



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: City Council Regular Session **MEETING DATE:** September 2, 2025
FROM: Mike Null, Assistant City Manager
SUBJECT: City Council approval on First Reading of Ordinance O-16-2025 authorizing wastewater rate changes for Fiscal Year 2026.

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.

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.

Proposed changes to the City Code are as follows:

City Code Section 90-376, entitled "Wastewater Rates" which establishes wastewater rates, is hereby amended to read as follows, effective on September 16, 2025:

Sec. 90-376. – Wastewater rates.

- (a) *Rates schedule.* The rates, fees and charges for wastewater service furnished by the wastewater system of the city, referred to as a "wastewater charge," shall be based upon the quantity of potable water, determined by metering, furnished to each user's premises each month. The owner, occupant or tenant of each lot or parcel of land which is connected with or uses the wastewater system shall pay for the use of, and for the services and facilities furnished by the wastewater system, a wastewater charge according to the following schedule.

Base charges for all wastewater accounts are as follows:

Meter Size	Monthly Base Charge*
¾"	\$37.61 <u>\$39.49</u>
1"	\$66.63 <u>\$69.96</u>
1-½"	\$130.81 <u>\$137.35</u>
2"	\$187.56 <u>\$196.94</u>
3"	\$246.84 <u>\$259.18</u>
4"	\$654.10 <u>\$686.81</u>
6"	\$1,234.13 <u>\$1,295.84</u>
8"	\$2,073.34 <u>\$2,177.01</u>
10"	\$2,961.89 <u>\$3,109.98</u>
* Base charge does not include any usage.	

- (b) *Wastewater utility users outside the city limits.* All wastewater utility users outside the city limits shall pay 125 percent of the equivalent rate charged to those users within the city limits.
- (c) *Application of charges.* The charges in this section shall apply to all classes of users, including residential and commercial (industrial, institutional, charitable or otherwise), except as otherwise provided in this Code.
- (d) *Maximum monthly bill.* The maximum monthly residential bill shall be \$200.00. There shall be no maximum commercial charge per month.
- (e) *Minimum monthly bill.* The minimum residential and commercial charge shall be the base charge based on the user's potable water meter size. The base charge does not include any usage.
- (f) *Bulk wastewater rates.* Bulk or wholesale wastewater rates shall be calculated to reflect the city's cost of providing wastewater service to those entities entering into an agreement with the city. Such rates will be determined on an individual basis by the city.

Residential	Monthly Charge per 1,000 Gallon of use					
Block Size	<3,000 gallons	3,001—10,000 gallons	10,001—15,000 gallons	15,001—20,000 gallons	>20,001 gallons	
Rate (\$/1,000 gal)	\$0.71 <u>\$0.75</u>	\$6.84 <u>\$7.18</u>	\$7.05 <u>\$7.40</u>	\$7.28 <u>\$7.64</u>	\$7.54 <u>\$7.92</u>	
Commercial	Monthly Charge per 1,000 Gallon of use					
Block Size	<3,000 gallons	3,001—10,000 gallons	10,001—15,000 gallons	15,001—20,000 gallons	20,001—50,000 gallons	>50,001 gallons
Rate (\$/1,000 gal)	\$0.71 <u>\$0.75</u>	\$6.84 <u>\$7.18</u>	\$7.05 <u>\$7.40</u>	\$7.28 <u>\$7.64</u>	\$7.54 <u>\$7.92</u>	\$7.77 <u>\$8.16</u>

- (g) *Commercial* as defined within this section, includes all uses other than residential.
- (h) *Annual rate increase.* The City Manager shall issue a written report to the City Council during the annual budget process recommending any necessary wastewater rate adjustments.
- (i) *Computation of use.* A consumption of a fraction of any 1,000 gallons shall be the same as using the entire 1,000 gallons.

FISCAL IMPACT

5% increase in the Wastewater Rates

RECOMMENDATION

Approve First Reading of Ordinance O-16-2025 authorizing wastewater rate changes for Fiscal Year 2026 and set September 16, 2025 at 6:00PM as the second and final reading.