

# City of Ocala

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## 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:**

1. Implementing the proposed “Commercial True-up” to align costs of service
2. Updating the water and wastewater development / impact fees while providing a 90-day notice
3. Maintaining a strong financial position
4. Implementing the proposed water and wastewater rates through FY2029
5. Adopting an automatic annual index beginning in FY2030
6. Implementing the proposed miscellaneous utility charges and fees

*Study results should be updated within 3-4 years to evaluate changes in the plan.*

# Summary of Results



# Proposed Adjustments to Monthly Service Rates

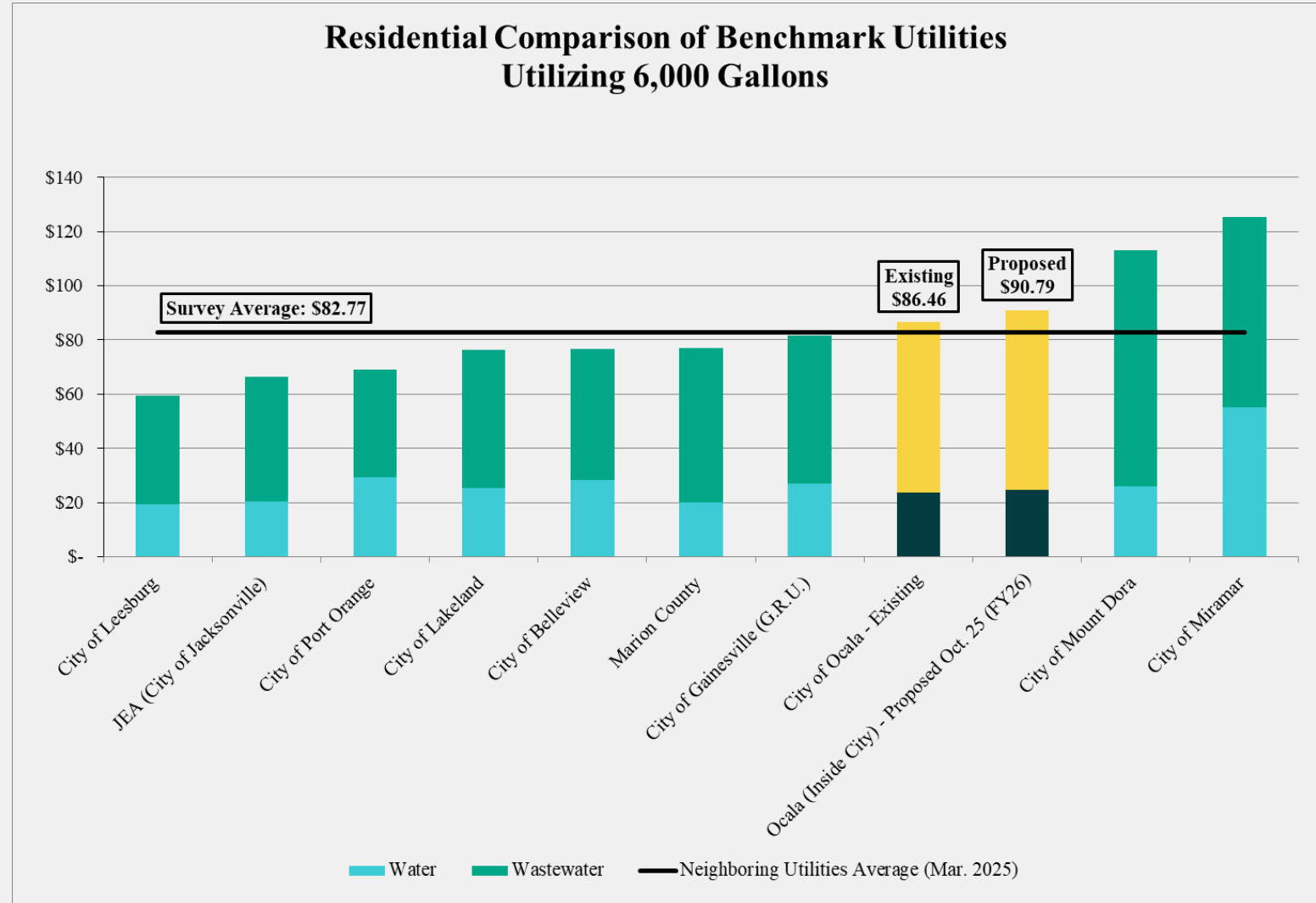
Description	Existing	FY26	FY27	FY28	FY29	FY30
Projected Rate Adjustments						
Percent Applied to Monthly Service Rates		5%	5%	5%	5%	CPI – 4% [*]
Increase in Residential Water and Wastewater Bill (6,000 Gallons or 8CCF)		<u>\$4.33</u>	<u>\$4.53</u>	<u>\$4.76</u>	<u>\$4.99</u>	<u>\$4.21</u>
Existing/Projected 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

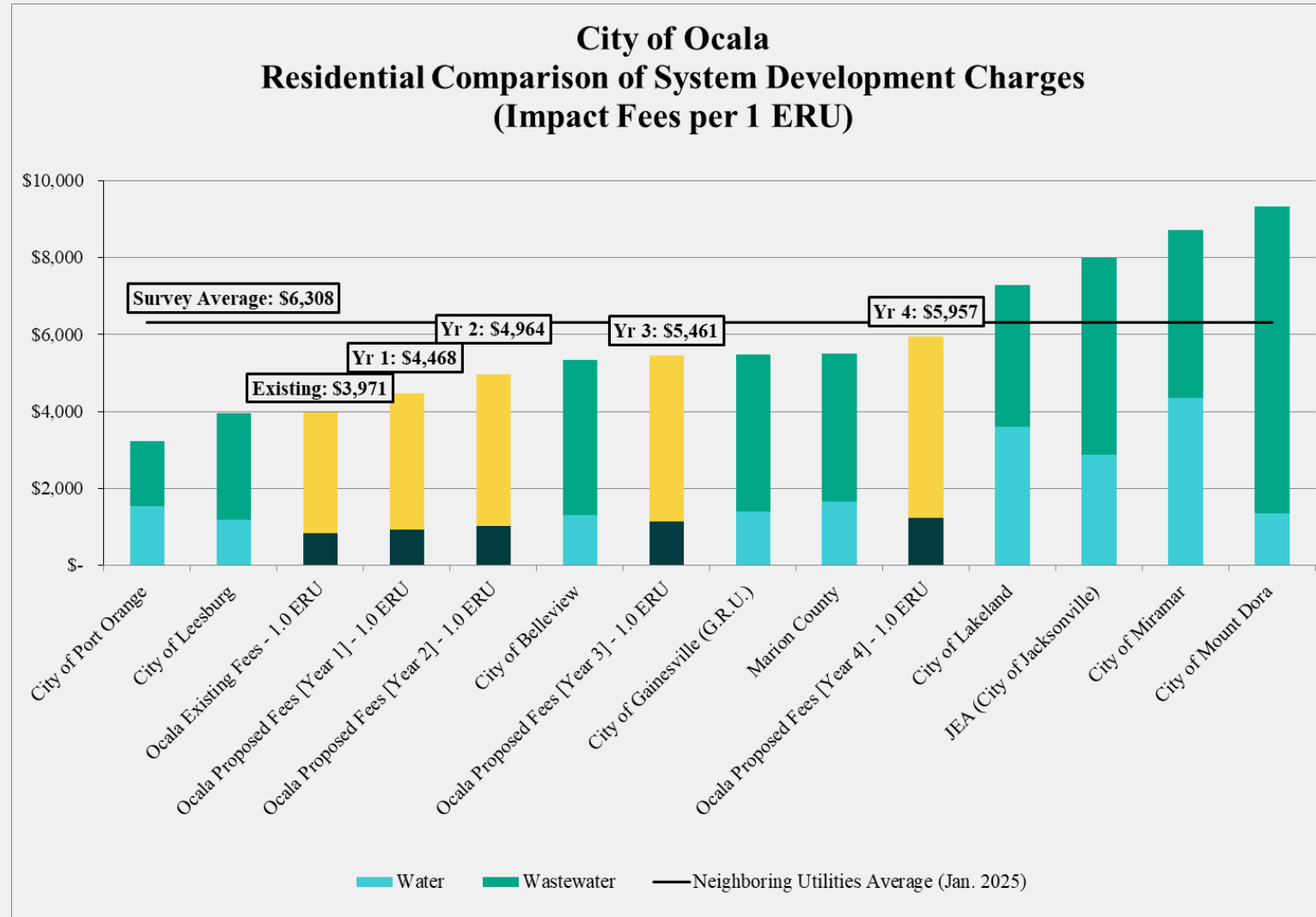


# Proposed Development / Impact Fees

Description	Water Fee	Wastewater Fee
Existing Fee per ERU	\$823	\$3,148
Calculated Cost per ERU	<u>\$1,799</u>	<u>\$5,253</u>
Percent Increase	119%	67%
Maximum Charge by FL Statute (50%)	\$1,235	\$4,722
Required (Equal) Phase-in:		
Proposed Fees per ERU – Year 1	\$926	\$3,542
Proposed Fees per ERU – Year 2	\$1,029	\$3,935
Proposed Fees per ERU – Year 3	\$1,132	\$4,329
Proposed Fees per ERU – Year 4	\$1,235	\$4,722
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
<u>City Installed</u>		
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	<i>Developer Installed Only</i>	<i>Developer Installed Only</i>
<u>Developer Installed</u>		
5/8" Meter	\$315	\$315
1" Meter	\$400	\$400
1 1/2" Meter	\$805	\$805
2" Meter	\$950	\$950
3" Meter and Up	<i>Actual cost plus overhead</i>	<i>Actual cost plus overhead</i>
Service Charge	\$40	\$40

# Hydrant or Jumper Fees

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

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

# Miscellaneous Charges (cont.)

Description	Existing	Proposed
<u>Water Meter Disconnection for Non-payment</u>		
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
<u>Water Meter and/or Valve Tampering Fee</u>	\$262.50	Actual Cost + \$500
<u>Demo Permits</u>		
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		
<u>Permit Application Fee</u>		
Discharge Customers	No Charge	\$720
Non-Discharge Customers	No Charge	\$250
<u>Annual Program Fee</u>		
Discharge Customers	No Charge	\$1,995
Non-Discharge Customers	No Charge	No Cost - \$0
<u>Laboratory Charges</u>		
Industrial Sampling Program with Excess Strength	\$40	\$40
F.O.G Excessive Strength	\$20	\$40
<u>Permit Modification / Permit Transfer</u>		
Discharge Customers	No Charge	\$360
Non-Discharge Customers	No Charge	\$125

# Q&A





# Thank you!

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