



Ocala

City Council: Work Session

Minutes

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.gov

Tuesday, April 29, 2025

12:00 PM

Water Rate Study

1. Call to Order

2. Roll Call

Present: Mayor Ben Marciano
Pro Tem Ire J. Bethea Sr
Council Member James P. Hilty Sr
Council Member Barry Mansfield
Council President Barry Mansfield
Council Member Jay A. Musleh
Council President Kristen M. Dreyer

3. Public Notice

Public Notice for the April 29, 2025 City Council Work Session Meeting was posted on April 15, 2025

4. Topics for Discussion

4a. Utility Rate and System Development Fee Study

City Engineer & Director of Water Resources Sean Lanier debriefed City Council on the last rate study from approximately 5 years ago, which resulted in an annual increase of 8% per year for four years. The final increase was implemented in October, 2024.

Murray Hamilton, Vice President, Raftelis, discussed the utility rate and system development fee study. He reviewed the documents provided to City Council and the Utility Advisory Committee, and noted subsequent to meeting with the Utility Advisory Committee, additional supplemental disclosure items were included relating to private fire protection services as well as miscellaneous utility charges. The primary objective was to ensure equity of fees and charges for new and existing customers through reviewing water and wastewater development fees, and updating the miscellaneous utility service charges. Additionally, they were tasked with evaluating the adequacy of monthly service rates and developing a funding strategy to pay for water and wastewater system operations, maintenance and capital repairs and upgrades.

For the forecast period of FY2026 through FY2030, annual expenditures are expected to exceed annual revenues. More than half of the annual budget is comprised of operating expenses. New staffing positions will be phased in over these five years to ensure proper staffing levels to cover new and existing customers. Water Treatment Plant #2 is expected to begin operations during this period, which will increase operating expenses.

The total capital funding program for FY2026 to FY2030 totals \$116 million. These major projects include Water Treatment Plant #2, Master Plan improvements, Water/Sewer line improvements, WRF #3 expansion design costs, NW Ocala Wastewater modeling, sewer & reuse line extension and capacity improvements, as well as lift station improvements. The Water SRF Loan for the Water Treatment Plant #2 expansion will start repayments in FY2030 at an estimated \$3.2 million per year, assuming a 20-year repayment at 2.5% annual interest. Raftelis worked with staff to prioritize the use of wastewater impact fees for recurring capital costs and WRF#3 design; Mr. Hamilton noted beyond FY2025, no wastewater impact fee revenues are available for wastewater and reclaimed water master plan projects.

Mr. Hamilton recommended City Council consider implementing the proposed “Commercial True-up” to align costs of service, updating the water/wastewater development/impact fees while providing a 90-day notice, implementing the proposed water/wastewater rates through FY2029, adopting an automatic annual index beginning in FY2030, and implementing the proposed miscellaneous utility charges/fees.

The City will schedule two public hearings to discuss the proposed rates on June 3, 2025 and June 17, 2025. The plan is to have the proposed rates and fees take effect on and after October 1, 2025.

Mr. Lanier explained the meter reading dispute and servicing process. As well he noted the City will add language to the ordinance regarding tampering.

Mr. Hamilton clarified the commercial rates with Mayor Marciano.

Council President Dreyer requested the City work with customers who are experiencing financial hardships to adjust billing dates to avoid service disruptions and submit an impact fee list to City Council. Furthermore, she expressed concern regarding the proposed fire line fee.

Mr. Lanier clarified the purpose of the fire line fee with Council President Dreyer.

Council President Dreyer suggested the fire line fee only apply to fire line specific connections only.

Council Member Musleh spoke in opposition of the proposed fire line fee.

Mr. Lanier anticipates the City will generate a small amount of revenue from the proposed fire line fee, not a major revenue generator.

City Manager Pete Lee explained how the City took over County water services.

Council Member Musleh suggested one-off connection requests for City services come before City Council for consideration.

City Council agreed to remove the fire line fee; only City connections are allowed.

5. Adjournment

Adjourned at 12:44 pm

Minutes

Kristen M. Dreyer
Council President

Angel B. Jacobs
City Clerk