City of Ocala

Utility Rate and System Development Fee Study

Public Hearing - Introduction Prepared on May 1, 2025



Summary of Findings

- Commercial customers are not paying their proportionate share of system costs: approximately 17% less than the average
- Existing impact fees do not adequately reflect the capital costs associated with providing water and wastewater capacity to new customers: WTP#2 needs funding for construction

Summary of Findings (cont.)

- New and recurring capital needs are currently being funded from reserves: this is not sustainable
- A comprehensive list of customer-support services is being provided by the department: to cover the direct costs of providing requested services new fees should be established and current charges updated

Proposed Action Items

Presented at the UAB on 04/16 and to the City Council on 04/29

City Council should consider:

- Implementing the proposed
 "Commercial True-up" to align costs of service
- Updating the water and wastewater development / impact fees while providing a 90-day notice
- 3. Maintaining a strong financial position

- Implementing the proposed water and wastewater rates through FY2029
- Adopting an automatic annual index beginning in FY2030
- Implementing the proposed miscellaneous utility charges and fees

Summary of Results



Proposed Adjustments to Monthly Service Rates

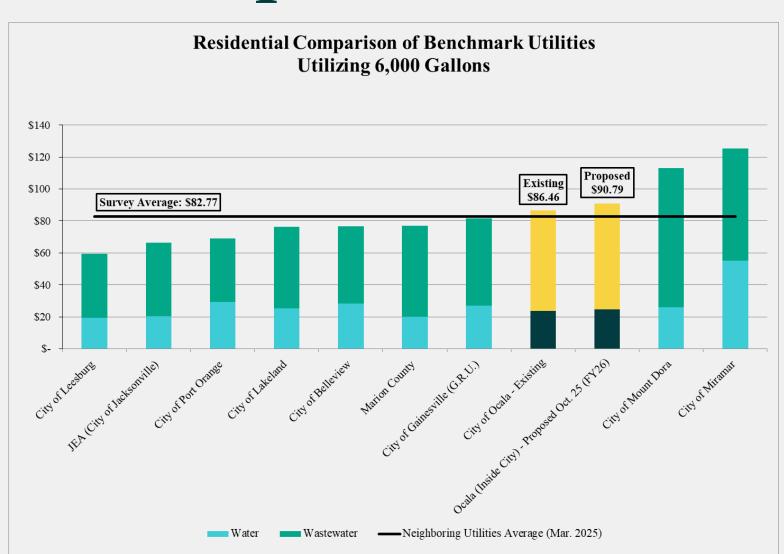
Description	Existing	FY26	FY27	FY28	FY29	FY30
Projected Rate Adjustments						
Percent Applied to Monthly Service Rates		5%	5%	5%	5%	CPI – 4% [*]
Increase in Residential Water and Wastewater Bill (6,000 Gallons or 8CCF)		<u>\$4.33</u>	\$4.53	<u>\$4.76</u>	<u>\$4.99</u>	<u>\$4.21</u>
Existing/Projected Residential Bill	\$86.46	\$90.79	\$95.32	\$100.08	\$105.07	\$109.28
Average Commercial Increase (with True-up)		6 - 6.5%	6 - 6.5%	6 - 6.5%	6 - 6.5%	5 - 5.5%
Projected Operating Reserves (Fund 455) – Days of Operating Expenses						
City Policy – Includes Non-cash Working Capital		244	215	160	179	185
Stress Test – Excludes Non-cash Working Capital		154	129	82	104	113
Required Minimum Balance		90	90	90	90	90

^[*] Amount based on the annual US-CPI Water and Sewerage Maintenance Service Index, but not less than 4% (the recent 10-year avg.).

Residential Rate Comparison

Why fees differ among utilities?

- Levels of Service
- Source of Supply
- Proximity to Source of Supply
- Type of Treatment
- Availability of Grant Funding
- Utility Life Cycle (Growth-oriented vs. Mature)
- Age of System
- Density / Size of System

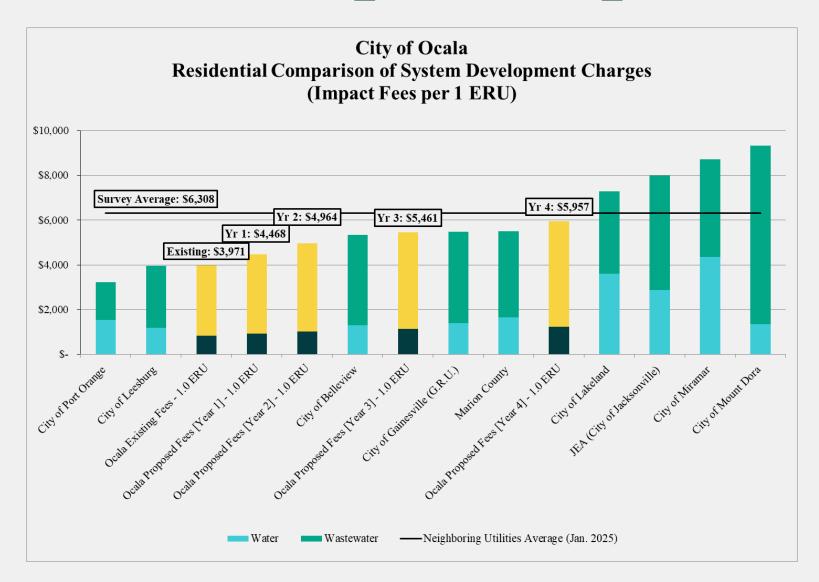


Proposed Development / Impact Fees

Water Fee	Wastewater Fee	
\$823	\$3,148	
<u>\$1,799</u>	<u>\$5,253</u>	
119%	67%	
\$1,235	\$4,722	
\$926	\$3,542	
\$1,029	\$3,935	
\$1,132	\$4,329	
\$1,235	\$4,722	
	\$823 \$1,799 119% \$1,235 \$926 \$1,029 \$1,132	

ERU = Equivalent Residential Unit comprised of 300 gallons per day (gpd) of water capacity and 250 gpd of wastewater capacity. Please refer to the detailed fee schedule for each year by customer class and service level.

Impact Fee Comparison per 1 ERU





Proposed Miscellaneous Utility Charges

Service Connection Charges

Description	Existing	Proposed
City Installed		
5/8" Meter	\$2,005	\$4,440
1" Meter	\$2,185	\$4,510
1 1/2" Meter	\$4,230	\$7,990
2" Meter	\$4,620	\$8,165
3" Meter and Up	Developer Installed Only	Developer Installed Only
Developer Installed		
5/8" Meter	\$315	\$315
1" Meter	\$400	\$400
1 1/2" Meter	\$805	\$805
2" Meter	\$950	\$950
3" Meter and Up	Actual cost plus overhead	Actual cost plus overhead
Service Charge	\$40	\$40

Hydrant or Jumper Fees

Description	Existing	Proposed
Service Deposit		
5/8" Meter	\$225	Actual Cost of Meter + \$1,000 [*]
3" Meter	\$1,150	Actual Cost of Meter + \$1,000 [*]
Service Charges		
Monthly Flat Rate – 5/8" Meter	\$125 plus consumption	\$125 plus consumption
Monthly Flat Rate – 3" Meter	\$125 plus consumption	\$175 plus consumption

^[*] City generally bills once every 6-months based on self reported meter readings. Amount of the additional deposit based on estimated (average charges) during the 6-month window.

Miscellaneous Charges

Description	Existing	Proposed
Customer Requested Maintenance Disconnect / Reconnect per Trip		
During Business Hours	No Charge	\$65
After Hours (After 3:00 PM)	No Charge	\$160
Water Meter Manual Re-read per Trip	\$40	\$45
Water Meter Test Fee	\$60	Actual Cost
Customer Requested Site Visit (Not Otherwise Specified)		
During Business Hours	No Charge	\$65
After Hours (After 3:00 PM)	No Charge	\$160

Miscellaneous Charges (cont.)

Description	Existing	Proposed	
Water Meter Disconnection for Non-payment			
Reconnection During Business Hours	Sum of \$25 + \$25 or \$50	\$65	
Reconnection After Hours (After 3:00 PM)	Sum of \$25 + \$75 or \$100	\$160	
Water Meter and/or Valve Tampering Fee	\$262.50	Actual Cost + \$500	
Demo Permits			
Water Demo – Cap water and remove meter	No Charge	\$170	
Sewer Demo – Cap sewer service line	No Charge	\$1,035	

Miscellaneous Charges (cont.)

Description	Existing	Proposed
Industrial Wastewater Services		
Permit Application Fee		
Discharge Customers	No Charge	\$720
Non-Discharge Customers	No Charge	\$250
Annual Program Fee		
Discharge Customers	No Charge	\$1,995
Non-Discharge Customers	No Charge	No Cost - \$0
Laboratory Charges		
Industrial Sampling Program with Excess Strength	\$40	\$40
F.O.G Excessive Strength	\$20	\$40
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Permit Modification / Permit Transfer		
Discharge Customers	No Charge	\$360
Non-Discharge Customers	No Charge	\$125





Thank you!

Contact:

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