



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-15-2025 authorizing water rate changes 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. Proposed changes to City Code are as follows:

Sec. 90-253. Water usage and monthly minimum charges.

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

Base Charges for all water meters are as follows:

Meter Size	Monthly Base Charge*
¾"	\$16.60 <u>\$18.59</u>
1"	\$24.65 <u>\$27.61</u>
1-½"	\$35.09 <u>\$39.30</u>
2"	\$48.55 <u>\$54.38</u>
3"	\$66.38 <u>\$74.35</u>
4"	\$265.51 <u>\$297.37</u>
6"	\$489.60 <u>\$548.35</u>
8"	\$697.07 <u>\$780.72</u>
10"	\$912.83 <u>\$1,022.37</u>
* Base charge does not include any usage.	

Residential Potable		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)	\$0.86 <u>\$0.96</u>	\$2.82 <u>\$3.16</u>	\$2.89 <u>\$3.24</u>	\$2.99 <u>\$3.35</u>	\$3.07 <u>\$3.44</u>
Residential Irrigation		Monthly Charge per 1,000 Gallon of use			
Block Size	<10,000 gallons	10,001—15,000 gallons	15,001—20,000 gallons	>20,001 gallons	
Rate (\$/1,000 gal)	\$2.89 <u>\$3.24</u>	\$2.99 <u>\$3.35</u>	\$3.80 <u>\$4.26</u>	\$4.98 <u>\$5.58</u>	
Commercial Potable		Monthly Charge per 1,000 Gallon of use			
Block Size	<10,000 gallons	10,001—15,000 gallons	15,001—20,000 gallons	>20,001 gallons	
Rate (\$/1,000 gal)	\$2.82 <u>\$3.16</u>	\$2.89 <u>\$3.24</u>	\$2.99 <u>\$3.35</u>	\$3.07 <u>\$3.44</u>	
Commercial Irrigation		Monthly Charge per 1,000 Gallon of use			
Block Size	<10,000 gallons	10,001—15,000 gallons	15,001—20,000 gallons	>20,001 gallons	
Rate (\$/1,000 gal)	\$2.89 <u>\$3.24</u>	\$2.99 <u>\$3.35</u>	\$3.80 <u>\$4.26</u>	\$4.98 <u>\$5.58</u>	

- (b) *Water utility users outside the city limits.* All water 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.* There shall be no maximum 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 water rates.* Bulk or wholesale water rates shall be calculated to reflect the city's cost of providing water service to those entities entering into an agreement with the city. Such rates will be determined on an individual basis by the city.
- (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 water 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

12% increase in the Water Rates

RECOMMENDATION

Approve First Reading of Ordinance O-15-2025 authorizing water rate changes for Fiscal Year 2026 and set September 16, 2025 at 6:00 PM as the second and final reading.