Community Development Corporation (ICDC) created the Palm Coast Utility Corporation with the initial system consisting of:

- **Water:** Wells, a storage tank, chlorination systems and pipelines.
- **Sewer:** A wastewater collection system and a 300,000 gallon per day (GPD) wastewater treatment facility.

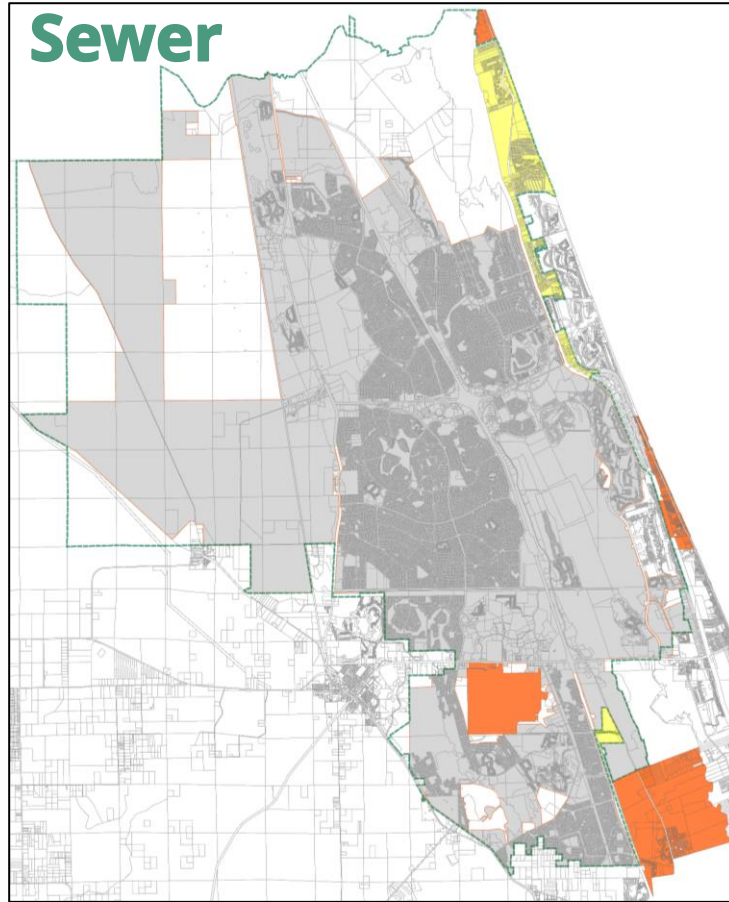
## City of Palm Coast Population








## Water



## Sewer



- Legend**
-  Palm Coast City Limits
  -  Palm Coast Water Service Area
  -  Palm Coast Sewer Service Area
  -  Bulk Services Customer
  -  Areas outside City limits that do not require annexation to receive water and sewer services

## Boundary Establishment

- Began with the ITT Development Area, areas were added such as the Hammock to provide future service. Other areas were negotiated thru agreements such as the settlement agreement with Flagler County and others.
- Rates are 25% higher for customers outside of City Limits.
- Bulk customer areas (Marineland, Beverly Beach, FGUA-OKR South, Airport).

## Accounts: 52,159 Water Meters

- 92.7% usage within City limits.
  - 6.4% usage outside city limits but within service area.
  - 0.9% bulk customer
- (based on December 2024 Usage)

## Wastewater Treatment Facility # 1



Original Construction: 1973  
Permitted Capacity: 6.83 MGD

**2024 ADT: 6.581 MGD**

## Rapid Infiltration Basin (RIB) & Spray Field



Original Construction: 1973  
97.5 Acres

## Wastewater Treatment Facility # 2



Original Construction: 2018  
Permitted Capacity: 4.00 MGD\*

**2024 ADT: 1.404 MGD**

\*2.00 MGD Expansion of Facility #2 is nearing completion of construction and will be able to accept additional flows in the coming months.

## Water Treatment Facility # 1



**Original Construction: 1979**  
**Permitted Capacity: 6.00 MGD**

## Water Treatment Facility # 2



**Original Construction: 1992**  
**Permitted Capacity: 7.584 MGD**

## Water Treatment Facility # 3



**Original Construction: 2008**  
**Permitted Capacity: 3.00 MGD**

| SJRWMD Allocation Usage                               | Confined Surficial (WTP1 & WTP3) | Floridan Aquifer (WTP2) | Brackish   |
|---|----------------------------------|-------------------------|------------|
| <b>SJRWMD Allocation Average Per day (11.025 MGD)</b> | <b>6,875,000</b>                 | <b>4,150,000</b>        | <b>N/A</b> |
| <b>Average Daily Flow Per Allotment</b>               | <b>5,443,417</b>                 | <b>4,021,859</b>        | <b>N/A</b> |
| <b>CUP Allotment being used</b>                       | <b>79.18%</b>                    | <b>96.91%</b>           |            |

| DEP Allocation Usage                               | WTP1             | WTP2             | WTP3             |
|--|------------------|------------------|------------------|
| <b>DEP Allocation Average Per day (16.584 MGD)</b> | <b>6,000,000</b> | <b>7,584,000</b> | <b>3,000,000</b> |
| <b>Average Daily Flow Per Allotment</b>            | <b>2,656,236</b> | <b>4,021,859</b> | <b>2,787,181</b> |
| <b>DEP Allotment being used</b>                    | <b>44.27%</b>    | <b>53.03%</b>    | <b>92.91%</b>    |

**DEP ACTION LEVEL - max combined day flow is 75% of total permitted capacity = 12.438 MGD**  
**Max All time high HSP flow: 6/15/2024 = 12,581,218 Total Treated**





**67  
Production Wells**



**6 Water Storage Tanks  
Capacity of 7.5 Million Gallons**



**830+ Miles of Water Main  
700+ Miles of Sewer Main  
75+ Miles of Reclaimed Main**



**56,480  
Revenue Meters**



**177 Lift/Pump  
Stations**



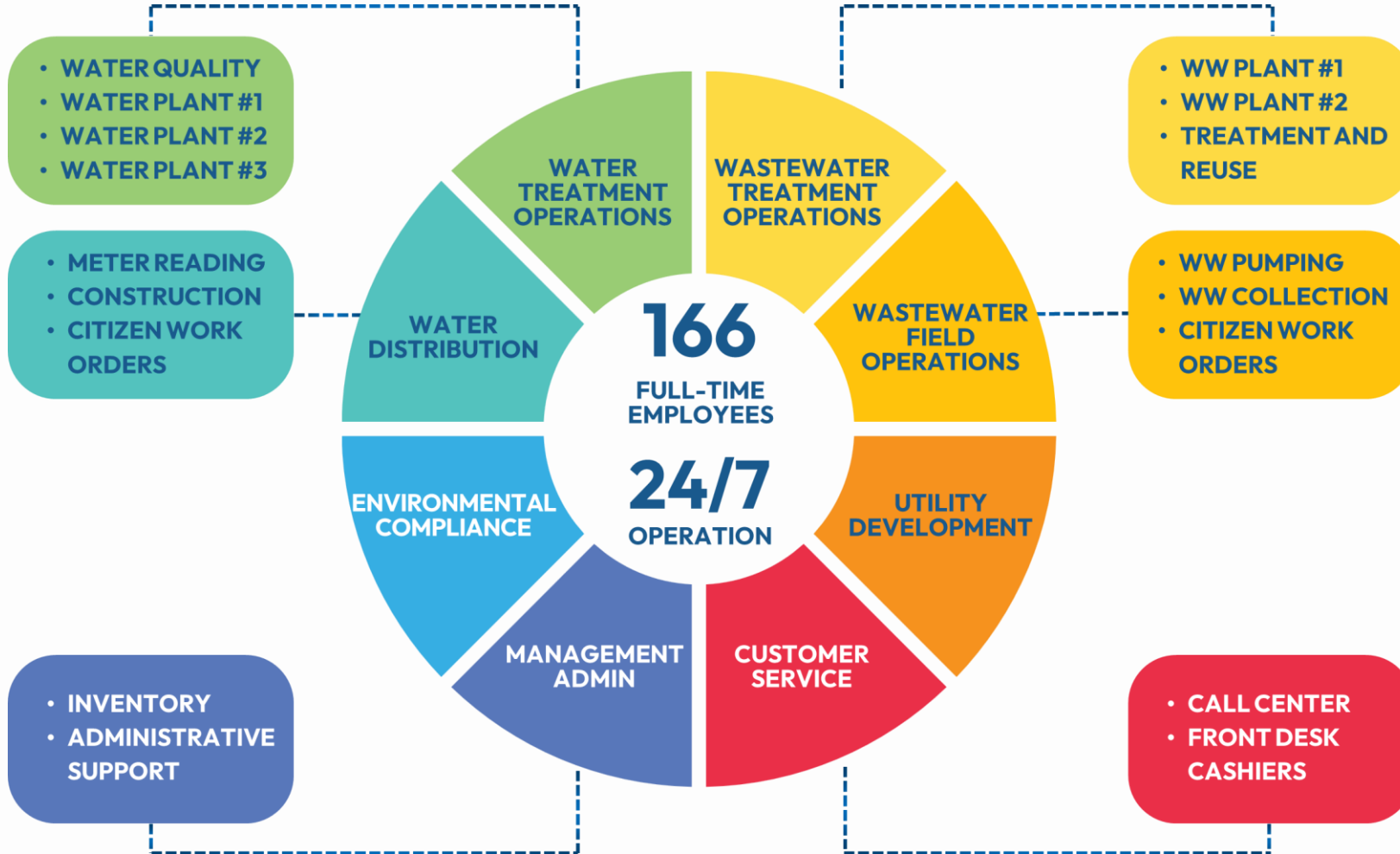
**17,491  
PEP Tanks**



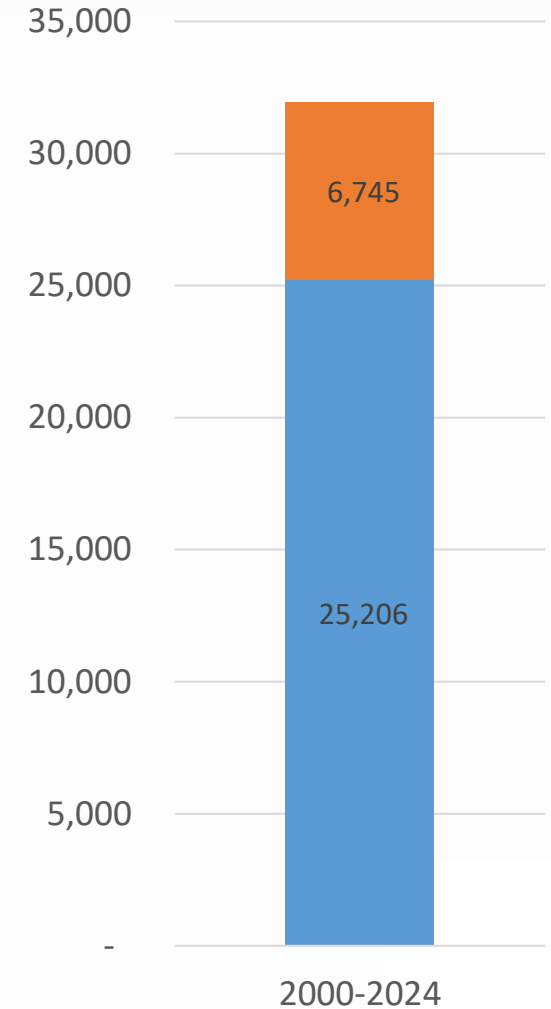
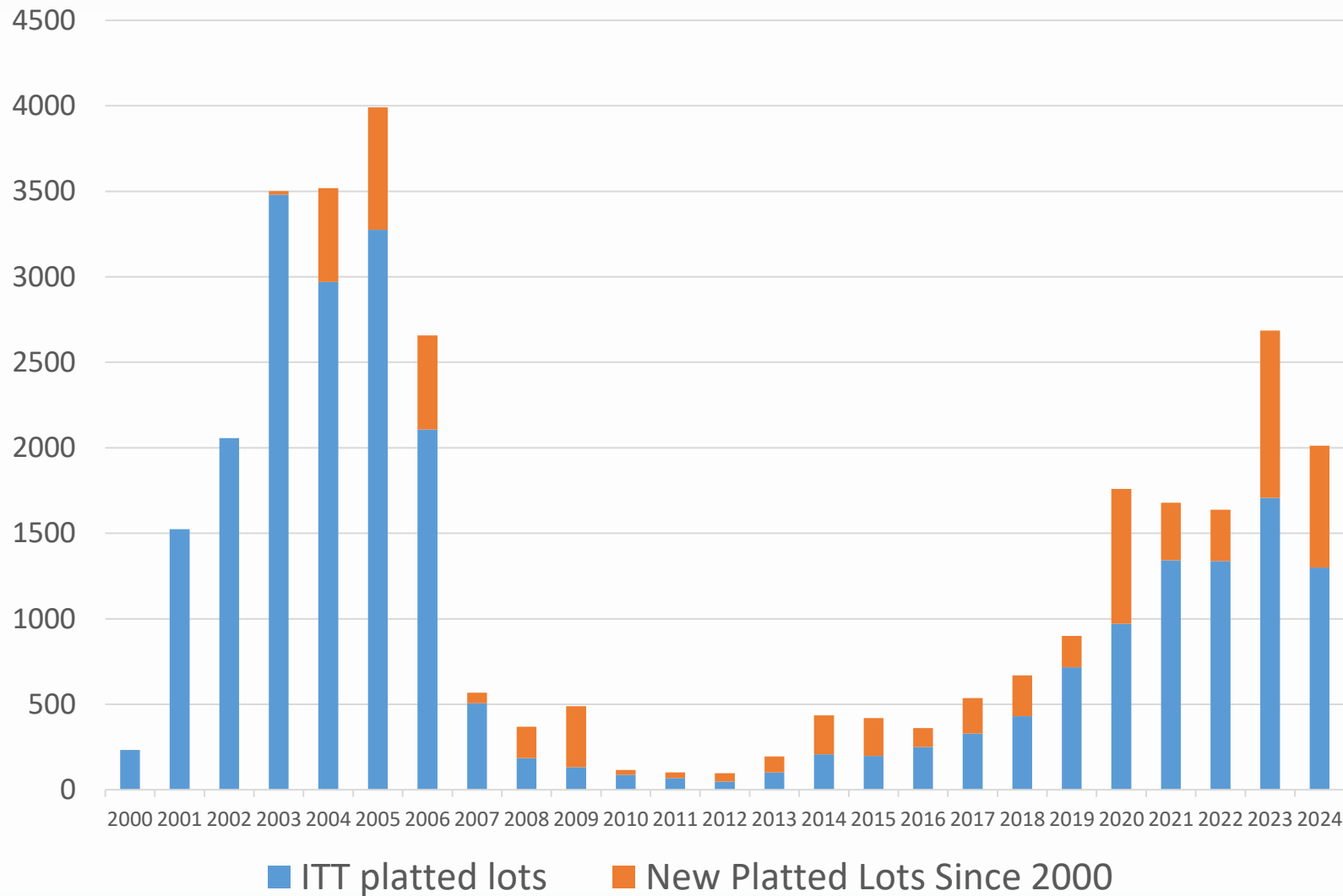
**4,007  
Fire Hydrants**



**Cigar Lake &  
Pump Station**

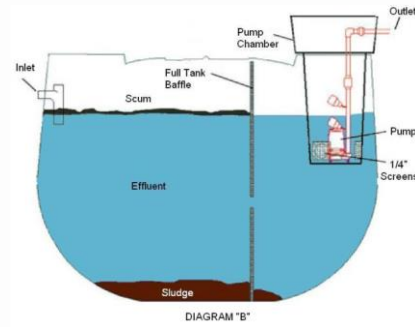
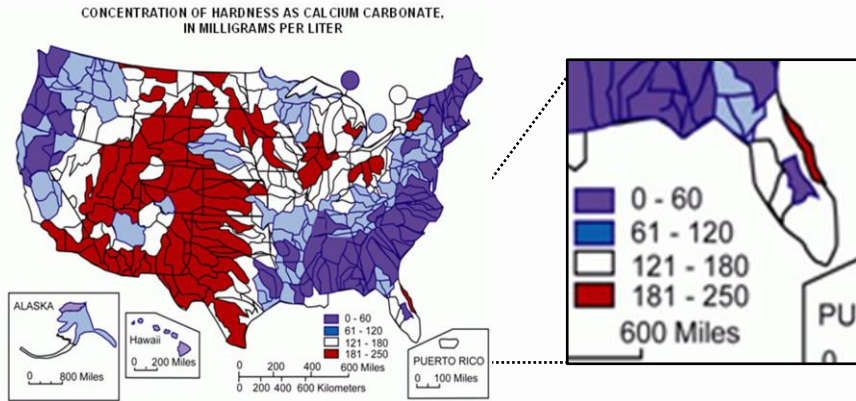


# Issued Residential CO's



These are preliminary numbers.  
 Permits from 2000-2004 were managed by a private provider; information is unavailable.

## Factors that make City of Palm Coast Utility Unique



- ITT Planned Community of 45,000 residential lots.
- Initial Infrastructure was not and could not be constructed to serve build-out.
- Regulatory changes required upgrades & modifications over the past 50 years.
- Treatment of available water to meet regulatory requirements and level of service expectations is costly because of the complexity of the treatment processes required due to the source water quality in the Palm Coast area.
- A large portion of infrastructure was installed in a short period of time thus requiring replacement & rehabilitation (R&R) to occur over a short period.
- PEP System, 21,766 (17,491 installed). The City's PEP system is the 2<sup>nd</sup> largest for a community in Florida with Charlotte County having the most at 30,000+/- tanks. PEP tanks are not commonly used as they require ongoing maintenance & costly replacement, 24/7 service calls, and are problematic as they provide opportunity for inflow and infiltration (I&I) into our wastewater system.

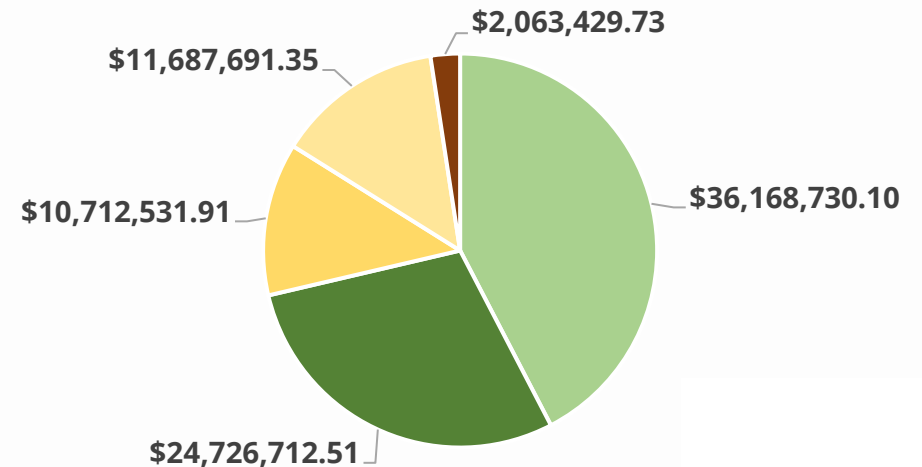
## What is an Enterprise Fund



| Basis                 | Enterprise Fund  |
|-----------------------|--|
| Nature of Operations: | It offers goods and services to citizens.  |
| Customer Base:        | Serves the general public.   |
| Revenue Collection:   | Collects user fees.  |
|                       | Intended to be self-supporting.  |
|                       | Not intended to be subsidized by tax revenues; this includes transfers from the General Fund.                                  |
| Debt:                 | Required for activity financed by debt secured by pledge of revenue from fees and charges for the activity i.e. revenue bonds. |
| Profit Utilization:   | It retains any profits as a surplus for subsequent operations.   |

## Utility Budget\* - Enterprise Fund

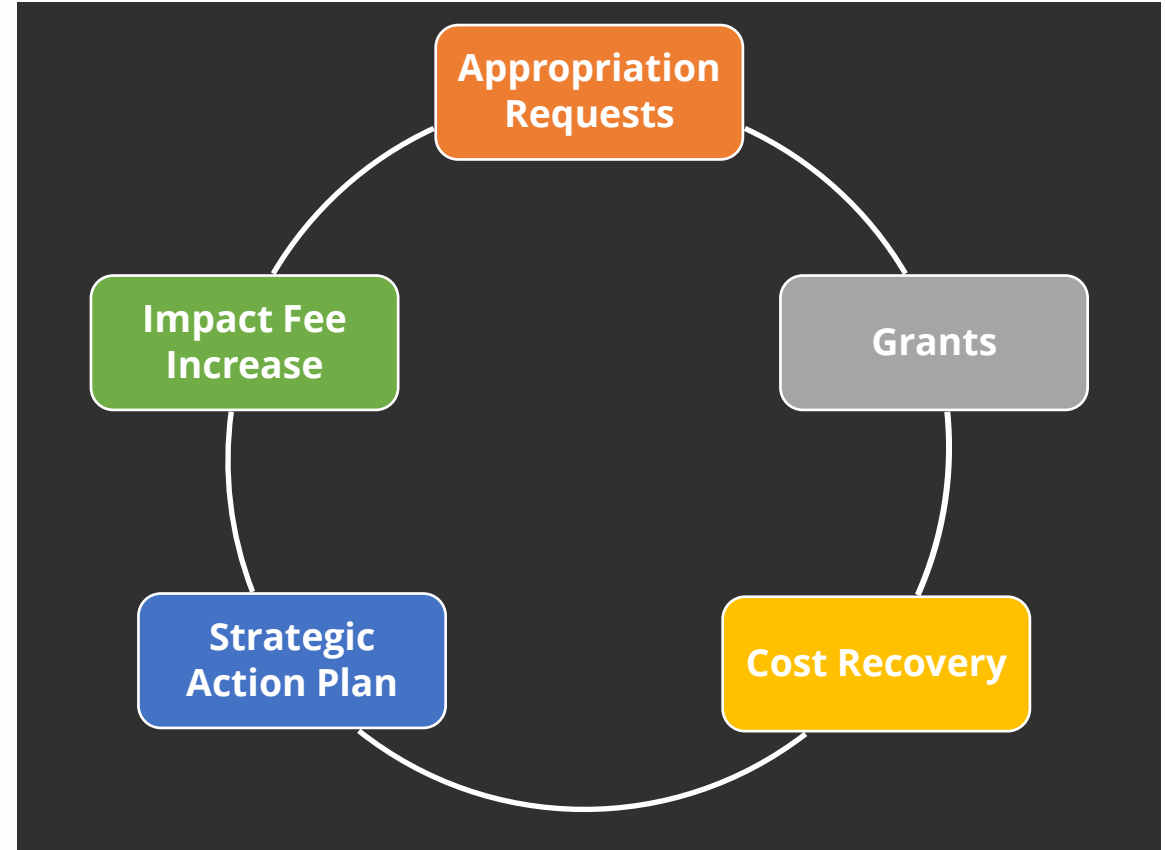
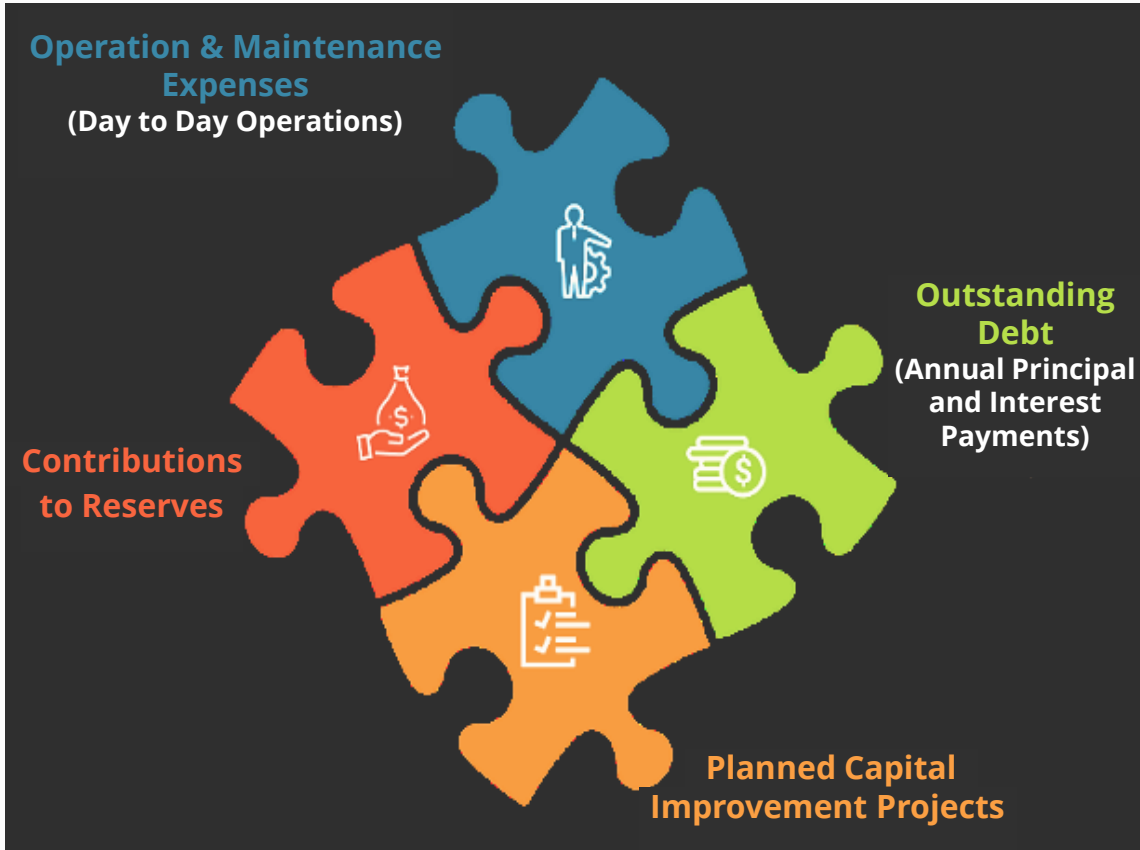
| UTILITY REVENUE ITEMS | FY24 Actual            |
|-----------------------|------------------------|
| Water Sales           | \$36,168,730.10        |
| Wastewater Charges    | \$24,726,712.51        |
| Water Impact Fee      | \$10,712,531.91        |
| Wastewater Impact Fee | \$11,687,691.35        |
| Charges for Services  | \$2,063,429.73         |
| <b>Total Revenues</b> | <b>\$85,359,095.60</b> |



- Water Sales
- Wastewater Charges
- Water Impact Fee
- Wastewater Impact Fee
- Charges for Services

\* Revenues from Grants, Loans, and Bonds are not Shown for Clarity.

## Revenue Versus Expenses Challenges



# Impact Fees (CIAC)

# 'Impact Fees' Contribution in Aid of Construction (CIAC) Fees

CIAC Fees (Impact Fees) are to recover specific costs and to ensure that growth pays for a share of the capital investments to increase capacity.

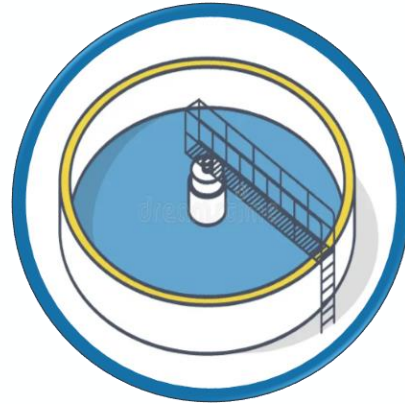
Update every 3 to 5 years based on changes in costs, usage profiles, development patterns, industry practices, legal precedent, technology, etc.

Next available CIAC Fee increases could occur 5/1/2028.



## Water CIAC Fee

The CIAC fee is based on the equivalent residential unit (ERU) of **225 gallons per day**, which is the potential average daily quantity of water used by a single-family residence. ERUs are calculated based on the type of property or development based on potential average daily water use.



## Wastewater CIAC Fee

The CIAC fee is based on the equivalent residential unit (ERU) of **180 gallons per day**, which is the potential average daily quantity of water used by a single-family residence. ERUs are calculated based on the type of property or development based on potential average daily water use.

## State Statute Update

- Caps any one-time total increase to 50.00% of current fee, once every 4 years.
- Increases of 25.00% and greater to be phased-in over 4 equal increases.
- Increases less than 25.00% to be phased-in over 2 equal increases.
- There is an exception provision that requires findings of extra-ordinary circumstances by City Council and two separate workshops dedicated to the special circumstances in addition to the 1st and 2nd readings.



# CIAC Fees Update

CIAC Fees were reviewed and incorporated in the Stantec Utility Rate Study. City Council adopted the CIAC Fee increases that were proposed as part of the Stantec Study.

## TIMELINE

**Approval of Piggyback Contract and Work Order with Stantec for a Utility Rate Study**

**2/15/2022**

**Update of Utility Charges for Services, Rates, and CIAC Fees**

**11/14/2023 (workshop)  
2/13/2024 (workshop)  
2/20/2024 (1st reading)\*  
3/5/2024 (2<sup>nd</sup> reading)\***

**Implementation date of Initial CIAC Fees Update**

**5/1/2024**

**\*City Council Adoption Only Increased CIAC Fees**

# Impact Fees (CIAC) Fees Update

Adopted CIAC Rate Increase:

- Water Fee to be increased 35.71% over a 4-Year period to comply with State Statute.
- Wastewater to be increased 24.98% over a 2-Year period to comply with State Statute.

| Water Capital Facility Fee Calculation    |                       |
|---|-----------------------|
| Plant in Service - Reconst. Cost New      | \$ 256,845,227        |
| Expansion-Related Capital Costs           | \$ 102,823,402        |
| Less: Outstanding Debt                    | \$ (49,155,406)       |
| Less: Grants & Contributed Capital        | \$ (1,673,458)        |
| <b>Net System Investment</b>              | <b>\$ 308,839,766</b> |
| Net System Capacity (mgd)                 | 13.20                 |
| Level of Service (gpd)                    | 225                   |
| <b>Equivalent Residential Connections</b> | <b>58,667</b>         |
| Full Cost Recovery Fee per ERC            | \$ 5,264              |
| Cost Recovery %                           | 100.0%                |
| Escalation to Effective Year              | 3.00%                 |
| <b>Calculated Fee per ERC</b>             | <b>\$ 5,421</b>       |
| Current Fee                               | \$ 3,995              |
| Dollar Change                             | \$ 1,426              |
| <b>Percent Change</b>                     | <b>35.71%</b>         |

| Wastewater Capital Facility Fee Calculation |                       |
|---|-----------------------|
| Plant in Service - Reconst. Cost New        | \$ 285,025,220        |
| Expansion-Related Capital Costs             | \$ 143,979,857        |
| Less: Outstanding Debt                      | \$ (49,155,406)       |
| Less: Grants & Contributed Capital          | \$ (10,784,427)       |
| <b>Net System Investment</b>                | <b>\$ 369,065,244</b> |
| Net System Capacity (mgd)                   | 10.10                 |
| Level of Service (gpd)                      | 180                   |
| <b>Equivalent Residential Connections</b>   | <b>56,111</b>         |
| Full Cost Recovery Fee per ERC              | \$ 6,605              |
| Cost Recovery %                             | 100.0%                |
| Escalation to Effective Year                | 3.00%                 |
| <b>Calculated Fee per ERC</b>               | <b>\$ 6,800</b>       |
| Current Fee                                 | \$ 5,441              |
| Dollar Change                               | \$ 1,359              |
| <b>Percent Change</b>                       | <b>24.98%</b>         |

|                    | Water \$           | Cumulative %  | Wastewater \$      | Cumulative %  | Total \$            |
|--------------------|--------------------|---------------|--------------------|---------------|---------------------|
| Previous           | \$ 3,994.51        |               | \$ 5,441.03        |               | \$ 9,435.54         |
| <b>May 1, 2024</b> | <b>\$ 4,351.13</b> | <b>8.93%</b>  | <b>\$ 6,120.52</b> | <b>12.49%</b> | <b>\$ 10,471.65</b> |
| <b>May 1, 2025</b> | <b>\$ 4,707.76</b> | <b>17.86%</b> | <b>\$ 6,800.00</b> | <b>24.98%</b> | <b>\$ 11,507.76</b> |
| <b>May 1, 2026</b> | <b>\$ 5,064.38</b> | <b>26.78%</b> | <b>\$ 6,800.00</b> |               | <b>\$ 11,864.38</b> |
| <b>May 1, 2027</b> | <b>\$ 5,421.00</b> | <b>35.71%</b> | <b>\$ 6,800.00</b> |               | <b>\$ 12,221.00</b> |

# Charges for Services

# Charges for Services

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These are costs charged to provide specific services and violations such as:

**Turn On/Reconnect**

**Turn Off/Disconnect**

**Fire Flow Test**

**Back-Flow Preventer Annual Inspection**

**Water Tap Charge**

**Meter Installation**

# Cost Recovery

Maintaining cost recovery is critical for sustainable operations; however, many “miscellaneous fees” have remained unchanged and unreviewed for over 15 years. The existing fees are no longer aligned with the increasing costs of materials and labor, leading to financial deficits for the utility when factoring in the accumulated expenses of materials and workforce operations.

## Labor

- How much time does each role spend to perform this service?

## Equipment/Vehicles

- What pieces of equipment or vehicles are utilized to perform the service?

## Labor

- What materials are used as a part of this service?



$$\left( \begin{array}{l} \text{Hours Spent} \\ \text{(Customer Service,} \\ \text{Utility Tech)} \end{array} \right) \times \left( \begin{array}{l} \text{Cost per Hour} \\ \text{(Labor, vehicles \&} \\ \text{equipment)} \end{array} \right) + \begin{array}{l} \text{Unit Costs} \\ \text{(Materials)} \end{array} = \text{Cost of Service}$$



## Meter Installation Fee

The current rate for a meter installation is **\$514.49**, but modern meter technology requires additional features for compatibility with our towers. The cost of the meter, transmitter, backflow preventer, meter pit, and piping alone is \$752.21, with total expenses, including equipment and labor, reaching **\$1,424.21**.



## Water Tap Fee

The current rate for water tap installation is **\$672.77**, but the actual cost of supplies alone, including items like a tapping saddle, brass components, polytube, and PVC casing, total \$1477.49. Factoring in equipment and labor, the total cost rises to **\$2,880.27**.



## Turn On/Off Fees

Processing a typical turn-on or turn-off request involves multiple divisions, including customer service, finance, and field technicians, incurring costs for labor, overtime, and administrative tasks. The current **\$25.00** fee does not cover these expenses; a **\$50.00** fee would ensure full cost recovery.

# New Charges for Services Items

PEP Tank Installation and Connection to the sewer force main has historically been funded and a part of the CIAC budget.

Upon review it has been determined that some expenses associated with PEP tank installations should be charged to cover these costs.



## PEP Tank Connection Fee

The cost of the PEP Tank, control panel, tubing, saddles; with total expenses, including equipment and labor, reaching \$7,225.71. Currently there are approximately 17,491 PEP tanks with an additional estimated amount of 4,275 vacant ITT platted lots that will require a PEP tank. The majority of the expenses have been and are a part of the approved CIAC capital plan. There are some costs with tapping connection that should be added and included in the charges for services in the amount of **\$841.49**. The costs for PEP Tank and Contractors to Install PEP tank & panel in the amount of **\$6,384.22** is funded by the wastewater CIAC fees.

## Gravity Sewer Tap Fee

Gravity sewer connections are the responsibility of the builder, the city assists in rare cases where a service either does not exist or cannot be found, therefore no gravity sewer tap fee is proposed.

# Utility Service Agreement Charges

A review of charges for new utility agreements (new development) has been completed to verify the Utility was recovering its costs. A modification is proposed to simplify the process and so that the developer can determine these fees early on in their process. The new system will utilize a cost for each Equivalent Residential Units (ERU's).



## Utility Service Agreement

The cost to account for City expenses including but not limited to administrative and inspection of new utilities associated with new development shall be **\$75.00** per ERU for each of the following categories; Water & Sewer. There will be a minimum charge of **\$3,500.00**.

### Comparison of Current Method and New Method (ERU) for Flagler Village Project

| ITEM | DESCRIPTION                                      | QUANTITY |    | UNIT PRICE | EXTENSION          |
|------|--|----------|----|------------|--------------------|
| 1    | Gravity Sewer                                    | 7,000    | LF | \$0.60     | \$4,200.00         |
| 2    | Sewer Force Mains and Reuse Mains (10" & under)  | 8,000    | LF | \$0.30     | \$2,400.00         |
| 3    | Sewer Force Mains and Reuse Mains (12" & larger) |          | LF | \$0.40     | \$0.00             |
| 4    | Water Mains (10" & under)                        | 7,000    | LF | \$0.30     | \$2,100.00         |
| 5    | Water Mains (12" & larger)                       |          | LF | \$0.40     | \$0.00             |
| 6    | Pump Stations                                    | 1        | EA | \$1,000.00 | \$1,000.00         |
| 7    | Base Fee   | 1        | LS | \$500.00   | \$500.00           |
|      | <b>TOTAL</b>                                     |          |    |            | <b>\$10,200.00</b> |

| ITEM | DESCRIPTION  | ERU's | COST PER ERU | EXTENSION          |
|------|--------------|-------|--------------|--------------------|
| 1    | Water        | 200   | \$75.00      | \$15,000.00        |
| 2    | Sewer        | 200   | \$75.00      | \$15,000.00        |
|      | <b>TOTAL</b> |       |              | <b>\$30,000.00</b> |

# Charges for Services Council Action

Adopt Resolution Updating Charges for Service; to become Effective April 1, 2025.

## Listing of Fee Changes and New Fees

| WATER SERVICE RATES, FEES AND CHARGES                        |               |                            |                             |
|--|---------------|----------------------------|-----------------------------|
|  | Current Rates |                            | Effective April 2025        |
| <b>Hydrant Meter:</b>  |               |                            |                             |
| Customer Deposit   | \$            | 560.00                     | \$ 2,150.00                 |
| Installation Fee   | \$            | -                          | \$ 130.00                   |
| <b>Meter Test:</b>   |               |                            |                             |
| 5/8", 3/4", & 1" Meter                                       | \$            | 40.00                      | \$ 225.00                   |
| Turn On / Reconnect:   | \$            | 25.00                      | \$ 50.00                    |
| Turn Off / Disconnect:                                       | \$            | 25.00                      | \$ 50.00                    |
| Reconnect / Premise Visit (after hours):                     | \$            | 35.00                      | \$ 100.00                   |
| Violation Connection:  | \$            | -                          | \$ 1,000.00                 |
| <b>Meter Tampering Fee:</b>                                  |               |                            |                             |
| First Occurrence   | \$            | 125.00                     | \$ 250.00                   |
| Second Occurrence  | \$            | -                          | \$ 500.00                   |
| Third and Subsequent Occurrences                             | \$            | -                          | \$ 750.00                   |
| Premise Visit (per visit):                                   | \$            | 25.00                      | \$ 50.00                    |
| Late Payment:  |               | 1.5% of bill with \$5 Min. | 1.5% of bill with \$10 Min. |
| Fire Flow Test:  | \$            | 85.00                      | \$ 250.00                   |
| Back-flow Preventer Annual Inspection Commerical/Industrial: | \$            | -                          | \$ 100.00                   |
| <b>Water Tap Charge:</b>                                     |               |                            |                             |
| 5/8" & 3/4" Meter  | \$            | 672.77                     | \$ 2,880.27                 |
| <b>Water Meter Installation:</b>                             |               |                            |                             |
| 5/8" & 3/4" Meter  | \$            | 514.49                     | \$ 1,424.21                 |
| Irrigation Meter Installation:                               | \$            | 514.49                     | \$ 1,424.21                 |
| Permit Reviews:  | \$            | -                          | \$ 25.00                    |
| Permit Inspections/Reinspections:                            | \$            | 25.00                      | \$ 40.00                    |



# Charges for Services Council Action

Adopt Resolution Updating Charges for Service; to become Effective April 1, 2025.

Administer a Consumer Price Index (CPI) adjustment of up to 3% if the City Manager or designee, determines that an increase in fees is necessary based on the cost increase to the City for materials, equipment and services.

Fees to be reviewed no less than every 5-Years.

## Listing of Fee Changes and New Fees

| WASTEWATER SERVICE RATES, FEES AND CHARGES |               |                            |                             |
|--|---------------|----------------------------|-----------------------------|
|  | Current Rates |                            | Effective April 2025        |
| Premise visit:                             | \$            | 25.00                      | \$ 50.00                    |
| After Hour Premise visit:                  | \$            | 25.00                      | \$ 100.00                   |
| Late payment:                              |               | 1.5% of bill with \$5 Min. | 1.5% of bill with \$10 Min. |
| PEP Tank Connection:                       | \$            | -                          | \$ 841.49                   |
| Wastewater Pressure Test:                  | \$            | 60.00                      | \$ 250.00                   |
| Permit Reviews:                            | \$            | -                          | \$ 25.00                    |
| Permit Inspections/Reinspections:          | \$            | 25.00                      | \$ 40.00                    |

| RECLAIMED WATER SERVICES RATES, FEES AND CHARGES |               |                            |                             |
|--|---------------|----------------------------|-----------------------------|
|  | Current Rates |                            | Effective April 2025        |
| Turn on/Reconnect:                               | \$            | 25.00                      | \$ 50.00                    |
| Turn off/Disconnect:                             | \$            | 25.00                      | \$ 50.00                    |
| Reconnect / Premise Visit (after hours):         | \$            | 25.00                      | \$ 100.00                   |
| Violation Connection (Plus Full City Cost):      | \$            | 125.00                     | \$ 250.00                   |
| Premise Visit:                                   | \$            | 25.00                      | \$ 50.00                    |
| Late Payment:                                    |               | 1.5% of bill with \$5 Min. | 1.5% of bill with \$10 Min. |
| Meter Installation:<br>5/8" & 3/4" Meter         | \$            | 427.42                     | \$ 1,065.34                 |
| Permit Reviews:                                  | \$            | -                          | \$ 25.00                    |
| Permit Inspections/Reinspections:                | \$            | 25.00                      | \$ 40.00                    |

| INDUSTRIAL WASTEWATER PRETREATMENT RATES, FEES AND CHARGES   |               |        |                      |
|--|---------------|--------|----------------------|
|  | Current Rates |        | Effective April 2025 |
| Annual Surveillance Fee:<br>Inspection, Administrative Fees and Equipment                            | \$            | 70.00  | \$ 200.00            |
| Inspection for Noncompliance:<br>Inspection due to Noncompliance, Admin Fees, Sampling and Equipment | \$            | 80.00  | \$ 250.00            |
| Administrative Penalty for Continued Noncompliance:  | \$            | 125.00 | \$ 250.00            |

# Rates

# Utility Rates

Utility Rates are used to Maintain Services and to Ensure there are Revenues to Satisfy and Support the Operation, Maintenance, Regulatory & Compliance Requirements, and to provide upgrades of the Utility.

Review every 3 to 5 Years.



## Infrastructure Costs

Items include the construction, maintenance, and repair of treatment facilities, pipelines, pumping stations, and building and site components. It's important to note that some of these elements can be substantial expenses, requiring thoughtful, long-term planning.

## Operational Costs

Day-to-day costs, such as labor, energy, chemicals, and equipment maintenance. These costs can fluctuate based on changes in the demand, flow or loading. Energy and chemicals will vary as the flow or loading to the system changes, inflationary costs, and supply and demand for items.

## Regulatory & Compliance Costs

Entails testing, monitoring, and reporting to ensure treated water or wastewater adheres to environmental and regulatory standards. It's also vital to anticipate future changes in the treatment process such as PFA and PFOS, seek alternative water supplies, and future shifts in waste streams.

## Replacement & Rehabilitation (R&R)

Replacement or upgrades of equipment, typically on a longer-term cycle. It is critical to place or rehabilitate our vital assets by evaluating the physical condition and functionality of its remaining service life. Original infrastructure was put in over 50 years ago.

# Utility Rate Gap Analysis

Utility Rates were reviewed and incorporated in the Stantec Utility Rate Study. City Council did not adopt the rate increase that was proposed as part of the Stantec Study.

A Gap Analysis was initiated on 10/15/2024.

## Timeline

**Approval of Piggyback Contract and Work Order with Stantec for a Utility Rate Study**

2/15/2022

**Update of Utility Charges for Services, Rates, and CIAC Fees**

11/14/2023 (workshop)  
2/13/2024 (workshop)  
2/20/2024 (1st reading)\*  
3/5/2024 (2<sup>nd</sup> reading)\*

**Approval of Utility Rate Gap Analysis**

10/15/2024

**\*Proposed Utility Rate Increase was not Approved by Council**

# Utility Rate Gap Analysis - Why

This was necessary to review and update the Stantec Rate Study to account for the following:

- Reduced Revenue.
- Unfunded Needs.
- Staffing Needs.
- Project Cost Increases.
- Operating Cost Increases.
- Consent order requirements.

## Reduced Revenue

- Reduced revenue due to rate increase delay.
- Reduction in anticipated state appropriations; only received \$2.0 million of the \$46.4 million requested.
- Not awarded a \$10 million grant for gravity sewer pipelining.

## Unfunded Needs (5-Year CIP)

- Current Rates will not support being able to obtain new loans/bonds.
- Current Rates will not fund capital projects and Rehabilitation & Renovation (R&R) needs.
  - WWTP#1 Expansion: \$180,000,000
  - WWTP#1 Update & Conversion: \$90,000,000
  - Water Treatment Plant Expansions, Ground Storage Tanks, Ozone+GAC: \$55,000,000
  - Wellfield Expansion: \$25,000,000
  - PEP System & Reclaimed System Upgrades: \$34,500,000
  - Sewer Pipe & Manhole Lining: \$20,000,000
  - Water Meter Change Outs and Meter Transmitter Battery Replacements.
  - Wellfield, Wells, Lift/Pump Station R&R.

# Utility Rate Gap Analysis - Why

- **Increased Service Demand:** Growing need for services requires additional resources to maintain quality and efficiency.
- **Regulatory Compliance:** Essential to keep up with day-to-day operations that adhere to regulatory requirements.
- **Grant Management:** Dedicated support needed to identify and manage grants, enabling cost-saving opportunities.
- **Infrastructure Repairs:** Rising infrastructure failures necessitate immediate staffing for timely repairs.
- **Workload Management:** Excessive overtime due to workload is leading to staff burnout, impacting morale and productivity.

## Staffing Needs: FY26-FY30

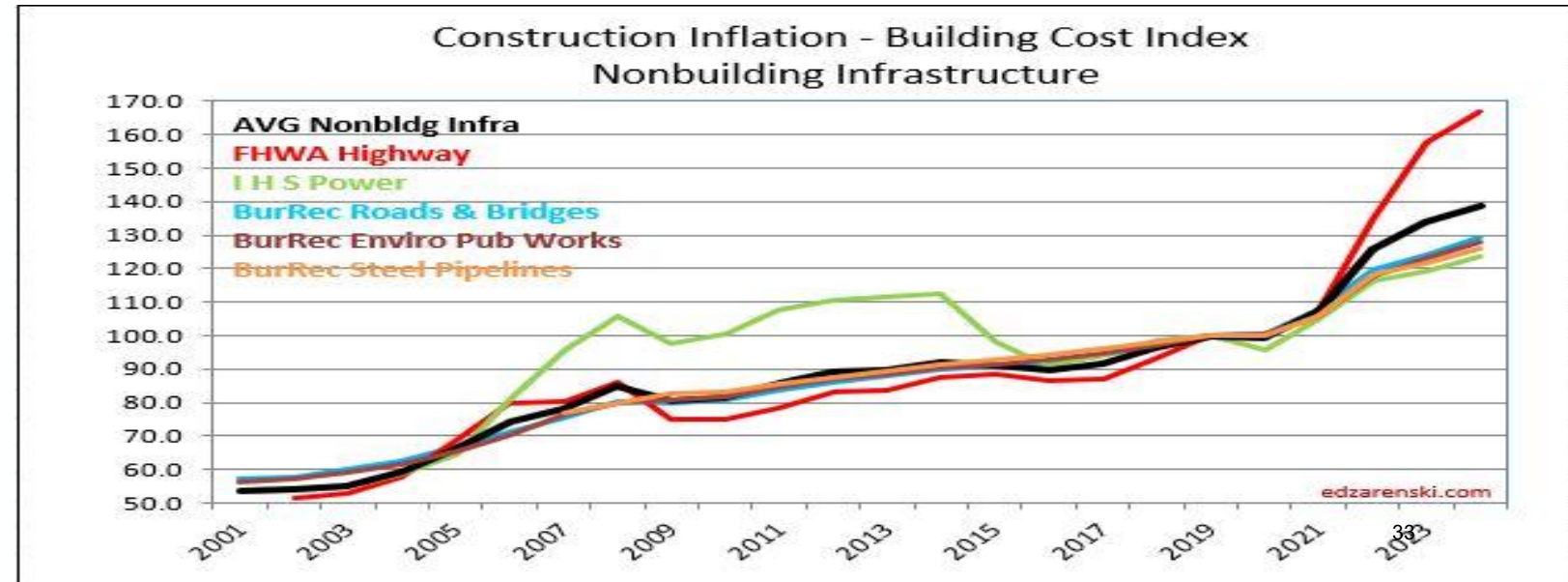
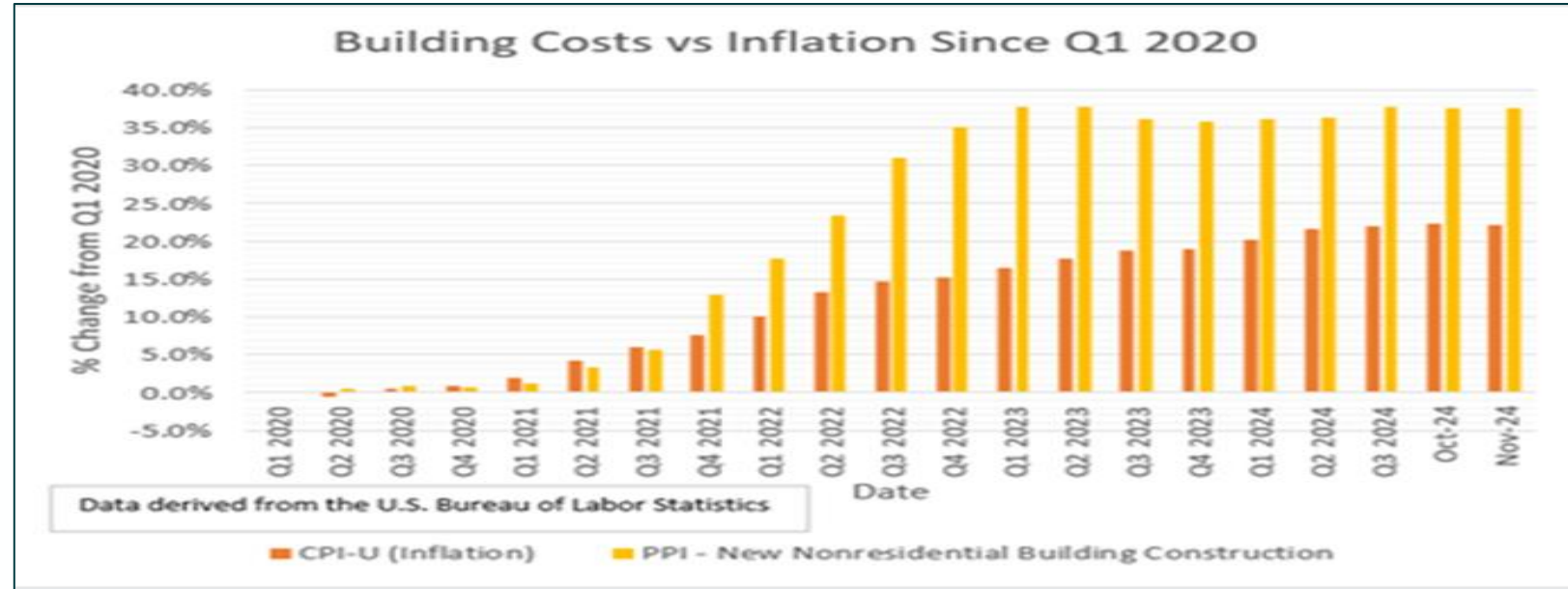
| NEW POSITION                         | NEW FLEET                                 |
|--------------------------------------|---|
| <b>Customer Service</b>              |   |
| Customer Service Rep I (PG 08)       | No Fleet Needed                           |
| Customer Service Rep I (PG 08)       | No Fleet Needed                           |
| <b>Water Meter/Distribution</b>      |   |
| Backflow Technician (PG 07)          | Ford F-150 Pick Up                        |
| Utility Tech 1 (PG 07)               | Ford F-150 Pick Up                        |
| Backflow Technician (PG 07)          | Ford F-150 Pick Up                        |
| Meter Coordinator (PG 15)            | No Fleet Needed                           |
| Water Distribution Manager (PG 20)   | No Fleet Needed                           |
| <b>Water Quality &amp; Treatment</b> |   |
| Water Treatment Trainees (PG 05)     | No Fleet Needed                           |
| Mechanical Tech. (PG 08/09)          | Ford F-250 Utility Body / Pipe Rack       |
| Water Treatment Trainees (PG 05)     | No Fleet Needed                           |
| Water Quality Tech. 1 (PG 07)        | Ford F-250 Utility Body / Pipe Rack       |
| SCADA Analyst (PG 18)                | Ford Transit Van                          |
| Water Treatment Trainees (PG 05)     | No Fleet Needed                           |
| <b>Utility Construction</b>          |   |
| Utility Tech 1 (PG 07)               |   |
| Utility Tech 1 (PG 07)               | Ford F-450 Super Crew Utility / Pipe Rack |
| Utility Tech 1 (PG 07)               | Ford F-150 Pick Up                        |
| Utility Foreman (PG 13)              | Ford F-150 Pick Up                        |
| <b>Wastewater Collections</b>        |   |
| Utility Tech 1 (PG 07)               | Ford F-250 Utility Body / Pipe Rack       |
| Utility Tech 1 (PG 07)               | Ford F-250 Utility Body / Pipe Rack       |
| Utility Tech 1 (PG 07)               | Ford F-250 Utility Body / Pipe Rack       |
| Utility Tech 1 (PG 07)               | Ford F-250 Utility Body / Pipe Rack       |
| Utility Tech Lead I & I (PG 10)      | Ford F-250 Utility Body / Pipe Rack       |
| Utility Tech 1 or 2 (PG 07/08)       | Ford F-250 Utility Body / Pipe Rack       |
| Utility Tech 1 or 2 (PG 07/08)       | Ford F-250 Utility Body / Pipe Rack       |
| Utility Tech 1 or 2 (PG 07/08)       | Ford F-250 Utility Body / Pipe Rack       |

| NEW POSITION                            | NEW FLEET                              |
|---|--|
| <b>Wastewater Pumping</b>               |  |
| Mechanical Tech 1 or 2 (PG 08/09)       | Ford F-550 Crane Truck                 |
| Mechanical Tech Lead Generators (PG 13) | Ford F-250 Utility Body With fuel Tank |
| Mechanical Tech 1 or 2 (PG 08/09)       | Ford F-550 Crane Truck                 |
| <b>Wastewater Treatment &amp; Reuse</b> |  |
| Mechanical Tech 2 WWTP#1 (PG 09)        | Ford F-550 Crane Truck                 |
| Mechanical Tech 1 (PG 08)               | Ford F-250 Utility Body Truck          |
| Operator Trainee for WWTP #2 (PG 06)    | No Fleet Needed                        |
| Operator Trainee for WWTP #1 (PG 06)    | No Fleet Needed                        |
| <b>Utility Development</b>              |  |
| No Positions to be Added                |  |
| <b>Admin</b>                            |  |
| Grant Coordinator (PG 15)               | No Fleet Needed                        |
| <b>Utility Finance</b>                  |  |
| Finance Tech' (PG 09)                   | No Fleet Needed                        |
| <b>Utility Engineering</b>              |  |
| Inspector (PG 12)                       | Ford F-150 Pick Up                     |
| Project Manager (PG 16)                 | No Fleet Needed                        |
| Inspector (PG 12)                       | Ford F-150 Pick Up                     |
| <b>Additional Positions</b>             |  |
| New Staff 'TBD'                         | TBD                                    |
| New Staff 'TBD'                         | TBD                                    |

# Utility Rate Gap Analysis - Why

- **Building Costs:** Over the past 5-Years the increase in building costs was nearly double the increase of inflation.
- **Nonbuilding Infrastructure:** The cost of nonbuilding infrastructure rose drastically over the past 5-Years.

## Project Cost Increases



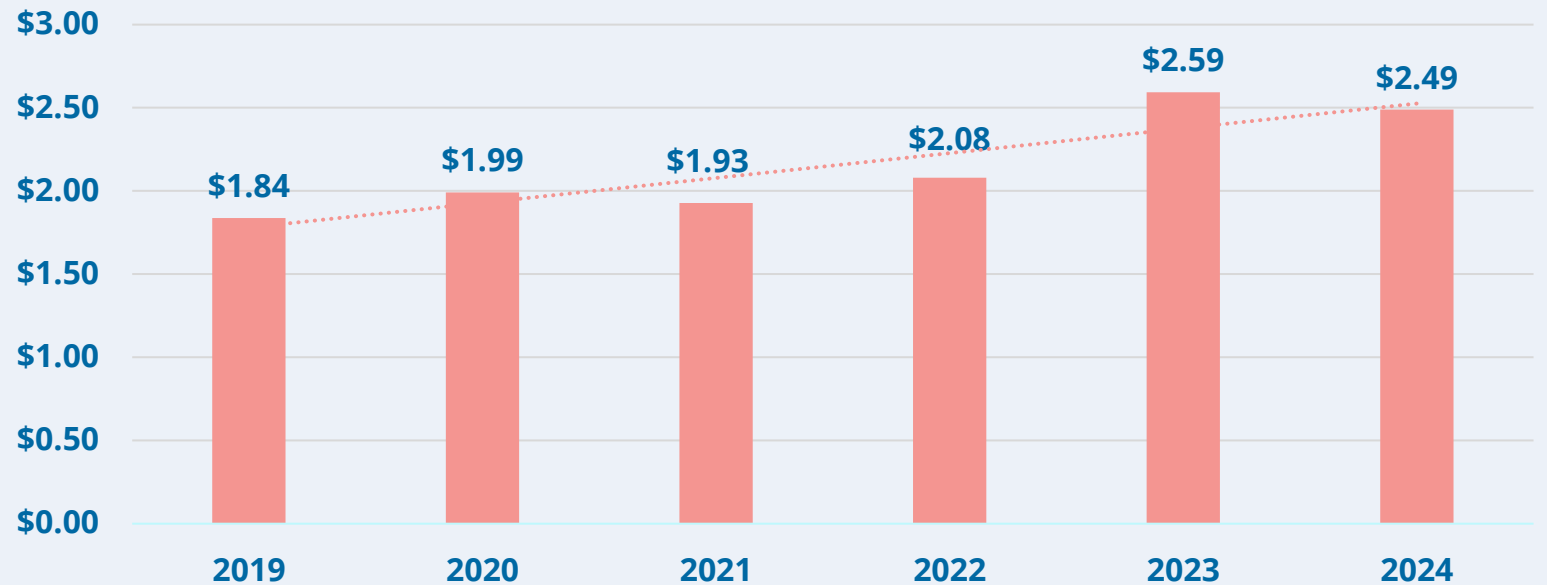
# Utility Rate Gap Analysis - Why

- **Material & Equipment:** Costs have increased from 4% to 114% from FY23 to FY24.
- **Water Treatment:** The cost to treat a gallon of water has increased 35.33% over the past 5-Years.

## Operating Cost Increases

| WASTEWATER PUMPING               | FY 2023      | FY 2024      | % Change | WATER DISTRIBUTION                       | FY 2023   | FY 2024   | % Change |
|----------------------------------|--------------|--------------|----------|--|-----------|-----------|----------|
| # 4 Stranded Wire (1,000 ft.)    | \$ 1,060.00  | \$ 1,789.93  | 69%      | Double Check Backflow Preventer 1"       | \$ 124.74 | \$ 267.00 | 114%     |
| # 4 Solid Wire (1,000 ft.)       | \$ 1,412.00  | \$ 1,475.52  | 4%       | Corp Stop 1" MIP X PJ Brass              | \$ 50.00  | \$ 57.95  | 16%      |
| 40 Foot Float Switch             | \$ 43.00     | \$ 64.00     | 49%      | Corp Stop 1" FIP X 3/4 x 5/8" MN         | \$ 50.50  | \$ 80.48  | 59%      |
| 3127 XYLEM FLYGT Wastewater Pump | \$ 11,299.00 | \$ 12,946.00 | 15%      | Tapping Saddle Brass Class Pipe (6"x 1") | \$ 43.00  | \$ 46.50  | 8%       |
| 3" Stainless Steel Pole Straps   | \$ 21.23     | \$ 30.33     | 43%      | Meter Box Large - Without reader lid     | \$ 107.99 | \$ 116.29 | 8%       |

### Average Cost to Treat 1,000 Gallons of Water





# Utility Rate Gap Analysis - Why



## FLORIDA DEPARTMENT OF Environmental Protection

Northeast District  
8800 Baymeadows Way West, Suite 100  
Jacksonville, Florida 32256

Ron DeSantis  
Governor

Jeanette Nuñez  
Lt. Governor

Alexis A. Lambert  
Secretary

December 12, 2024

Sent electronically to: [LJohnston@palmcoastgov.com](mailto:LJohnston@palmcoastgov.com)

Lauren Johnston, Acting City Manager  
City of Palm Coast  
2 Utility Drive  
Palm Coast, Florida 32137

**SUBJECT:** Department of Environmental Protection v. City of Palm Coast  
OGC File No. 24-2146  
Facility ID: FL0116009 - Flagler County

Dear Ms. Johnston:

Enclosed is a copy of the executed Consent Order to resolve Case Number 24-2146. The effective date of this Order is December 12, 2024 and all timeframes will be referenced from this date.

As a reminder, a Consent Order is a binding legal document and was voluntarily entered into by both parties.

Should you have any questions concerning the Consent Order, please contact Abhi Maturi, at (904) 256-1584, or at [Abhi.Maturi@floridaden.gov](mailto:Abhi.Maturi@floridaden.gov). Your continued cooperation in the matter is appreciated.

Sincerely,

Thomas G. Kallemeyn  
Assistant Director

Enclosure: Executed Consent Order #24-2146

ec: FDEP-OGC: Lea Crandall  
FDEP-NED: Joni Petry, Herndon Sims, Thomas Kallemeyn  
WCAPHQ@dep.state.fl.us  
Jason DeLorenzo/ [jdelorenzo@palmcoastgov.com](mailto:jdelorenzo@palmcoastgov.com)  
Peter Rousell/ [prousell@palmcoastgov.com](mailto:prousell@palmcoastgov.com)  
Stephen Flanagan/ [sflanagan@palmcoastgov.com](mailto:sflanagan@palmcoastgov.com)

## Consent Decree

### What is the Palm Coast Consent Decree?

- Legal document formalizing a Utility Action Plan and schedule to increase wastewater system capacity and performance.

### Who Issues the Consent Decree?

- The Florida Department of Environmental Protection

### Why did Palm Coast receive a Consent Decree?

- The wastewater treatment facility #1 operated over the permitted annual average flow of 6.83 MGD four months during the previous twelve months.
- Sanitary Sewer Overflows occurred from the wastewater collection system.
- Some samples at Wastewater Plant #1 failed to meet parameters

### Major Items to be Completed in Utility Action Plan

- Complete the WWTP # 1 Rehabilitation (Conversion) & Expansion by December 2028.
- Reduce wastewater spills in the community.
- Eliminate wastewater sampling exceedances.

# Utility Billing Residential



City of Palm Coast  
Utility Department  
160 Lake Avenue  
Palm Coast, FL 32164

**UTILITY BILL**  
CUSTOMER COPY  
Tel. (386) 986-2360  
palmcoast.gov

| CUSTOMER NAME | CUSTOMER # - ACCOUNT # | PARCEL ID           | SERVICE LOCATION |
|---------------|------------------------|---------------------|------------------|
| D             | 673122 - 14103         | 0711317022002000060 | 118 WESTLEE LN   |

| BILL NUMBER | BILL DATE  | ACCOUNT TYPE                | DUE DATE   |
|-------------|------------|-----------------------------|------------|
| 21540663    | 12/06/2024 | SINGLE FAMILY - RESIDENTIAL | 12/30/2024 |

| DESCRIPTION | METER NUMBER | PREVIOUS READ DATE | CURRENT READ DATE | PREVIOUS READING | CURRENT READING | USAGE | UOM | CHARGE AMOUNT |
|-------------|--------------|--------------------|-------------------|------------------|-----------------|-------|-----|---------------|
| WATER BASE  |              |                    |                   |                  |                 |       |     | \$22.22       |
| WATER USE   | 64743110     | 10/24/2024         | 11/25/2024        | 508140           | 510870          | 2730  | GAL | \$16.44       |
| SEWER BASE  |              |                    |                   |                  |                 |       |     | \$21.83       |
| SEWER USE   |              | 10/24/2024         | 11/25/2024        |                  |                 |       |     | \$15.43       |
| IRRIG BASE  |              |                    |                   |                  |                 |       |     | \$11.09       |
| IRRIG USE   | 63973593     | 10/24/2024         | 11/25/2024        | 260070           | 260070          | 0     | GAL | \$0.00        |
| GARBAGE     |              |                    |                   |                  |                 |       |     | \$33.30       |
| STORM WTR   |              |                    |                   |                  |                 |       |     | \$32.87       |

If your bill reflects a previous balance and it remains unpaid, your service will be subject to disconnection after the due date.

IF YOU HAVE SET UP AUTOMATIC DEDUCTION, PAYMENT WILL BE DRAFTED ON THE DUE DATE PRIOR TO ANY LATE FEES BEING ASSESSED.

**Water & Sewer = \$75.92 (50% of bill)**

**Irrigation = \$11.09 (7% of bill)**

**Trash = \$33.20 (22% of bill)**

**Stormwater = \$32.87 (21% of bill)**

|                         |                 |
|-------------------------|-----------------|
| Previous Balance        | \$149.55        |
| Total Current Billing   | \$153.18        |
| Less Deposit            | \$0.00          |
| Less Payments Received  | \$149.55        |
| Penalties               | \$0.00          |
| <b>Total Amount Due</b> | <b>\$153.18</b> |



## Water

There is a fixed charge called 'Water Base' and a 'Water Use' charge for each 10 gallons of water used.



## Sewer

There is a fixed charge called 'Sewer Base' and a 'Sewer Use' charge for each 10 gallons of water used. Based on Sample Bill the cost is **\$0.013** cents per gallon.



## Irrigation

Only residents that have an Irrigation (potable) or Reclaimed Meter will see this on their bill. There is an 'Irrigation Base' and an 'Irrigation Use' charge.



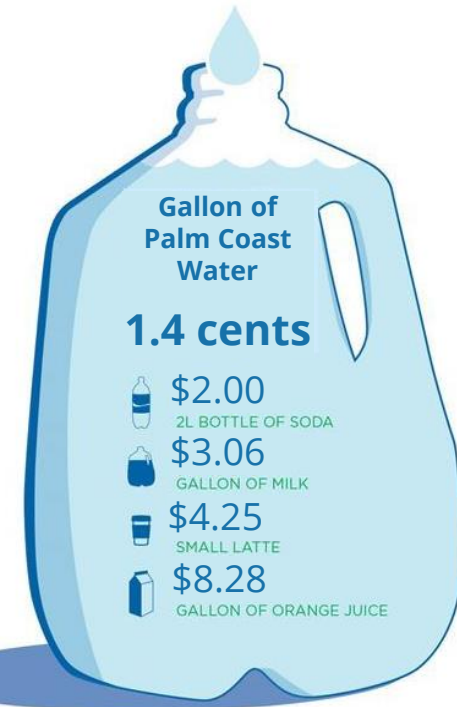
## Garbage

Charge to provide trash, recycling, and yard waste collection is currently **\$33.30** per month with an annual 10/1 CPI adjustment on the collection portion of the fee.



## Stormwater

A fee to fund the maintenance and construction of the City's stormwater system. Reduced fee if served by a private stormwater system. ITT lots **\$32.87** per month.



# City of Palm Coast

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## Water & Wastewater Revenue Sufficiency and GAP Analysis

Prepared on: February 6, 2025



# Background

- In 2024, the City completed a water, wastewater and reclaimed water rate study
  - › City staff wanted to ensure that new development and redevelopment were paying their proportionate share of the capital costs to serve new customers
    - The City adopted a schedule of new capital facility fees (impact fees) and main extension charges consistent with Florida Statutes to be implemented each year through May 2027
      - In 3-years, the City will be able to revisit the fee levels for FY2028

# Background (cont.)

- At the conclusion of the rate study, the City Council requested additional information about utility needs
  - › City implemented its annual index (3%) effective October 1, 2024
  - › City staff updated and prioritized the operating and capital needs
  - › City staff initiated an evaluation of utility service charges

# Current Operating Conditions

- Operating cost increases resulting from prolonged inflation
- Increased costs to add additional personnel to maintain existing service levels and to meet the needs of serving new customers
- Lost revenues due to reductions in state appropriations, delays in implementing rate adjustments, and lost grant opportunities

# Critical Projects Identified by City Staff

- Include but not limited to:
  - › WWTF#1 Expansion and Rehabilitation - \$265.0 million
  - › WTF#1 and WTF#3 Plant Expansion - \$57.9 million
  - › WTF#2 and WTF#3 Wellfield Expansion - \$26.9 million
  - › PEP System Upgrades and Improvements - \$25.6 million
  - › WTF#1 Basin and Lime Sludge Thickener - \$15.2 million
  - › WWTF#1 and WWTF#2 Reclaimed Water Storage Tanks - \$8.2 million
  - › Reclaimed Water Wet Weather Discharge Study - \$5.5 million
  - › Reclaimed Water Extension to Future WWTF#3 - \$4.6 million
  - › WTF#2 and WTF#3 Electrical Upgrades and Replacements - \$4.2 million
  - › WTF#3 Ground Storage Tank - \$2.6 million

# Study Objective

- As shown on the prior slide, City staff have identified several capital improvements that will provide long-term benefits to existing and future customers
  - › After exhausting other revenue sources, like capital facility fees (impact fees), the use of revenue bonds is an appropriate means to recover those costs from customers who will benefit from the improvements
- *Raftelis was hired to update the utility financial forecast and work with the City's financial advisor to examine financing strategies*



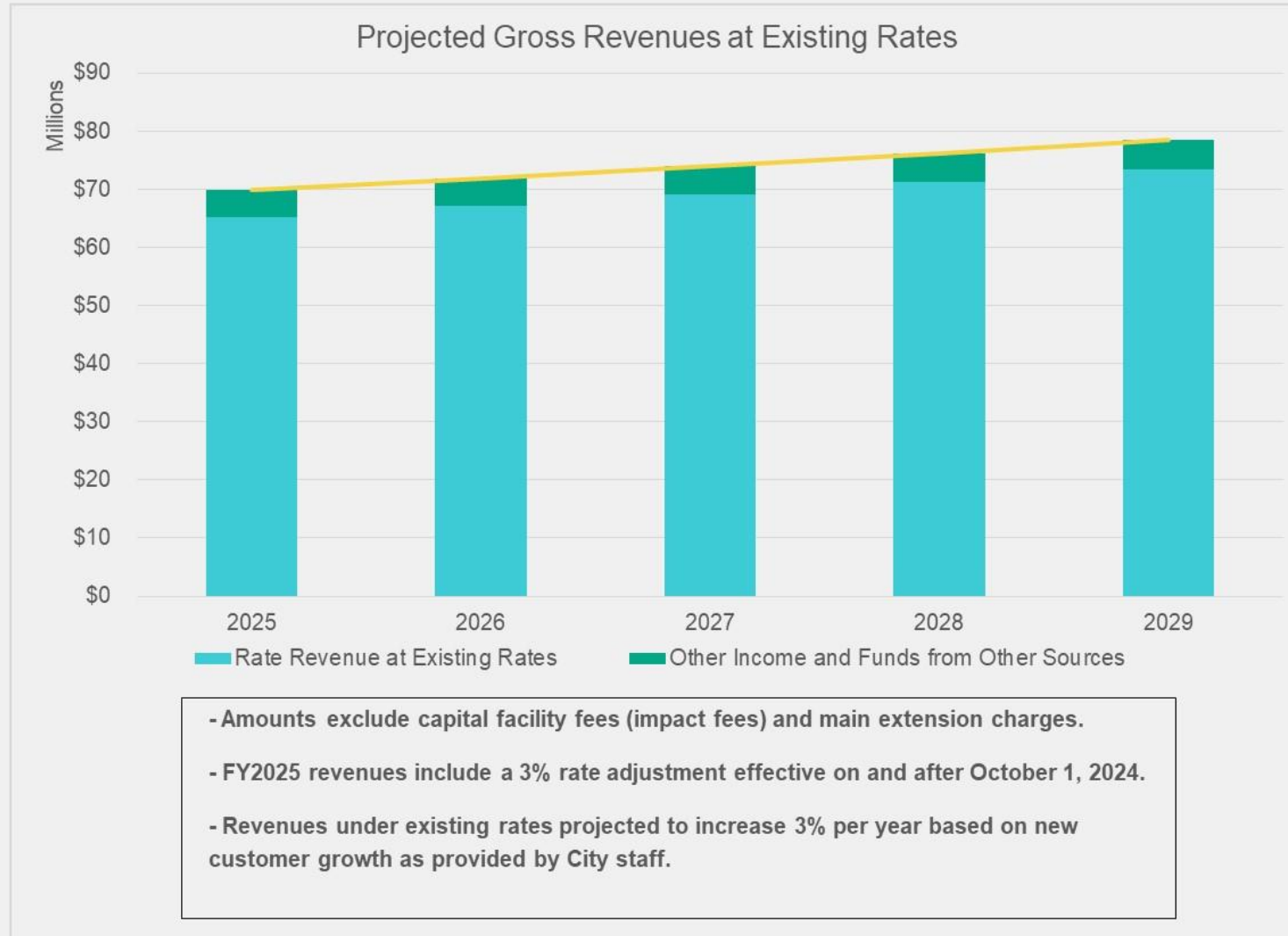
# Study Tasks

- Development of projected cashflows based on estimates of:
  - › Customers and revenues
  - › Operating expenses
  - › Capital improvement requirements and funding
  - › Existing and future debt service payments and required transfers
- Preparation of a flow of funds analysis
  - › Examine the availability of unrestricted and restricted reserves
- Evaluation of revenue sufficiency / adequacy of rates
- Ensure compliance with loan agreements and ability to maintain adequate working capital reserves

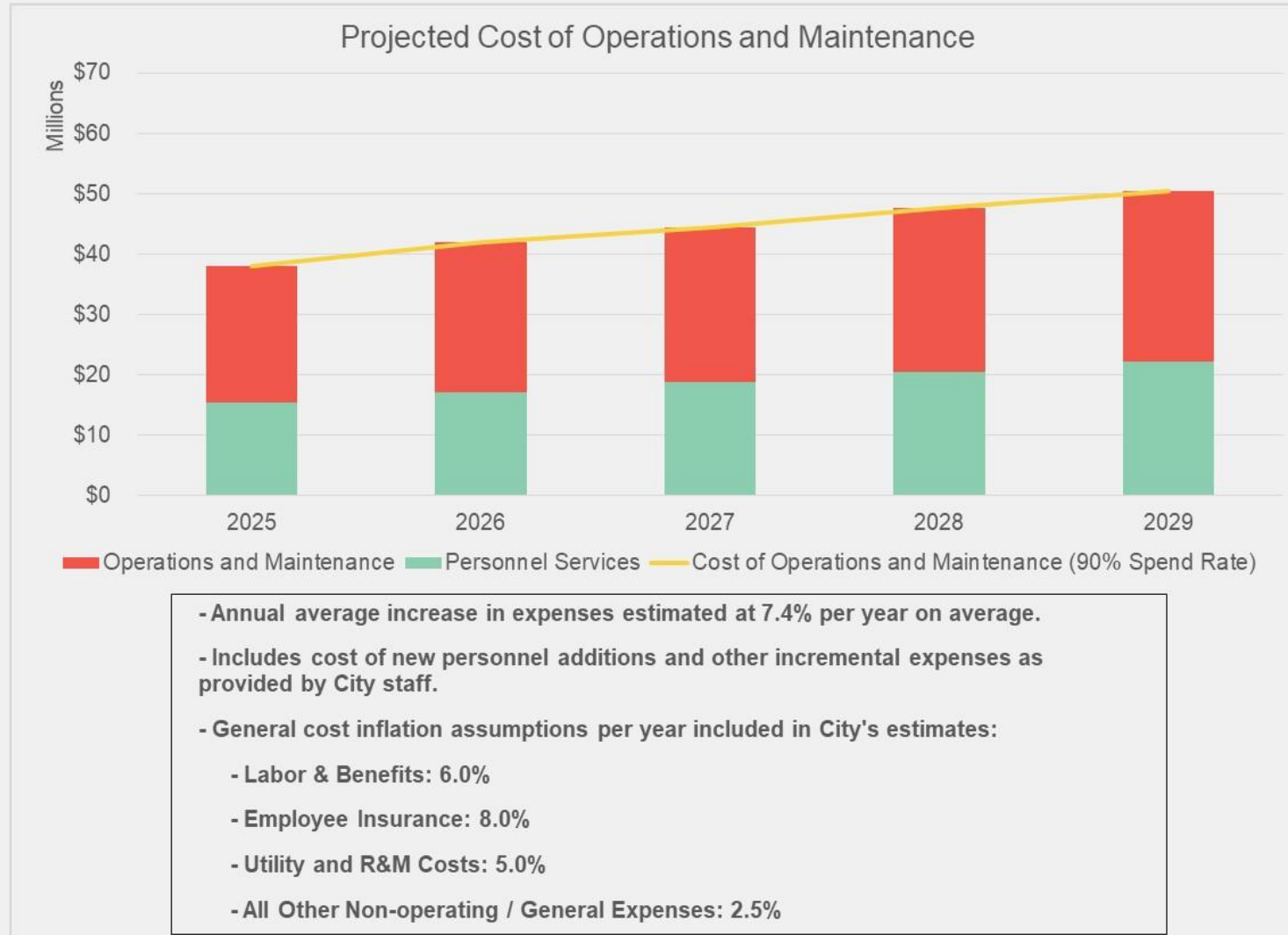
# Summary of Major Assumptions



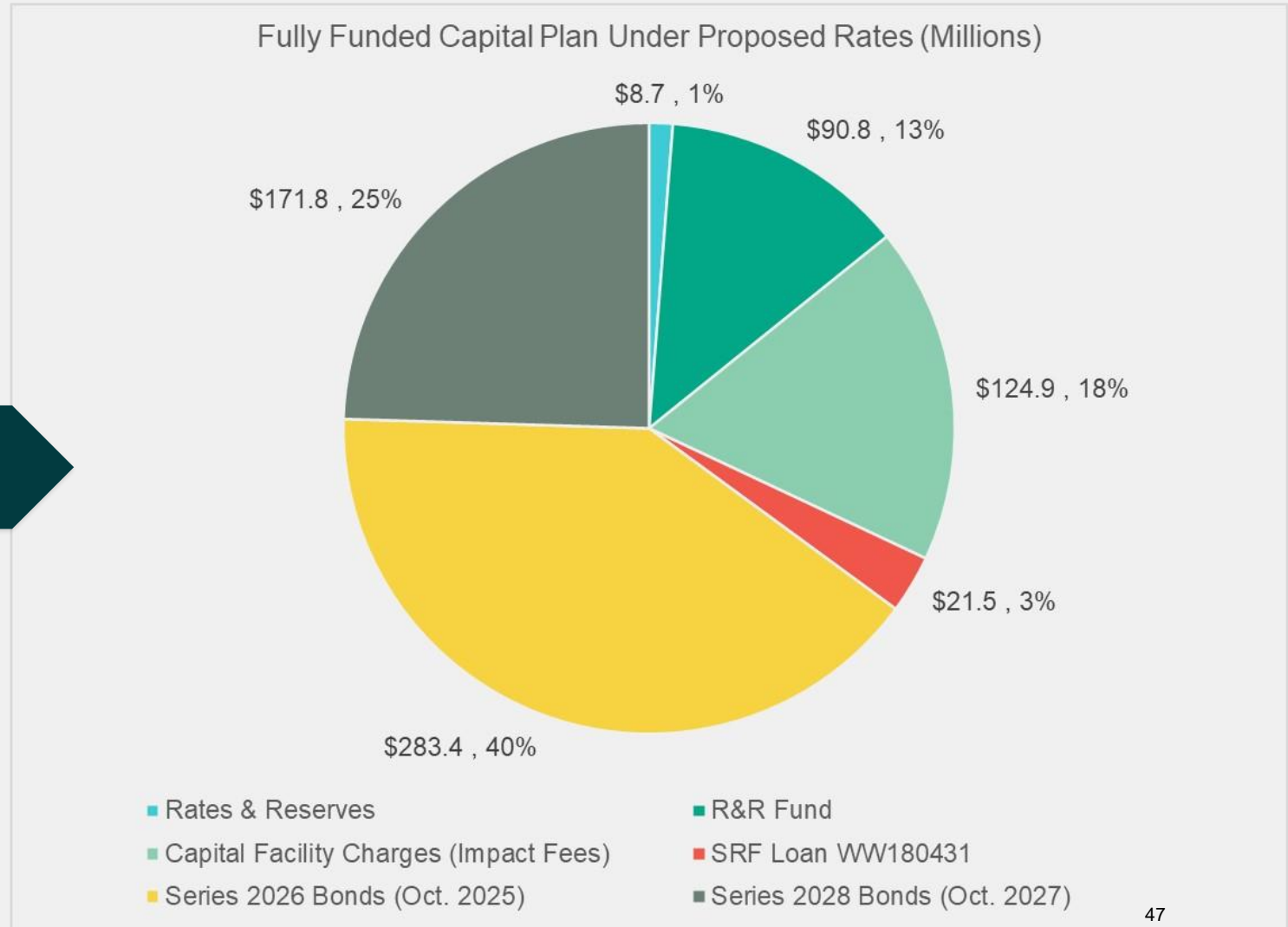
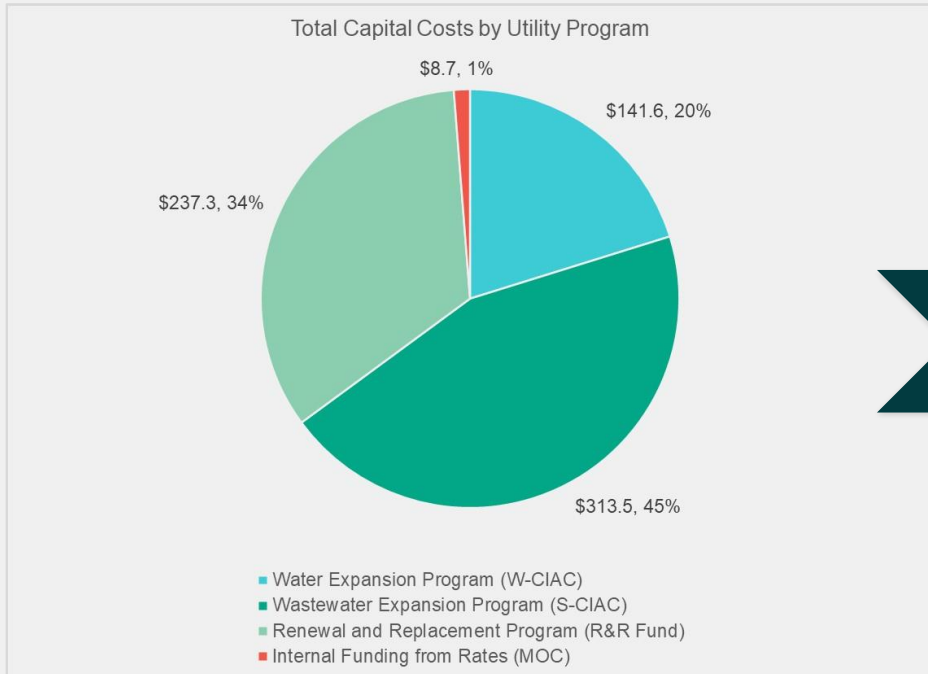
# Gross Revenues



# Cost of Operations and Maintenance



# Proposed Funding Program - \$701 million



# Study Goals and Other Considerations

- The proposed rates should meet the following criteria:
  - › Fully fund the operating and capital requirements of the system over the study period
  - › Demonstrate that the City meets the minimum operating reserve fund requirement of 20% of annual operating expenses, operating transfers and debt service payments
  - › Strive to maintain total unrestricted reserves of approximately 120 days of gross revenues to promote the credit worthiness of the utility by providing:
    - Adequate working capital to meet the operating needs of the system
    - A contingency to respond to unforeseen events
  - › Provide net revenues sufficient to maintain a strong debt service coverage margin

# Utility Bond Credit Ratings

- Bond credit ratings are opinions of the relative creditworthiness and likelihood of repayment of principal and interest on the bonds
- Bond credit ratings are assigned by nationally recognized statistical rating organizations (NRSROs) such as Moody's Investors Service, S&P Global Ratings, and Fitch Ratings among others
- Generally, the higher the credit rating(s) assigned to the bonds the lower the interest rate on the bonds due to lower risk, all else being equal

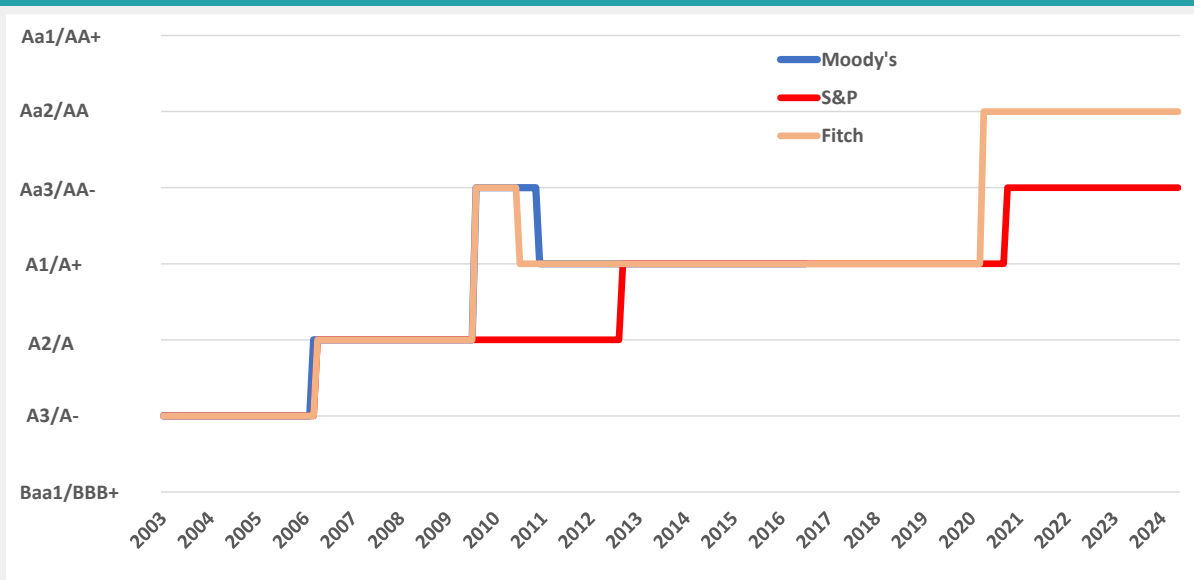
Current Palm Coast Utility (Water & Sewer) Bond Ratings

| Rating Agency      | Underlying LT Rating | Outlook |
|--------------------|----------------------|---------|
| S&P Global Ratings | AA-                  | Stable  |
| Fitch Ratings      | AA                   | Stable  |

Long-term Credit Rating Categories

| Moody's                                   | S&P                                       | Fitch                                     |
|---|---|---|
| Aaa (highest)                             | AAA (highest)                             | AAA (highest)                             |
| Aa1                                       | AA+                                       | AA+                                       |
| Aa2                                       | AA  | AA  |
| Aa3                                       | AA-                                       | AA-                                       |
| A1  | A+  | A+  |
| A2  | A   | A   |
| A3  | A-  | A-  |
| Baa1                                      | BBB+                                      | BBB+                                      |
| Baa2                                      | BBB                                       | BBB                                       |
| Baa3                                      | BBB-                                      | BBB-                                      |
| Below Investment Grade Ratings (Ba1 to C) | Below Investment Grade Ratings (BB+ to D) | Below Investment Grade Ratings (BB+ to D) |

Palm Coast Utility (Water & Sewer) Bond Underlying Long-term Rating History



# **Evaluation of Financing Scenarios for: Series 2026 Bonds (Oct. 2025) \$284 million Series 2028 Bonds (Oct. 2027) \$172 million**





# Summary of Financing Scenarios [\*]

## 1) Level annual debt service

- a. No deferred principal
- b. No capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

## 2) Level annual debt service with use of capitalized interest

- a. 3-years deferred principal
- b. 18-months capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

*[\*] Prepared by the City's financial advisor.*

# Summary of Financing Scenarios (cont.) [\*]

## 3) Wraparound debt service

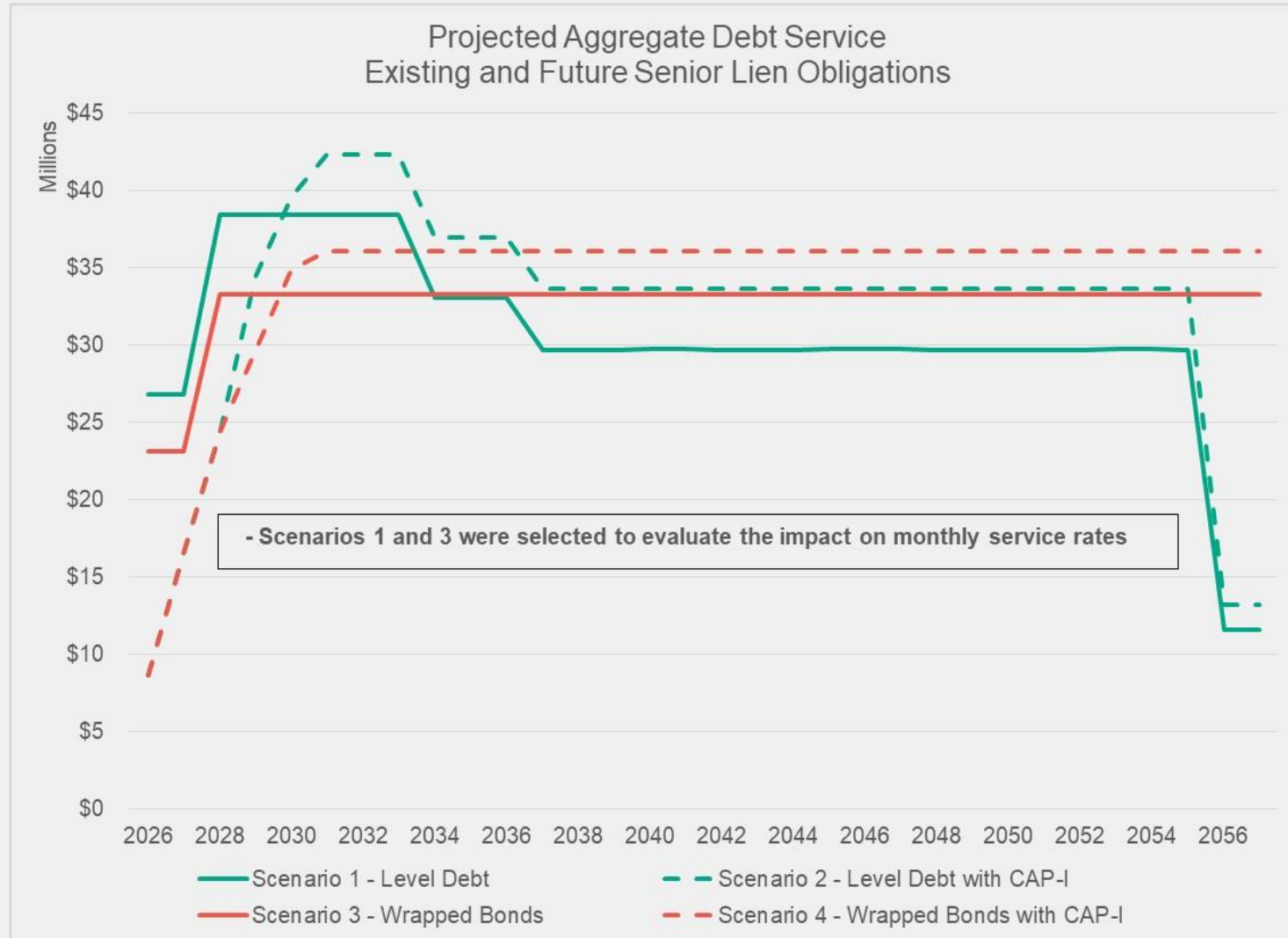
- a. Debt service wrapped around parity obligations (Series 2016 and Series 2021) including deferred principal
- b. No capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

## 4) Wraparound debt service with use of capitalized interest

- a. Debt service wrapped around parity obligations (Series 2016 and Series 2021) including deferred principal
- b. 18-months capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

*[\*] Prepared by the City's financial advisor.*

# Comparison of Financing Scenarios



# Summary of Scenario Results

| Description | Interim<br>10/01/2024 | FY25<br>04/01/2025 | FY26<br>10/01/2025 | FY27<br>10/01/2026 | FY28<br>10/01/2027 | FY29<br>10/01/2028 |
|-------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|-------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

## Scenario 1 – Level Debt Service (No CAP-I)

|   |                |                |                 |                 |                 |                 |
|---|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Percent Rate Increase                                     |                | 9.5%           | 9.5%            | 9.5%            | 9.5%            | CPI - 4.0% [1]  |
| <b>Projected Residential Monthly Bill (2,500 Gallons)</b> | <b>\$73.23</b> | <b>\$80.19</b> | <b>\$87.81</b>  | <b>\$96.15</b>  | <b>\$105.28</b> | <b>\$109.49</b> |
| <b>Projected Residential Monthly Bill (4,000 Gallons)</b> | <b>\$90.73</b> | <b>\$99.35</b> | <b>\$108.79</b> | <b>\$119.13</b> | <b>\$130.45</b> | <b>\$135.67</b> |
| Unrestricted Funds – Days of Gross Revenues               |                | 224            | 158             | 146             | 132             | 138             |
| Test A – Net Revenue Test (110%)                          |                | 402%           | 162%            | 192%            | 156%            | 167%            |
| Test C – All-in Required Transfers (100%)                 |                | 220%           | 122%            | 143%            | 125%            | 135%            |

| Description | Interim<br>10/01/2024 | FY25<br>04/01/2025 | FY26<br>10/01/2025 | FY27<br>10/01/2026 | FY28<br>10/01/2027 | FY29<br>10/01/2028 |
|-------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|-------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

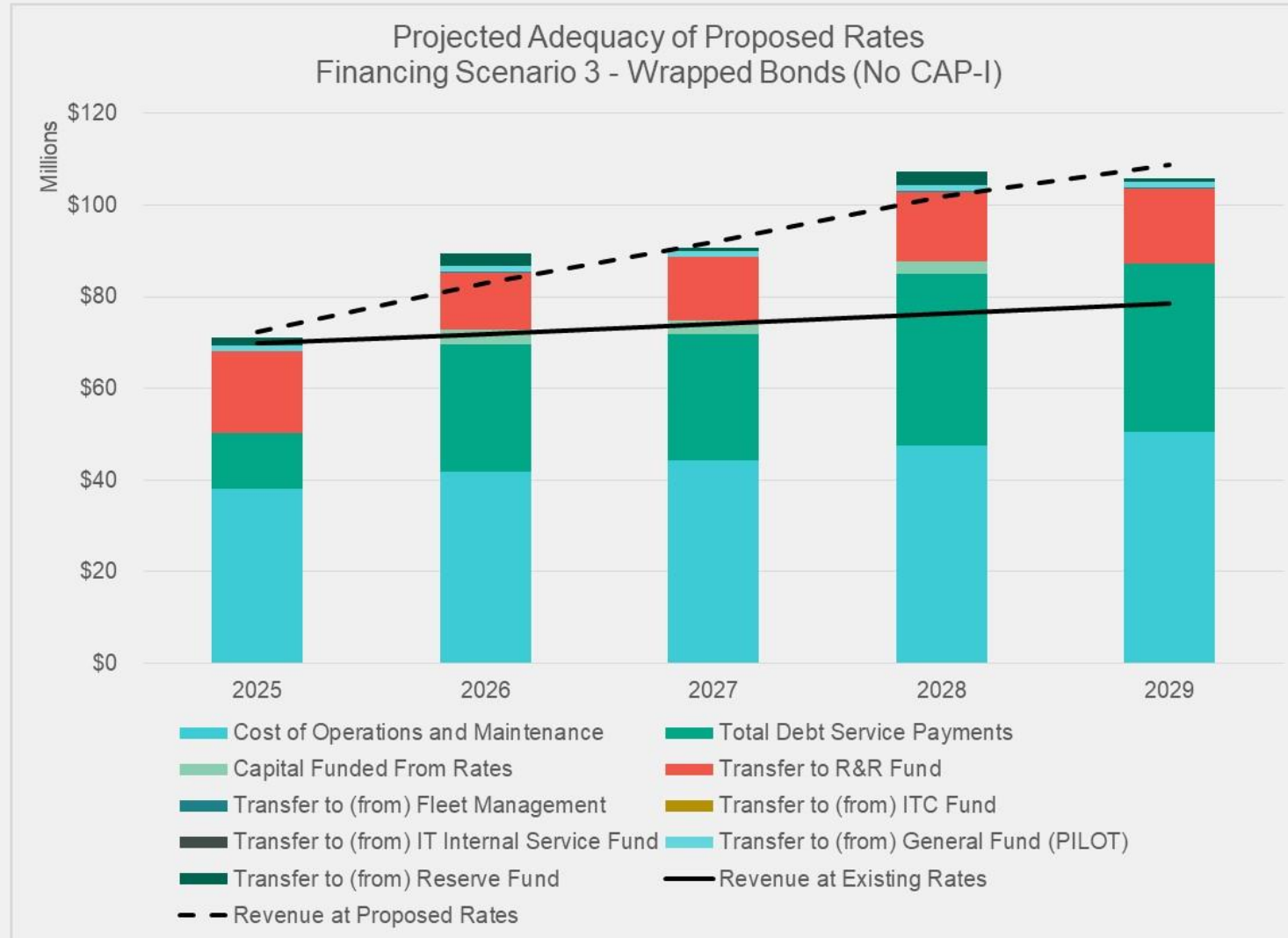
## Scenario 3 – Wrapped Bonds (No CAP-I) [2]

|   |                |                |                 |                 |                 |                 |
|---|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Percent Rate Increase                                     |                | 8.0%           | 8.0%            | 8.0%            | 8.0%            | CPI - 4.0% [1]  |
| <b>Projected Residential Monthly Bill (2,500 Gallons)</b> | <b>\$73.23</b> | <b>\$79.08</b> | <b>\$85.42</b>  | <b>\$92.25</b>  | <b>\$99.64</b>  | <b>\$103.64</b> |
| <b>Projected Residential Monthly Bill (4,000 Gallons)</b> | <b>\$90.73</b> | <b>\$97.98</b> | <b>\$105.83</b> | <b>\$114.30</b> | <b>\$123.46</b> | <b>\$128.42</b> |
| Unrestricted Funds – Days of Gross Revenues               |                | 223            | 166             | 155             | 141             | 144             |
| Test A – Net Revenue Test (110%)                          |                | 397%           | 178%            | 206%            | 163%            | 175%            |
| Test C – All-in Required Transfers (100%)                 |                | 217%           | 129%            | 149%            | 127%            | 138%            |

[1] Beginning October 1, 2028, an annual index is proposed based on the annual change in the US-CPI Water and Sewerage Maintenance Services Index or 4.0%, which ever is greater.

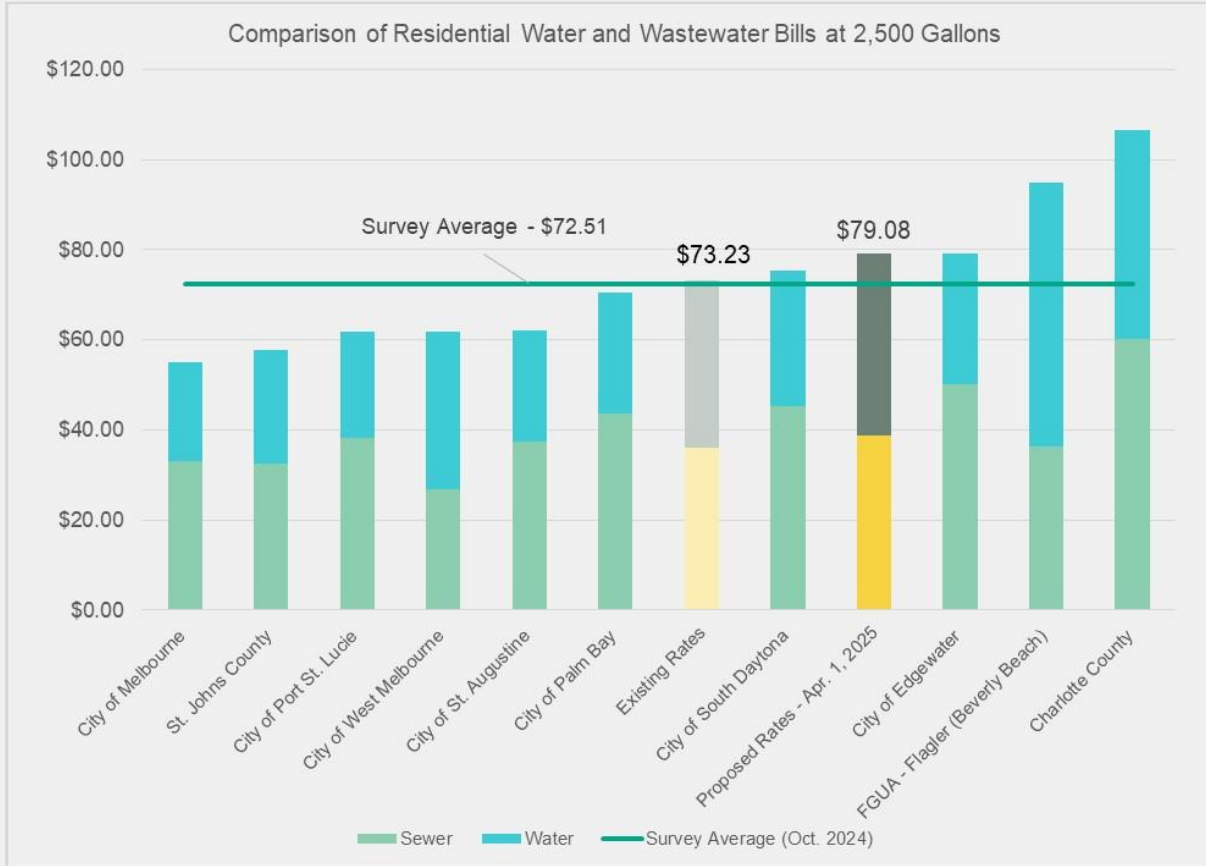
[2] While Scenario 3 has a higher net present value cost of \$21.8 million over the repayment of the bonds when compared to Scenario 1, the customer bill impact is about 8% less.

# Adequacy of Proposed Rates

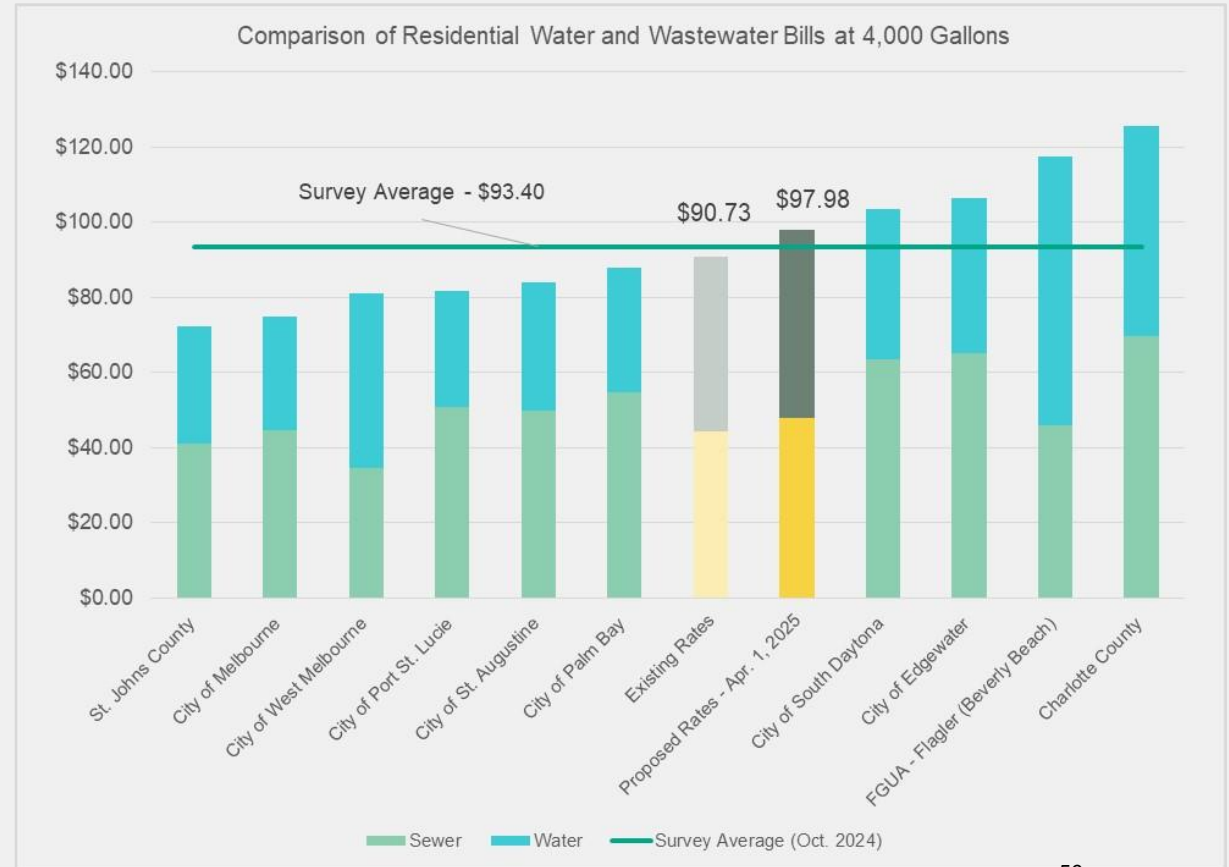


# Residential Rate Comparisons

## Small Water User



## Moderate Water User



# Observations / Conclusions

- The City's existing rates are not adequate to fully fund the projected revenue requirements of the System
- The City's financial advisor prepared several financing scenarios that provide strategies to phase-in rate adjustments over time
  - › Scenario 3 that is based on a wrapped bonding structure without the use of capitalized interest provides:
    - A balance between the City's phased rate strategy and a level repayment schedule over the financing term
    - A customer bill that is 8% lower when compared to Scenario 1

# Observations / Conclusions (cont.)

- Raftelis recommends that the City implement the proposed rate adjustments identified for Scenario 3 beginning with bills rendered on and after April 1, 2025, and each October 1<sup>st</sup> through and including October 1, 2027
- Beginning on and after October 1, 2028, the City should continue to increase the monthly rates for water, wastewater and reclaimed water service based on the annual change in the US-CPI Water and Sewerage Maintenance Services Index as published on June 30 of each year or 4.0%, which ever is greater



# Next Steps

- March 4, 2025: 1st Reading of Rate Ordinance
- March 18, 2025: 2nd Reading of Rate Ordinance [\*]
- April 1, 2025: Effective Date of Rate Adjustments

*[\*] Notice of the 2<sup>nd</sup> Reading was included with each monthly bill beginning January 31, 2025.*

# Next Steps (cont.)

- Preliminary schedule to provide bond proceeds by October 2025:
  - › May / June 2025: Financing Team begins drafting financing documents, including but not limited to:
    - Authorizing Bond Resolution - Bond Counsel
    - Preliminary Official Statement - Disclosure Counsel
    - Consulting Engineering Report - Consulting Engineer
    - Bond Feasibility Study - Feasibility Consultant
  - › August 2025: Bond Resolution Presented for Approval
  - › August 2025: Posting of 2025 Bonds Preliminary Official Statement
  - › September 2025: Sale of 2025 Bonds
  - › October 2025: Closing of 2025 Bonds

# Q&A

**ORDINANCE 2025-\_\_\_\_**  
**UTILITY RATE AMENDMENT**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM COAST, FLAGLER COUNTY, FLORIDA, REVISING THE RATES AND CHARGES OF THE CITY'S UTILITY SYSTEMS; PROVIDING FOR ANNUAL ADJUSTMENTS OF ALL UTILITY RATES AND CHARGES TO ACCOUNT FOR INFLATION; PROVIDING FOR ADMINISTRATIVE AND LEGISLATIVE FINDINGS AND INTENT; PROVIDING FOR THE OPERATION OF THE CITY OF PALM COAST UTILITY SYSTEMS; PROVIDING FOR THE ADOPTION OF ADMINISTRATIVE RULES AND IMPLEMENTING ACTIONS; PROVIDING FOR EXHIBITS; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.**

**WHEREAS**, the City of Palm Coast is the owner and operator of the City of Palm Coast Water, Reclaimed Water and Wastewater Systems (Systems); and

**WHEREAS**, the City Council of the City of Palm Coast has previously established the rates, fees and charges pertaining to the Systems; and

**WHEREAS**, pursuant to the provisions of applicable law, it is incumbent upon, and fiscally responsible for, the City Council to set rates, fees and charges for services furnished by the Systems that are just and equitable to all classes of consumers served and properties benefited by the Systems; and

**WHEREAS**, numerous studies have been performed for the City of Palm Coast and said reports have been evaluated and analyzed resulting in a determination of the rates, fees and charges that will be necessary to assess in order for the City reasonably recover the costs of the City associated with serving the various classes of consumers and properties benefited by the Systems as well as to meet the maintenance, regulatory and fiscal obligations of the City; and

**WHEREAS**, included in the studies evaluated and considered by the City Council is the "Water and Wastewater Revenue Sufficiency and Capital Facilities Fees Study," promulgated by the firm of Stantec Consulting Services, Inc., which includes a study of the Capital Facilities (Connection), which are impact fees, and which forms the basis of the proposed rate amendments in this Ordinance, and is hereby adopted by the Council; and

**WHEREAS**, the Stantec Study and revised fee schedules relied upon the best available technical data at the time the study was prepared and the use of sophisticated methodology to establish an appropriate level of utility fees and charges based on the most recent localized data; and

**WHEREAS**, Raftelis was hired to update the utility financial forecast and to work with the City’s financial advisor to examine financing strategies and to perform an evaluation of revenue sufficiency & adequacy of rates as well as to review the proposed changes to utility charges, and

**WHEREAS**, to ensure revenues are sufficient to support the operation, maintenance and expansion of the water and sewer utility, on **March 4, 2025 and March 18, 2025**, Raftelis presented to City Council its Water & Wastewater Revenue Sufficiency and GAP Analysis, which was accepted by Council. After a discussion on the history of rate adjustments and the calculations needed to assess the rates necessary operate the utility system, to maintain the infrastructure of the water and sewer system, and to enhance and expand the utility system, Stantec recommended adjustments to various rates, including monthly base charges and per gallon charges, as well as adjustments utility charges; and

**WHEREAS**, adequately maintaining and improving the Systems results in the ability for the City to economically develop and engage in sound growth management activities, programs and projects; and

**WHEREAS**, at the Council Meeting on **March 4, 2025**, during the First Reading of this Ordinance, the City Council decided to move forward with the adoption of the proposed increase in utility rates as well as utility charges, and

**WHEREAS**, the City Council has enacted Ordinance Number 2003-23 (the “City of Palm Coast Water System, Reclaimed Water System and Wastewater System Utilities Ordinance”, as codified in the *Code of Ordinances of the City of Palm Coast* in Chapter 49, Article II, Sections 49-51 through 49-78) which Ordinance provides that the City Council may, from time-to-time, establish such rates, fees and charges pertaining to the Systems as shall be necessary to meet the City’s obligations relating to the operation of the Systems as well as to comply with the regulatory agencies’ requirements relating to the operation of the Systems in addition to all other obligations of the City relating to the Systems; and

**WHEREAS**, the City Council has maintained its commitments to its citizens and the purchasers of bonds since the acquisition of the Systems; and

**WHEREAS**, the City Council shall continue to maintain its commitments to its citizens and the covenants undertaken for the benefit of the purchasers of bonds relating to the Systems; and

**WHEREAS**, the City Council desires to continue to maintain fair, just, equitable and appropriate rates, fees and charges including, but not limited to, an effort involving the consideration of the types and methods of services to customers; and

**WHEREAS**, the City Council finds that it is necessary, desirable and fiscally prudent for the Systems to adopt this Ordinance to amend the rates, fees and charges established in Resolution Number 2013-10, to include all rates and charges imposed, at this time, pursuant to the City of Palm Coast Water System, Reclaimed Water System and Wastewater System Utilities Ordinance as codified in Article II, Chapter 49 of the *Code of Ordinances of the City of Palm Coast*; and

**WHEREAS**, the City Council finds that the Capital Facilities (Connection) Fees, which are impact fees will be increased and adjusted as codified in Ordinance 2024-10, and

**WHEREAS**, the City Council hereby ratifies and affirms all prior actions taken by the City with regard to the acquisition of the Systems and the implementation and management of the Systems since acquisition.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALM COAST THAT:**

**SECTION 1. ADMINISTRATIVE AND LEGISLATIVE FINDINGS/INTENT.**

The provisions set forth in the recitals to this Ordinance (whereas clauses) are hereby adopted by the City Council of the City of Palm Coast as the administrative and legislative findings and intent pertaining to this Ordinance. The prior and current reports, evaluations and studies relating to the fees, rates and charges pertaining to the Systems are hereby ratified, adopted and approved. The recommendations made by the City Manager in the City Council agenda item pertaining to this Ordinance are hereby approved and adopted.

**SECTION 2. UTILITY SERVICE RATES.** Rates for the provision of water, reclaimed water, and wastewater services are hereby established in accordance with the provisions of this Ordinance. As set forth in Chapter 49, *Code of Ordinances of the City of Palm Coast*, water, reclaimed water, or wastewater services shall not be furnished or rendered free of charge to any person, firm or corporation whatsoever; and the City, including each of its agencies, departments or instrumentalities which uses water service, reclaimed water service or wastewater service, shall pay the applicable rates for such services.

**SECTION 3. UTILITY SERVICE RATES.** for the provision of water, reclaimed water, and wastewater services are as set forth in Exhibit “A” to this Ordinance. Increases are shown in bold.

**SECTION 4. CHARGES.** The charges for violations and the provision of utility services by the City are as set forth in Exhibit “B” to this Ordinance. Increases are shown in bold.

**SECTION 5. OTHER REIMBURSED EXPENSES.** In cases where customers request City utility personnel to perform specific utility services which are not the obligation of the City to perform, a fee shall be charged to recover those costs incurred by the City in performing such services when the City deems it appropriate to perform such services in order to protect the Systems or otherwise ensure the proper maintenance and control of the Systems. The fees for such services shall be assessed on a case-by-case basis and, in no event, shall be more or less than the costs to or incurred by the City (to include any and all administrative costs reasonably associated with the service). Such matters may be addressed as set forth in a revised ordinance amending the provisions of this Ordinance or on an *ad hoc* basis as determined by the City Manager or designee.

**SECTION 6. ADMINISTRATIVE RULES/IMPLEMENTING ACTIONS.** The City Manager or designee is hereby authorized to adopt administrative rules that are deemed necessary and appropriate to implement the provisions of this Ordinance to include, but not be limited to, rules relating to administrative and contractual issues that do not relate to rates, but may relate to administrative charges and procedures. The City Manager is authorized and directed to take any and all necessary actions, as deemed reasonably necessary, in order to implement the provisions of this Ordinance.

**SECTION 7. ADJUSTMENT IN UTILITY SERVICE RATES FOR 2025 THRU 2027, AND METHOD OF ANNUAL ADJUSTMENTS THEREAFTER.**

(a). The rates involving monthly base and usage charges and bulk rates relating to the Systems of the City, as set forth herein, shall be adjusted effective April 1, 2025, October 1, 2025, October 1, 2026, October 1, 2027, with annual automatic adjustments beginning effective October 1, 2028, as shown in bold in Exhibit A.

(b). The rates involving monthly base and usage charges and bulk rates relating to the Systems of the City as set forth herein shall be adjusted annually on October 1<sup>st</sup> of each year, commencing on October 1, 2028, and thereafter, by the higher rate of 4.0% or the June US-CPI Water and Sewerage Maintenance Services Index.

(c). The City Manager is hereby authorized and directed to calculate and implement said revised rates on an annual basis, based on the rate study. Notwithstanding the foregoing, at any time that it elects to do so, the City Council may adopt an (resolution in lieu of ordinance?) ordinance establishing rates, and such ordinance shall take precedence over the previously established rates then in effect.

**SECTION 8. INITIAL ADJUSTMENT IN CHARGES & OTHER REIMBURSED EXPENSES FOR 2025, AND METHOD OF ANNUAL ADJUSTMENTS THEREAFTER.**

(a). The charges for violations and the provision of utility services relating to the Systems of the City, as set forth herein, shall be adjusted effective April 1, 2025 with automatic adjustments effective October 1, 2025, as shown in bold in Exhibits B.

(b). The charges for violations and the provision of utility services relating to the Systems of the City as set forth herein shall be adjusted annually on October 1<sup>st</sup> of each year, commencing on October 1, 2025, and thereafter, by the higher rate of 4.0% or the June US-CPI Water and Sewerage Maintenance Services Index.

(c). The increase will only be implemented if the City Manager or designee determines that an increase in fees is necessary based on the cost increase to the City for materials, equipment, and services.

(d). Fees shall be reviewed periodically but no less than every 5-years to determine if any changes are necessary.

(e). The City Manager is hereby authorized and directed to calculate and implement said revised charges on an annual basis. Notwithstanding the foregoing, at any time that it elects to do so, the City Council may adopt an **(resolution in lieu of ordinance?) ordinance** establishing charges, and such **ordinance** shall take precedence over the previously established charges then in effect.

**SECTION 9. CAPACITY FACILITY (CONNECTION) FEE (aka IMPACT FEES).** The City Council finds that the Capital Facility (Connection) Fees, which are impact fees will be increased and adjusted as codified in Ordinance 2024-10.

**SECTION 10. EXHIBITS.** The exhibits (A & B) to this are hereby adopted and attached to the text of this Ordinance as if fully set forth herein verbatim.

**SECTION 11. SEVERABILITY.** If any section, sentence, phrase, word or portion of this Ordinance is determined to be invalid, unlawful or unconstitutional, said determination shall not be held to invalidate or impair the validity, force or effect of any other section, sentence, phrase, word or portion of this Ordinance not otherwise determined to be invalid, unlawful or unconstitutional.

**SECTION 12. CONFLICTS.** All resolutions and ordinances or part of resolutions or ordinances in conflict with this Ordinance are hereby repealed.



**SECTION 13. EFFECTIVE DATE/DATES OF IMPLEMENTATION.** This Ordinance shall take effect immediately upon adoption; provided, however, the utility rate adjustments adopted in this Ordinance shall take effect as expressly provided in schedule set forth in Section 7(a) & 8(a) of this Ordinance.

**APPROVED** on first reading after due public notice and hearing this 4<sup>th</sup> day of March 2025.

**ADOPTED** on the second reading after due public notice and hearing this 18<sup>th</sup> day of March 2025.

**ATTEST:**

**CITY OF PALM COAST**

\_\_\_\_\_  
Kaley Cook, City Clerk

\_\_\_\_\_  
Michael Norris, Mayor

**APPROVED AS TO FORM  
AND LEGALITY:**

\_\_\_\_\_  
Marcus Duffy, City Attorney

**EXHIBIT A  
UTILITY SERVICE RATES**

|   | <b>Current Rates</b> | <b>Effective 04.01.25</b> | <b>Effective 10.01.25</b> | <b>Effective 10-1-2026</b> | <b>Effective 10-1-2027</b> |
|---|----------------------|---------------------------|---------------------------|----------------------------|----------------------------|
|   |                      | <b>8.00%</b>              | <b>8.00%</b>              | <b>8.00%</b>               | <b>8.00%</b>               |
| <b><u>WATER SYSTEM</u></b>                              |                      |                           |                           |                            |                            |
| <b>Monthly Private Fire Protection Service:</b>         |                      |                           |                           |                            |                            |
| Meter Size 5/8"   | \$ 1.85              | \$ 2.00                   | \$ 2.16                   | \$ 2.33                    | \$ 2.52                    |
| 3/4"  | \$ 1.85              | \$ 2.00                   | \$ 2.16                   | \$ 2.33                    | \$ 2.52                    |
| 1"  | \$ 4.60              | \$ 4.97                   | \$ 5.37                   | \$ 5.79                    | \$ 6.26                    |
| 1-1/2"  | \$ 9.27              | \$ 10.01                  | \$ 10.81                  | \$ 11.68                   | \$ 12.61                   |
| 2"  | \$ 14.78             | \$ 15.96                  | \$ 17.24                  | \$ 18.62                   | \$ 20.11                   |
| 3"  | \$ 29.63             | \$ 32.00                  | \$ 34.56                  | \$ 37.33                   | \$ 40.31                   |
| 4"  | \$ 46.34             | \$ 50.05                  | \$ 54.05                  | \$ 58.38                   | \$ 63.05                   |
| 6"  | \$ 92.64             | \$ 100.05                 | \$ 108.06                 | \$ 116.70                  | \$ 126.04                  |
| 8"  | \$ 148.21            | \$ 160.07                 | \$ 172.87                 | \$ 186.70                  | \$ 201.64                  |
| 10"   | \$ 213.06            | \$ 230.10                 | \$ 248.51                 | \$ 268.39                  | \$ 289.87                  |
| 12"   | \$ 398.33            | \$ 430.20                 | \$ 464.61                 | \$ 501.78                  | \$ 541.92                  |
| <b>Monthly Base Charge:</b>                             |                      |                           |                           |                            |                            |
| <b>Residential, Commercial and Multi-Family Service</b> |                      |                           |                           |                            |                            |
| Meter Size 5/8", 3/4", 3/4"                             | \$ 22.22             | \$ 24.00                  | \$ 25.92                  | \$ 27.99                   | \$ 30.23                   |
| 1"  | \$ 55.54             | \$ 59.98                  | \$ 64.78                  | \$ 69.96                   | \$ 75.56                   |
| 1-1/2"  | \$ 111.08            | \$ 119.97                 | \$ 129.56                 | \$ 139.93                  | \$ 151.12                  |
| 2"  | \$ 177.74            | \$ 191.96                 | \$ 207.32                 | \$ 223.90                  | \$ 241.81                  |
| 3"  | \$ 355.42            | \$ 383.85                 | \$ 414.56                 | \$ 447.73                  | \$ 483.54                  |
| 4"  | \$ 555.33            | \$ 599.76                 | \$ 647.74                 | \$ 699.56                  | \$ 755.52                  |
| 6"  | \$ 1,110.71          | \$ 1,199.57               | \$ 1,295.53               | \$ 1,399.17                | \$ 1,511.11                |
| 8"  | \$ 1,777.16          | \$ 1,919.33               | \$ 2,072.88               | \$ 2,238.71                | \$ 2,417.81                |
| 10"   | \$ 2,554.65          | \$ 2,759.02               | \$ 2,979.74               | \$ 3,218.12                | \$ 3,475.57                |
| <b>Irrigation Service</b>                               |                      |                           |                           |                            |                            |
| Meter Size 5/8", 3/4", 3/4"                             | \$ 11.09             | \$ 11.98                  | \$ 12.94                  | \$ 13.97                   | \$ 15.09                   |
| 1"  | \$ 55.54             | \$ 59.98                  | \$ 64.78                  | \$ 69.96                   | \$ 75.56                   |
| 1-1/2"  | \$ 111.08            | \$ 119.97                 | \$ 129.56                 | \$ 139.93                  | \$ 151.12                  |
| 2"  | \$ 177.74            | \$ 191.96                 | \$ 207.32                 | \$ 223.90                  | \$ 241.81                  |
| 3"  | \$ 355.42            | \$ 383.85                 | \$ 414.56                 | \$ 447.73                  | \$ 483.54                  |
| 4"  | \$ 555.33            | \$ 599.76                 | \$ 647.74                 | \$ 699.56                  | \$ 755.52                  |
| 6"  | \$ 1,110.71          | \$ 1,199.57               | \$ 1,295.53               | \$ 1,399.17                | \$ 1,511.11                |
| <b>Monthly Usage per 1,000 Gallons:</b>                 |                      |                           |                           |                            |                            |
| <b>Single-Family and Duplex</b>                         |                      |                           |                           |                            |                            |
| 0 - 5,000 gallons                                       | \$ 6.02              | \$ 6.50                   | \$ 7.02                   | \$ 7.58                    | \$ 8.19                    |
| 5,001-10,000 gallons                                    | \$ 6.62              | \$ 7.15                   | \$ 7.72                   | \$ 8.34                    | \$ 9.01                    |
| 10,001-20,000 gallons                                   | \$ 8.44              | \$ 9.12                   | \$ 9.84                   | \$ 10.63                   | \$ 11.48                   |
| Above 20,000 gallons                                    | \$ 10.83             | \$ 11.70                  | \$ 12.63                  | \$ 13.64                   | \$ 14.73                   |
| <b>General and Multi-Family</b>                         | \$ 6.90              | \$ 7.45                   | \$ 8.05                   | \$ 8.69                    | \$ 9.39                    |
| <b>Irrigation</b>                                       |                      |                           |                           |                            |                            |
| 0 - 5,000 gallons                                       | \$ 6.62              | \$ 7.15                   | \$ 7.72                   | \$ 8.34                    | \$ 9.01                    |
| 5,001-10,000 gallons                                    | \$ 6.62              | \$ 7.15                   | \$ 7.72                   | \$ 8.34                    | \$ 9.01                    |
| 10,001-20,000 gallons                                   | \$ 8.44              | \$ 9.12                   | \$ 9.84                   | \$ 10.63                   | \$ 11.48                   |
| Above 20,000 gallons                                    | \$ 10.83             | \$ 11.70                  | \$ 12.63                  | \$ 13.64                   | \$ 14.73                   |
|   |                      | \$ -                      |                           |                            |                            |
| <b>Bulk Water:</b>                                      | \$ 6.24              | \$ 6.74                   | \$ 7.28                   | \$ 7.86                    | \$ 8.49                    |

**EXHIBIT A  
UTILITY SERVICE RATES**

|  | <b>Current Rates</b> | <b>Effective 04.01.25</b> | <b>Effective 10.01.25</b> | <b>Effective 10-1-2026</b> | <b>Effective 10-1-2027</b> |
|--|----------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| <b><u>WASTEWATER SYSTEM</u></b>  |                      |                           |                           |                            |                            |
| <b>Monthly Base Charge:</b>  |                      |                           |                           |                            |                            |
| <b>Residential, Commercial and Multi-Family Service:</b>   |                      |                           |                           |                            |                            |
| Meter Size 5/8 x 3/4", 3/4"  | \$ 21.83             | \$ 23.58                  | \$ 25.46                  | \$ 27.50                   | \$ 29.70                   |
| 1"   | \$ 54.51             | \$ 58.87                  | \$ 63.58                  | \$ 68.67                   | \$ 74.16                   |
| 1-1/2"   | \$ 108.99            | \$ 117.71                 | \$ 127.13                 | \$ 137.30                  | \$ 148.28                  |
| 2"   | \$ 174.39            | \$ 188.34                 | \$ 203.41                 | \$ 219.68                  | \$ 237.26                  |
| 3"   | \$ 348.83            | \$ 376.74                 | \$ 406.88                 | \$ 439.43                  | \$ 474.58                  |
| 4"   | \$ 544.99            | \$ 588.59                 | \$ 635.68                 | \$ 686.53                  | \$ 741.45                  |
| 6"   | \$ 1,090.03          | \$ 1,177.23               | \$ 1,271.41               | \$ 1,373.12                | \$ 1,482.97                |
| 8"   | \$ 1,744.08          | \$ 1,883.61               | \$ 2,034.29               | \$ 2,197.04                | \$ 2,372.80                |
| 10"  | \$ 2,507.09          | \$ 2,707.66               | \$ 2,924.27               | \$ 3,158.21                | \$ 3,410.87                |
| <b>Monthly Usage per 1,000 Gallons:</b>  |                      |                           |                           |                            |                            |
| <b>Single-Family and Duplex</b>  | \$ 5.65              | \$ 6.10                   | \$ 6.59                   | \$ 7.12                    | \$ 7.69                    |
| <b>General and Multi-Family</b>  | \$ 6.79              | \$ 7.33                   | \$ 7.92                   | \$ 8.55                    | \$ 9.24                    |
| <b>Bulk Wastewater</b>   | \$ 5.44              | \$ 5.88                   | \$ 6.35                   | \$ 6.85                    | \$ 7.40                    |
| <b><u>RECLAIMED WATER SYSTEM</u></b>   |                      |                           |                           |                            |                            |
| <b>Monthly Base Charge:</b>  |                      |                           |                           |                            |                            |
| <b>Wholesale (Secondary Treatment Only)</b>  | N/A                  | N/A                       | N/A                       | N/a                        | N/A                        |
| <b>Retail</b>  |                      |                           |                           |                            |                            |
| Monthly base charge  | \$ 8.70              | \$ 9.40                   | \$ 10.15                  | \$ 10.96                   | \$ 11.84                   |
| <b>Monthly Usage per 1,000 Gallons:</b>  |                      |                           |                           |                            |                            |
| <b>Wholesale (Secondary Treatment Only)</b>  |                      |                           |                           |                            |                            |
| Dunes CDD per 1,000 gallons (Low Pressure)   | \$ 0.36              | \$ 0.39                   | \$ 0.42                   | \$ 0.45                    | \$ 0.49                    |
| Grand Haven CDD per 1,000 gallons (Low Pressure)   | \$ 0.50              | \$ 0.54                   | \$ 0.58                   | \$ 0.63                    | \$ 0.68                    |
| All Other Wholesale per 1,000 gallons (Low Pressure)   | \$ 0.84              | \$ 0.91                   | \$ 0.98                   | \$ 1.06                    | \$ 1.14                    |
| <b>Retail</b>  |                      |                           |                           |                            |                            |
| 0-10,000 gallons   | \$ 1.31              | \$ 1.41                   | \$ 1.53                   | \$ 1.65                    | \$ 1.78                    |
| 10,001-20,000 gallons:   | \$ 1.93              | \$ 2.08                   | \$ 2.25                   | \$ 2.43                    | \$ 2.63                    |
| over 20,000 gallons  | \$ 2.62              | \$ 2.83                   | \$ 3.06                   | \$ 3.30                    | \$ 3.56                    |
| <b><u>SURCHARGE FOR OUTSIDE CITY LIMITS</u></b>  |                      |                           |                           |                            |                            |
| <b>(Excluding Wholesale Customers)</b>   |                      |                           |                           |                            |                            |
| <b>All Rates:</b>  | <b>25%</b>           | <b>25%</b>                | <b>25%</b>                | <b>25%</b>                 | <b>25%</b>                 |
| <b>NOTES:</b>  |                      |                           |                           |                            |                            |
| <b>1. All rates shall be adjusted annually on October 1<sup>st</sup> of each year, commencing on October 1, 2028, and thereafter, by the higher rate of 4.0% or the June US-CPI Water and Sewerage Maintenance Services Index.</b> |                      |                           |                           |                            |                            |

## EXHIBIT B CHARGES

| WATER SYSTEM                                     | Current Rates   |                                  | Effective 04.01.25 |                                   |
|--|-----------------|----------------------------------|--------------------|-----------------------------------|
| <b>Customer Deposit, Domestic:</b>               |                 |                                  |                    |                                   |
| 5/8" & 3/4" Meter (Owner)                        | \$              | 60.00                            | \$                 | 60.00                             |
| 5/8" & 3/4" Meter (Renter)                       | \$              | 110.00                           | \$                 | 110.00                            |
| 1"   | \$              | 150.00                           | \$                 | 150.00                            |
| 1-1/2"   | \$              | 300.00                           | \$                 | 300.00                            |
| 2"   | \$              | 480.00                           | \$                 | 480.00                            |
| 3"   | \$              | 900.00                           | \$                 | 900.00                            |
| 4"   | \$              | 1,500.00                         | \$                 | 1,500.00                          |
| 6"   | \$              | 3,000.00                         | \$                 | 3,000.00                          |
| 8"   | \$              | 4,800.00                         | \$                 | 4,800.00                          |
| 10"  | \$              | 6,900.00                         | \$                 | 6,900.00                          |
| <b>Customer Deposit, Irrigation:</b>             |                 |                                  |                    |                                   |
| 5/8" & 3/4" Meter                                | \$              | 60.00                            | \$                 | 60.00                             |
| 1"   | \$              | 150.00                           | \$                 | 150.00                            |
| 1-1/2"   | \$              | 300.00                           | \$                 | 300.00                            |
| 2"   | \$              | 480.00                           | \$                 | 480.00                            |
| 3"   | \$              | 900.00                           | \$                 | 900.00                            |
| 4"   | \$              | 1,500.00                         | \$                 | 1,500.00                          |
| 6"   | \$              | 3,000.00                         | \$                 | 3,000.00                          |
| 8"   | \$              | 4,800.00                         | \$                 | 4,800.00                          |
| 10"  | \$              | 6,900.00                         | \$                 | 6,900.00                          |
| <b>Hydrant Meter:</b>                            |                 |                                  |                    |                                   |
| Customer Deposit                                 | \$              | 560.00                           | \$                 | 2,150.00                          |
| Installation Fee                                 | \$              | -                                | \$                 | 130.00                            |
| <b>Meter Test:</b>                               |                 |                                  |                    |                                   |
| 5/8", 3/4", 1" Meter                             | \$              | 40.00                            | \$                 | 225.00                            |
| Over Compound and Over 1 1/2"                    | Full City Costs |                                  | Full City Costs    |                                   |
| <b>Turn On or Reconnect:</b>                     |                 |                                  |                    |                                   |
|  | \$              | 25.00                            | \$                 | 50.00                             |
| <b>Turn Off or Disconnect:</b>                   |                 |                                  |                    |                                   |
|  | \$              | 25.00                            | \$                 | 50.00                             |
| <b>Transfer Service:</b>                         |                 |                                  |                    |                                   |
|  | \$              | 25.00                            | \$                 | 25.00                             |
| <b>Premise Visit (per visit):</b>                |                 |                                  |                    |                                   |
|  | \$              | 25.00                            | \$                 | 50.00                             |
| <b>Reconnect or Premise Visit (after hours):</b> |                 |                                  |                    |                                   |
|  | \$              | 35.00                            | \$                 | 100.00                            |
| <b>Violation Connection:</b>                     |                 |                                  |                    |                                   |
|  | \$              | -                                | \$                 | 1,000.00                          |
| <b>Meter Tampering:</b>                          |                 |                                  |                    |                                   |
| First Occurrence                                 | \$              | 125.00                           | \$                 | 250.00                            |
| Second Occurrence                                | \$              | -                                | \$                 | 500.00                            |
| Third and Subsequent Occurrences                 | \$              | -                                | \$                 | 750.00                            |
| <b>Late Payment:</b>                             |                 |                                  |                    |                                   |
|  |                 | 1.5% of bill with \$5.00 Minimum |                    | 1.5% of bill with \$10.00 Minimum |
| <b>Returned Check:</b>                           |                 |                                  |                    |                                   |
|  |                 | Maximum Amount Allowed by Law    |                    | Maximum Amount Allowed by Law     |
| <b>Account Suspension:</b>                       |                 |                                  |                    |                                   |
|  | \$              | 25.00                            | \$                 | 25.00                             |
| <b>Fire Flow Test:</b>                           |                 |                                  |                    |                                   |
|  | \$              | 85.00                            | \$                 | 250.00                            |
| <b>Back-flow Preventer Annual Inspection:</b>    |                 |                                  |                    |                                   |
| Residential                                      | \$              | 50.00                            | \$                 | 50.00                             |
| Commercial/Industrial                            | \$              | -                                | \$                 | 100.00                            |
| <b>Fire System Maintenance (annual):</b>         |                 |                                  |                    |                                   |
|  | \$              | 145.00                           | \$                 | 145.00                            |
| <b>Water Tap Charge:</b>                         |                 |                                  |                    |                                   |
| 5/8" & 3/4" Meter                                | \$              | 672.77                           | \$                 | 2,880.27                          |
| Any Other Size Meter                             |                 | Full City Cost                   |                    | Full City Cost                    |
| <b>Meter Installation:</b>                       |                 |                                  |                    |                                   |
| 5/8" & 3/4" Meter                                | \$              | 514.49                           | \$                 | 1,424.21                          |
| Any Other Size Meter                             |                 | Full City Cost                   |                    | Full City Cost                    |
| <b>Irrigation Meter Installation:</b>            |                 |                                  |                    |                                   |
|  | \$              | 514.49                           | \$                 | 1,424.21                          |
| <b>Permit Review</b>                             |                 |                                  |                    |                                   |
|  | \$              | -                                | \$                 | 25.00                             |
| <b>Permit Inspection/Reinspection</b>            |                 |                                  |                    |                                   |
|  | \$              | 25.00                            | \$                 | 40.00                             |
| <b>Any and All Other Work:</b>                   |                 |                                  |                    |                                   |
|  |                 | Full City Costs                  |                    | Full City Costs                   |

