



City of Eustis

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TO: EUSTIS CITY COMMISSION

FROM: TOM CARRINO, CITY MANAGER

DATE: June 5, 2025

RE: Resolution Number 25-44: Water, Wastewater and Reclaimed Water Rate Adjustment

Introduction:

The purpose of Resolution Number 25-44 is to establish new water, wastewater, and reclaimed water rates to ensure that the facilities used and required are maintained in proper working order and comply with regulatory mandates. Resolution 21-20 established rate adjustments for water, wastewater, and reclaimed water for the period beginning June 1, 2021 and annually each year thereafter through 2025. The effective date of the new rates will be July 1st billing for June usage each year. A notice of a 2.5% increase will be included on every utility bill issued in July.

Recommended Action:

Staff recommends approval of Resolution Number 25-44 as submitted.

Background:

In 2016, the City contracted with Public Resource Management Group, Inc. (PRMG) to perform a utility rate study. PRMG presented the results and recommendations of the 2016 Water, Wastewater, and Reclaimed Water Study to the Commission on February 18, 2016.

In 2021, the Finance Department conducted an in-house study covering the status and projections of the water, wastewater, and reclaimed water systems through the year ending June 30, 2025. Consideration was given to current financial conditions, projected operation costs, proposed system upgrades, required system upgrades, customer growth, economic assumptions and revenue streams necessary to deliver reliable and quality service to customers.

Based on the analysis of the water, wastewater, and reclaimed water systems, it was determined that an annual increase of 2.5% each year through June 1, 2025, would be sufficient. Other rates were explored in the study; however, it was determined that the 2.5% increase allowed the City to balance funding operations while keeping costs reasonable for users.

The Commission has always provided for and ensured proper rates are in effect for the City. This due diligence has been able to satisfy outside agencies such as lending institutions and bond rating companies, allowing us to obtain financing for major expansions when necessary.

The previous study had an initial increase of 7.7% followed by 4 years at 1.7%, which averaged out to 2.9% a year over the five years ending 6-1-2020. As it turned out, the CPI for the same period was also 2.9%. The study currently in use maintained a consistent 2.5% each year, totaling 12.5% for the period reviewed.

Based on the growth of customers, as well as future Consumer Price Index, we believe the rates are adequate and just. It is imperative that the City continue to ensure that rates are available to support the operation, maintenance and necessary replacement of the infrastructure; as well as provide assurances to outside agencies, lending institutions and bond rating companies that the City is compliant in providing for operational needs. The current increase in rates should still fulfill that commitment for the coming year.

The City has determined that a new rate study needs to be conducted as a result of economic changes since the in-house study was performed. A new rate study was approved by the Commission and is currently being performed by an outside consultant, Raftelis. Raftelis is a local government & utility management consulting company with national exposure. Raftelis has a system to deal with inflationary factors previously not projected. Raftelis will present their initial findings to the Commission at a later date. Their assumptions are based on this 2.5% rate increase occurring.

Community Input:

At the June 5, 2025 meeting, the community will have an opportunity to speak during the public hearing.

Budget/Staff Impact:

These rate increases have been determined by the most current rate study to meet the projected immediate operational needs as well as provide revenue projections to meet debt service requirements.

Prepared By:

Nichole Jenkins, Water Customer Service Manager

Reviewed By:

Lori Carr, Finance Director

Attachments:

Resolution Number 25-44

Exhibit A - Utility Rate Comparison Current Rate and Proposed new Rate