



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: City Council Regular Meeting **MEETING DATE:** August 5, 2025
FROM: Mike Null, Asst. City Manager
SUBJECT: City Council discussion of proposed rates for Water, Wastewater, and Reclaimed Water for Fiscal Year 2026. *Mike Null*

BACKGROUND

In late 2023 / early 2024 city staff in collaboration with the city's consultant, Mittauer & Associates (now CPH), conducted a review of the capital improvement program (CIP) and operating expenses for the next ten years in the water, wastewater and reclaimed water funds. The review included depreciation of assets, projected increases in operating costs, infrastructure improvements for regulatory compliance and population growth, and financing options for capital projects. The result was an updated rate study which was reviewed by the council in January of 2024.

Since council review, we have received the FY23 and FY24 auditor's reports. Similar to the 2023 electric rate study, this study was based on FY23 unaudited numbers. As staff stated in the electric rate study, the FY23 audit revealed discrepancies from the unaudited numbers. Additionally, as explained at the July 15 City Council Meeting, there are several potential large projects that affect all three rates, but the legislative requirements and potential funding sources and partnerships make that project list very fluid. As a result, the rate study for water, wastewater and reclaimed water needs to be updated. That will occur in the coming months.

In the meantime, staff has worked with the finance department to incorporate the results of the FY23 and FY24 auditor's report / findings as well as lessons learned from the electric rate study to develop the FY26 proposed budget and to further refine the rate proposals for FY26. The immediate focus is to balance the existing rate study with known changes and proposed revenues and expenditures in FY26.

WATER:

The rate study called for a 20% increase for FY26 and 3% for FY27 and this is what we have previously announced publicly. However, staff is only proposing a 12% increase for FY26. This 12% will cover the proposed budgetary needs for the FY26 budget. This will also spread the cost over two years as well as provide staff time to update the study prior to proposing any additional increases.

RECLAIMED WATER:

The City will be bringing reclaimed water customers on in the next couple of months. As such, we do not have historical data to base rates on so reclaimed water rates are being proposed the same as potable water irrigation rates.

WASTEWATER:

The rate study called for a 3% increase for FY26. Staff had anticipated a 5% proposed increase. As the proposed FY26 budget was completed, it showed a need for 19% to meet the budgetary needs of the

department. Given the uncertainty of the rate study based on unaudited FY23 numbers and the uncertainty of future projects and debt service, staff is not comfortable recommending a 19% rate increase. We have stated publicly that we anticipate a 5% increase, so that is the recommendation. To accomplish this, we removed \$500,000 in collection system improvements from the proposed FY26 budget as follows:

- \$200,000 in gravity sewer line and sewer manhole re-lining
- \$300,000 in lift station rehabs.

In summary, staff is recommending a 12% increase to water rates, a 5% increase to wastewater rates, and adjusting reclaimed water rates to match potable water irrigation rates.

Staff is seeking approval to distribute the attached flier to our utility customers through their normal utility bill delivery method with their August 2025 bills. Staff will then bring back ordinances to adopt each new utility rate in Public Hearings on September 2, 2025 and September 16, 2025, with proposed rates becoming effective October 1, 2025.

FISCAL IMPACT

Outlined in the Rate study for each fund as well as the attached flier.

RECOMMENDATION

- Approve distribution of the attached flier to our utility customers through their normal utility bill delivery method with their August 2025 bills.
- Direct staff to prepare ordinances to effect each proposed utility rate as of October 1, 2024.
- Set September 2, 2025, at 6:00 PM as the first reading of each proposed utility rate ordinance reviewed in this staff report.
- Set September 16, 2025, at 6:00 PM as the second and final reading of each proposed utility rate ordinance reviewed in this staff report.