

# City of Punta Gorda, FL

## Utility Advisory Board Meeting

July 28<sup>th</sup>, 2025

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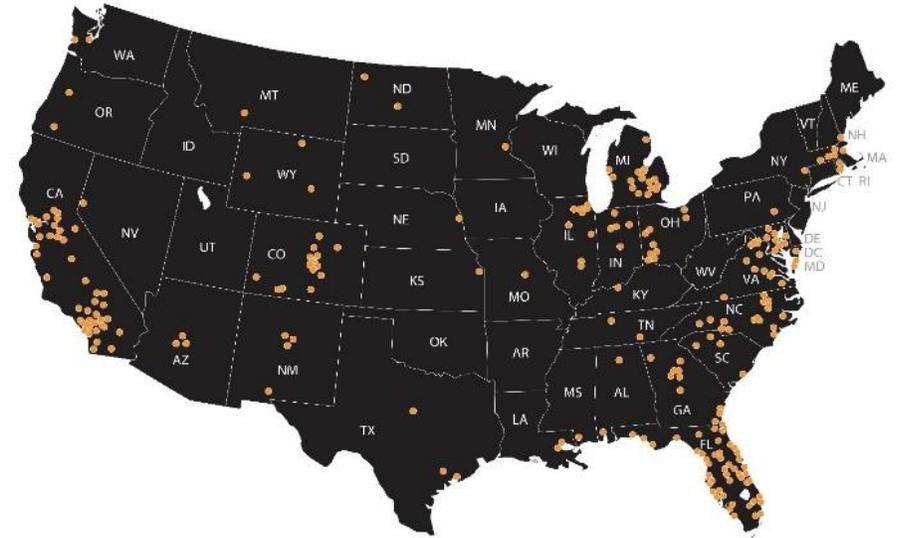
# Introduction & Scope

## Stantec:

1. Performed the City's utility rate studies since 2005
2. Experts in water resources
3. Serve many communities in Southwest Florida  
i.e. Fort Myers, Cape Coral, Naples, Venice, North Port

## Rate Study Scope:

1. Revenue Sufficiency Analysis for Multi-Year Forecast
2. Cost Allocation
3. Rate Design – Review of Rate Structure and Charges
4. Update to Impact Fees
5. Miscellaneous Fees



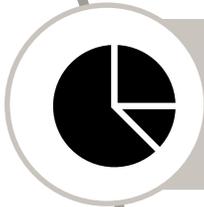


# Executive Summary



## Rate increase required to meet cost requirements

*12% annually through 2029 - \$11.20/month increase for typical customer in FY 2026  
Effective 10/1/2025 and each fiscal year thereafter*



## Moving rates towards full cost of service

*Sewer system revenues are below cost requirements  
Recommending 5% revenue increase on water & 25% on sewer*



## Recommended rate structure adjustments to be in-line with local and best practices

*Base/service charges generally in line with others  
Consolidation of tiers and updated pricing that encourages conservation*



## Update impact and miscellaneous fees

*Staff in process of validating/calculating charges for premise visits, connection fees, etc...  
Stantec will be proceeding with demonstrated-need study for impact fees*



# Key Data & Assumptions

**\$5M, 2.0**

3-Month Reserve Target,  
Debt Coverage Target

**95%**

Personnel & Fixed O&M Execution

**\$14.8M**

FY 2025 Beginning Balance  
for Reserve Fund

**\$197M**

5-Yr. CIP (WTP Rehab, WTP  
Shell Creek RO Expansion,  
Meter Replacements)

**1.0%**

Avg. Annual Growth

**4.0%**

Avg. Annual O&M Cost Increases





# Financial Plan Results: No Rate Increase



## CITY OF PUNTA GORDA



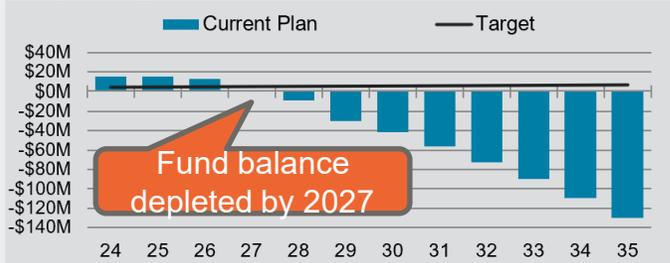
CALC SAVE CTRL LAST OVR

No rate increases

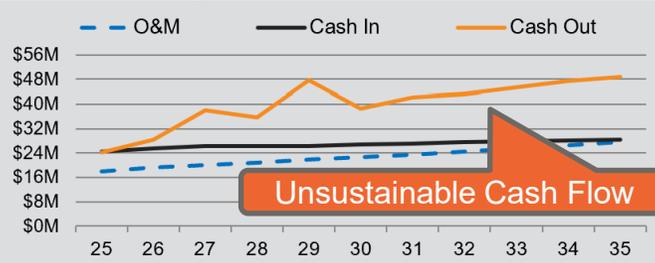
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2030	FY 2035
Water & Sewer Rate Plan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Subordinate DSC	6.06	1.52	0.55	0.26	0.14	0.13	0.07	0.02					
Residential Bill @ 7,000 gals.	\$92.95	\$92.95	\$92.95	\$92.95	\$92.95	\$92.95	\$92.95	\$92.95					

Unable to meet debt service coverage requirements starting in 2027

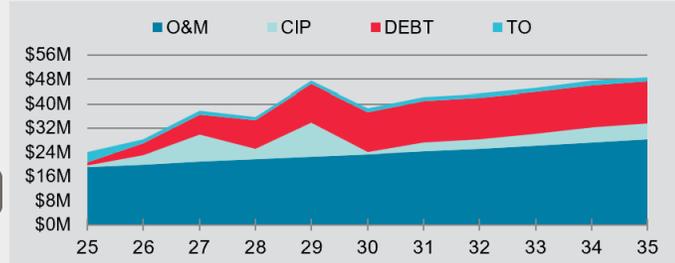
### Operating Fund



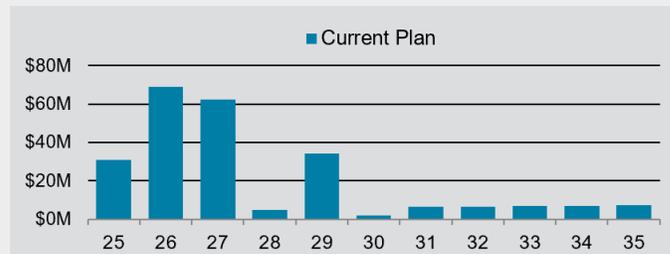
### Revenues vs. Expenses



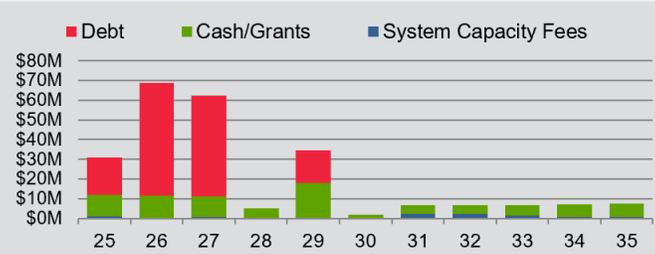
### Expenses by Type



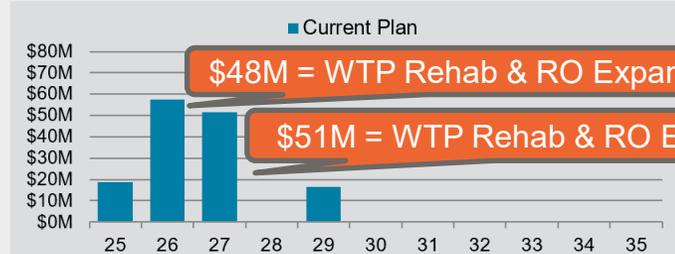
### CIP Spending



### CIP Funding



### Borrowing





# Financial Plan Results: With Proposed Rate Increases



## CITY OF PUNTA GORDA



CALC SAVE CTRL LAST OVR

12% increases needed due to upfront capital

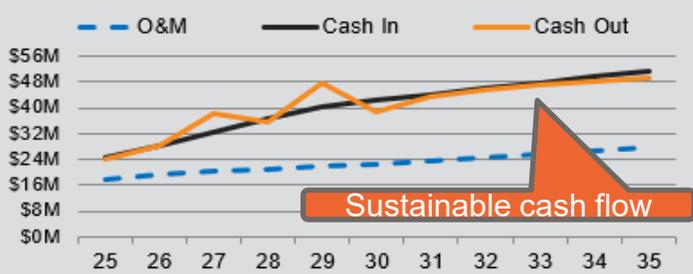
Meeting minimum debt Service coverage

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Water & Sewer Rate Plan	0.00%	12.00%	12.00%	12.00%	12.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Subordinate DSC	6.06	2.65	1.74	1.48	1.37	1.43	1.43	1.50	1.56	1.63	1.71
Residential Bill @ 7,000 gals.	\$92.95	\$104.10	\$116.62	\$130.62	\$146.27	\$150.65	\$155.15	\$159.82	\$164.63	\$169.52	\$174.63

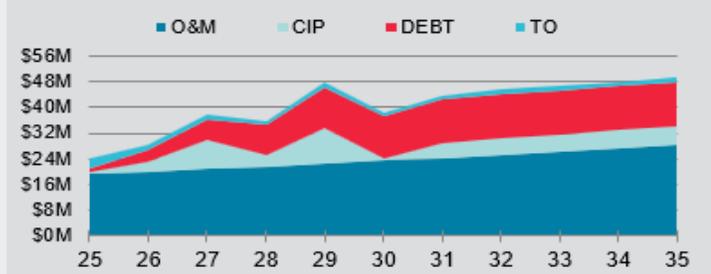
### Operating Fund



### Revenues vs. Expenses



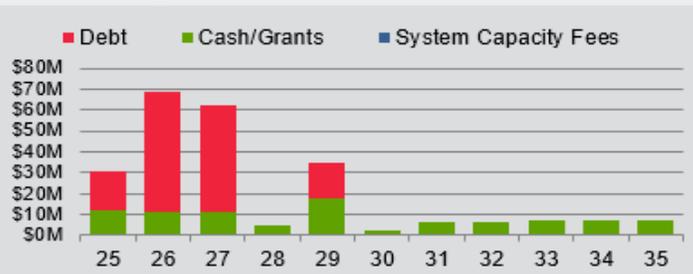
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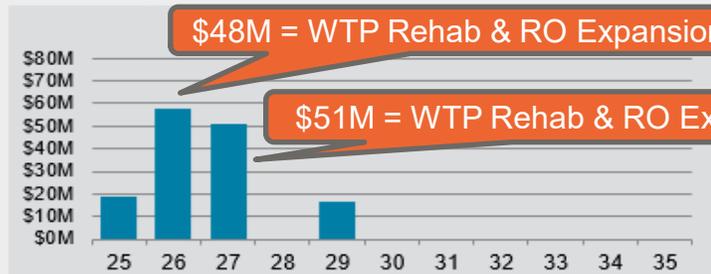
### CIP Spending



### CIP Funding



### Borrowing



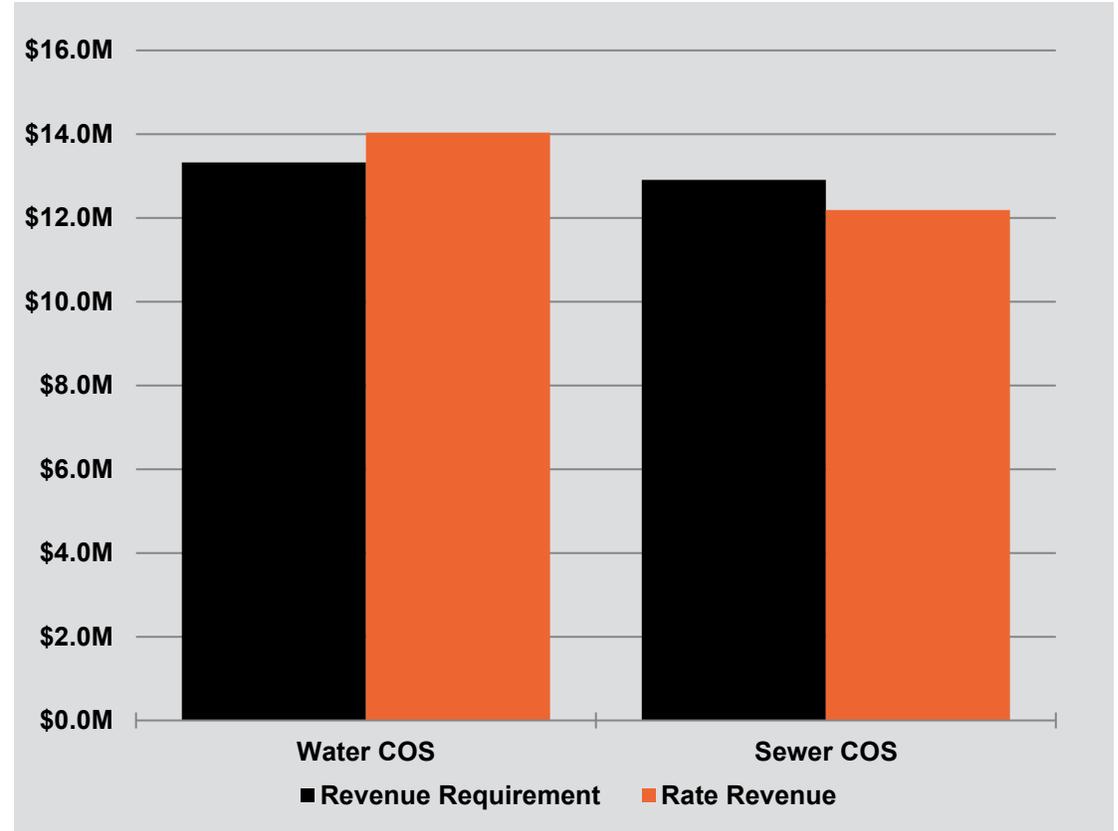
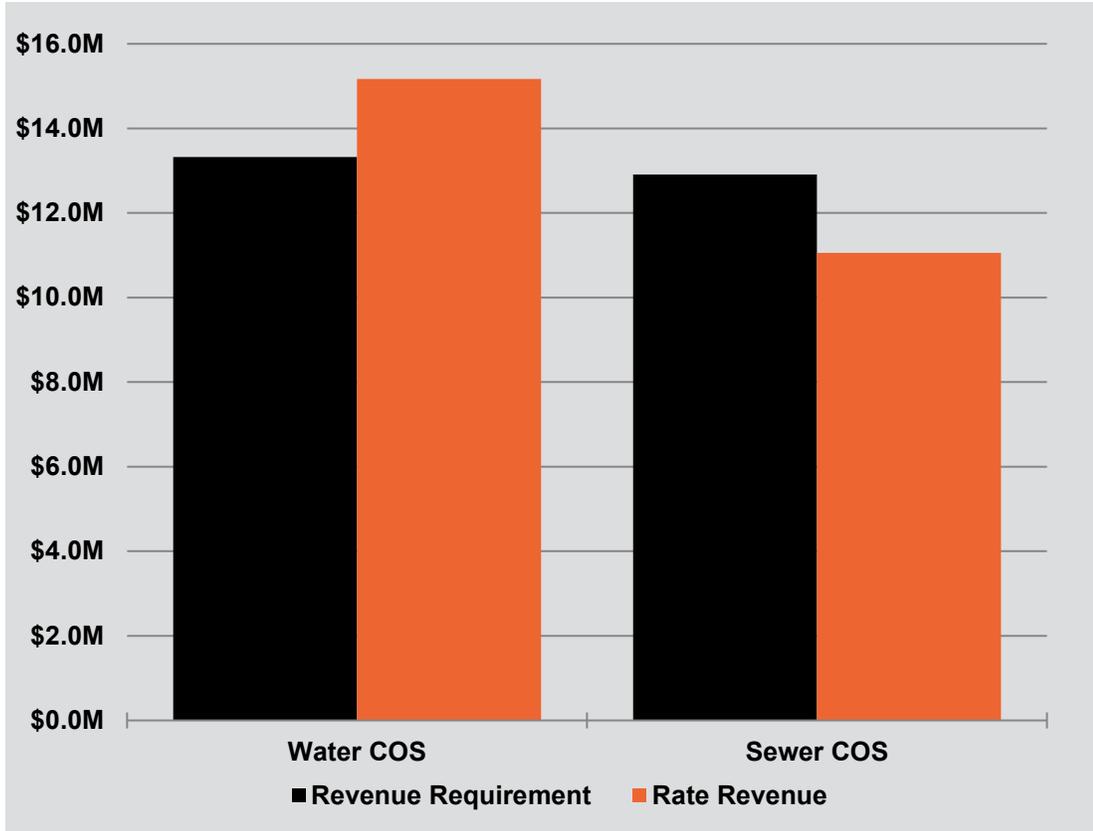


# FY 2026 Cost of Service & Revenue Comparison

Current

Proposed

**12% Overall Increase**



**5% Water Increase**

**25% Sewer Increase**



# Current & Proposed Monthly Water & Sewer Rates

Water Rates	Current Rates
Customer Charge	\$5.61
Fixed Charge	\$12.90
Tier 1 (0 – 5,000 gals)	\$3.84
Tier 2 (5,001 – 10,000 gals)	\$4.42
Tier 3 (10,001 – 20,000 gals)	\$5.47
Tier 4 (20,001 – 40,000 gals)	\$6.70
Tier 5 (40,001 + gals)	\$8.16

Water Rates	Proposed Rates
Customer Charge	\$5.61
Fixed Charge	\$12.90
Tier 1 (0 – 5,000 gals)	\$3.84
Tier 2 (5,001 – 10,000 gals)	\$4.42
Tier 3 (10,001 – 20,000 gals)*	\$6.56
Tier 4 (20,001 + gals)*	\$9.79

Existing Rate & Tiers Remain

Tier 3 increase

Consolidate Tier 4 & 5

Sewer Rates	Current Rates
Fixed Charge	\$32.96
Tier 1 (0 – 10,000 Cap)	\$1.92

Sewer Rates	Current Rates
Fixed Charge	\$32.96
Tier 1 (0 – 10,000 Cap)	\$4.16

Existing Fixed Charge Remains

\*Usage adjustment for price elasticity in Tiers 3 & 4



# Current & Proposed Monthly Irrigation Rates

Irrigation Rates	Current Rates
Customer Charge	\$5.61
Fixed Charge	\$12.90
Tier 1 (0 – 10,000 gals)	\$5.47
Tier 2 (10,001 – 30,000 gals)	\$6.71
Tier 3 (30,001 + gals)	\$8.16

Irrigation Rates	Proposed Rates
Customer Charge	\$5.61
Fixed Charge	\$12.90
Tier 1 (0 – 10,000 gals)	\$6.56
Tier 2 (10,001 – 30,000 gals)*	\$9.79
Tier 3 (30,001 + gals)*	\$9.79

Existing Fixed Charge Remains

Tier 1 increase

Consolidate Tier 2 & 3

Commercial Rates	Current Rates
Customer Charge	\$5.61
Fixed Charge	\$12.90
Volumetric Charge per 1,000 Kgals	\$4.88

Commercial Rates	Current Rates
Customer Charge	\$5.61
Fixed Charge	\$12.90
Volumetric Charge per 1,000 Kgals	\$5.12

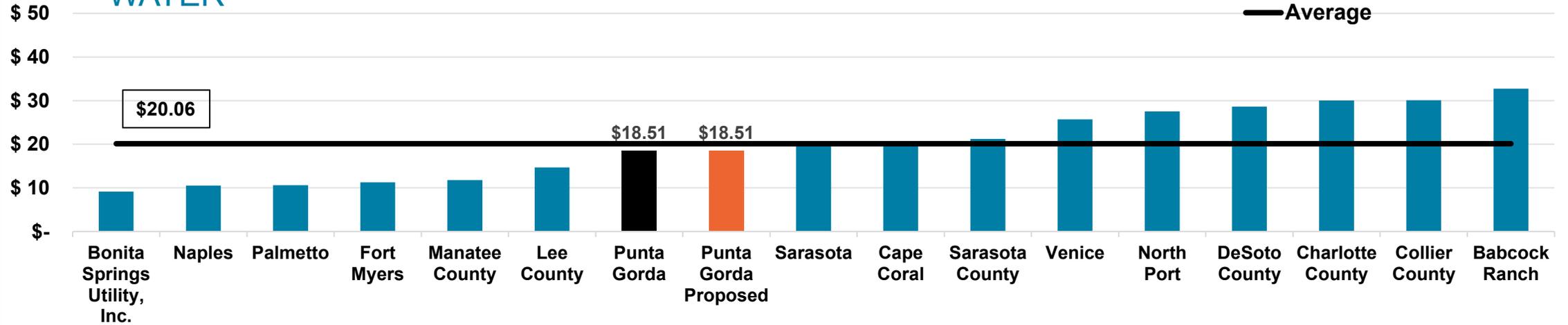
Existing Fixed Charge Remains

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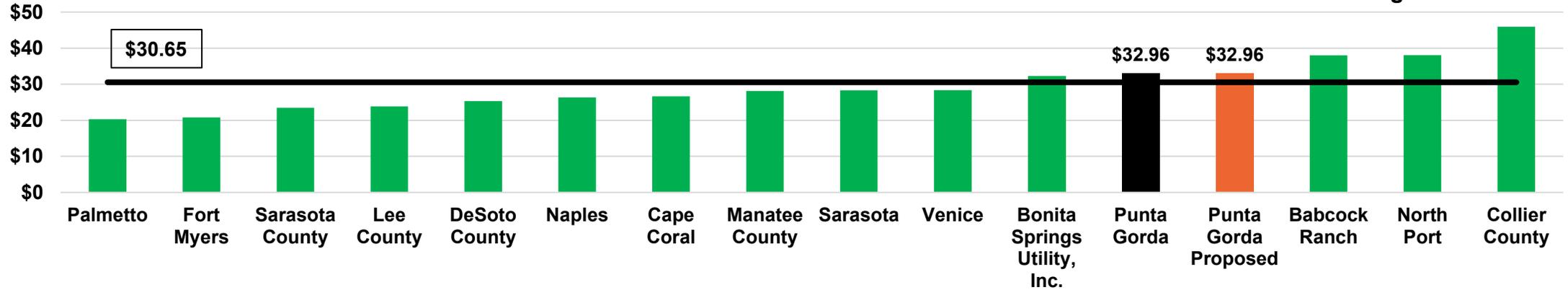


# Fixed Charge Benchmarking (Residential 5/8" Meter)\*

## WATER



## SEWER

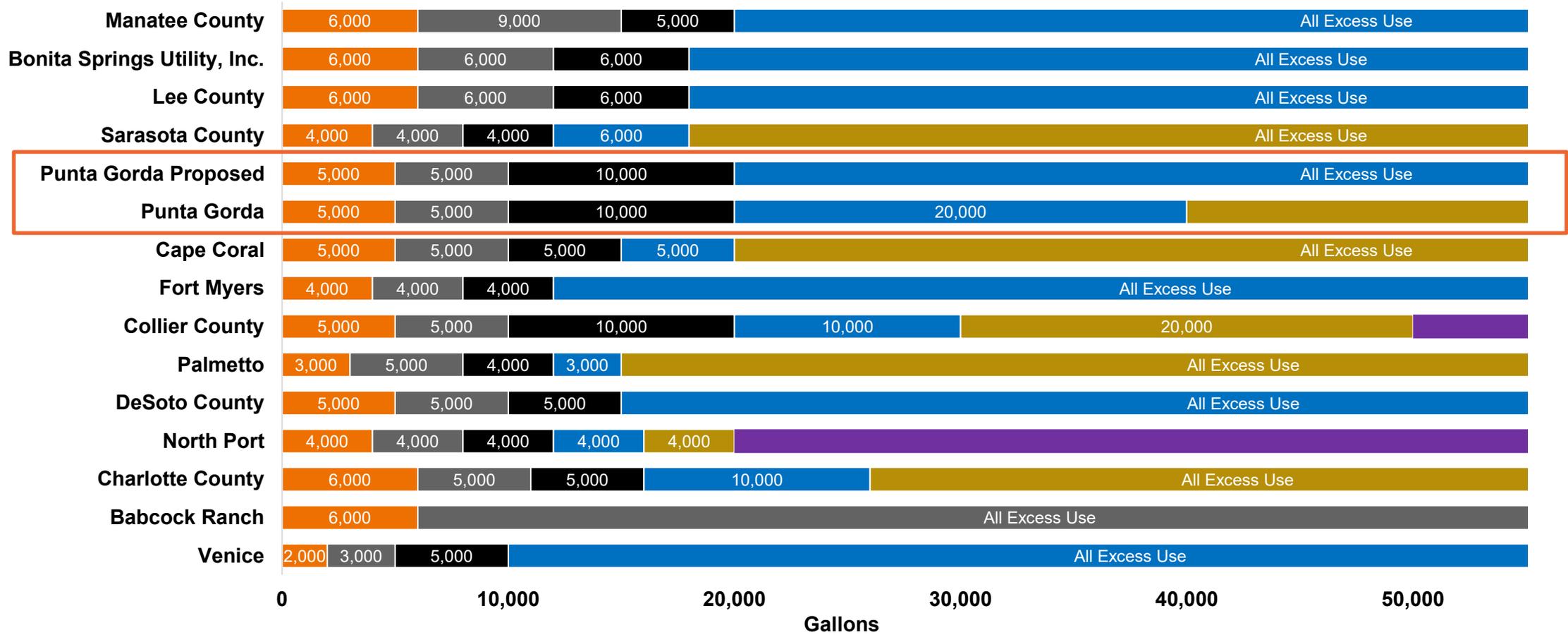


\*Reflects FY 2025 rates as of March 2025



# Water Volumetric Tier Benchmarking\*

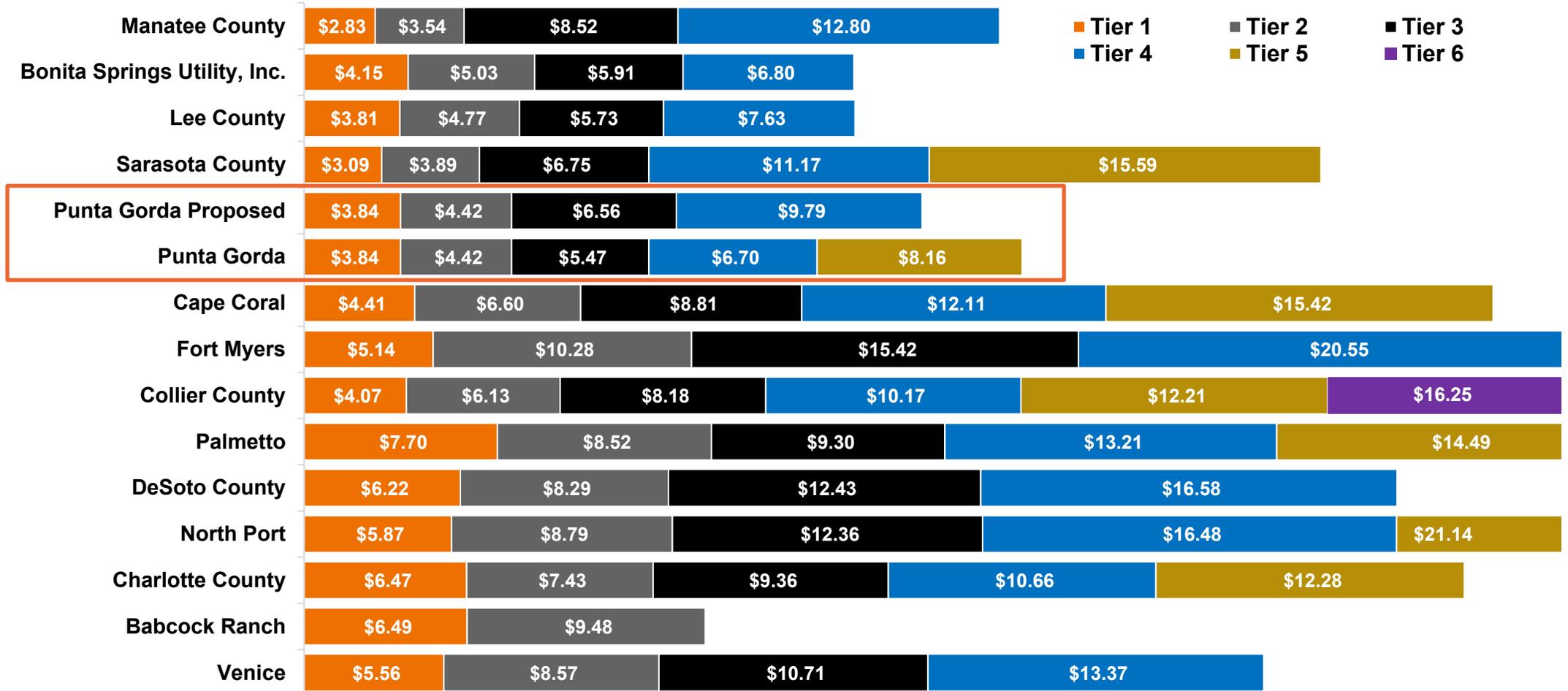
■ Tier 1 ■ Tier 2 ■ Tier 3 ■ Tier 4 ■ Tier 5 ■ Tier 6



\*Reflects FY 2025 rates as of March 2025



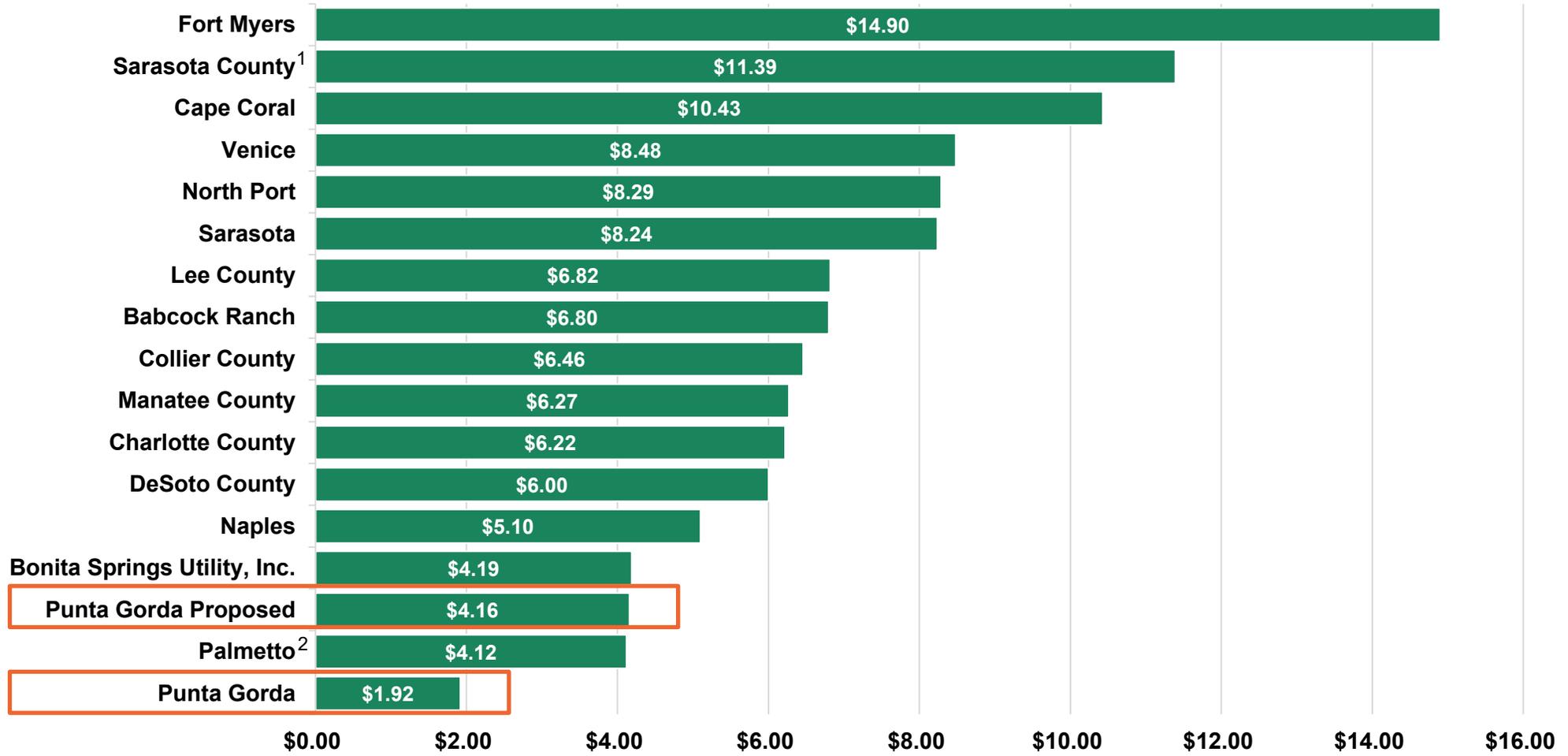
# Water Volumetric Rate Benchmarking \*



\*Reflects FY 2025 rates as of March 2025



# Sewer Volumetric Tier Pricing Comparison\*



<sup>1</sup> Sarasota County Tier 2 rate of \$4.57, <sup>2</sup> Palmetto Tier 2 rate of \$9.70

\*Reflects FY 2025 rates as of March 2025

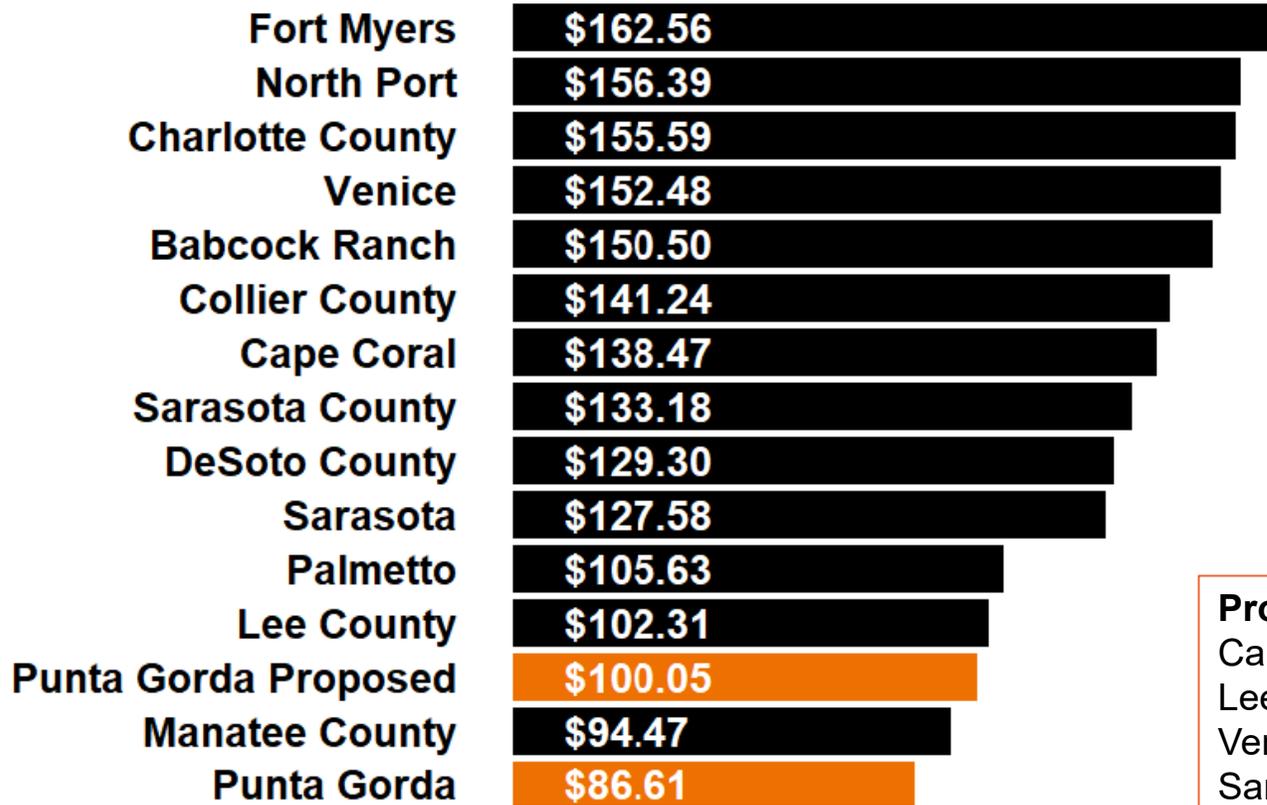


# Single-Family Monthly Total Bill Impacts

Usage (kgal)	Total Current Bill	Total Proposed Bill	\$ Change	% Change
0	\$51.47	\$51.47	\$0.00	0.0%
1	\$57.23	\$59.47	\$2.24	3.9%
2	\$62.99	\$67.47	\$4.48	7.1%
3	\$68.75	\$75.47	\$6.72	9.8%
4	\$74.51	\$83.47	\$8.96	12.0%
5	\$80.27	\$91.47	\$11.20	14.0%
10	\$111.97	\$134.37	\$22.40	20.0%
15	\$139.32	\$167.17	\$27.85	20.0%
20	\$166.67	\$199.97	\$33.30	20.0%
25	\$200.17	\$248.92	\$48.75	24.4%
30	\$233.67	\$297.87	\$64.20	27.5%
50	\$382.27	\$493.67	\$111.40	29.1%



# Benchmarking (Residential 5/8” Meter, 6 kgals)\*



**Projected Multi-Year Increases:**  
 Cape Coral – 11% from FY26 – FY27  
 Lee County – 8% from FY26 – FY29  
 Venice – 5.25% for wtr, 3% for swr from FY26 – FY28  
 Sarasota – 3.5% from FY26 – FY28

\*Reflects FY 2025 rates as of March 2025



# Impact Fee Overview

## Different Names

- Capacity fees
- Capital charges
- System development charges or fees
- Connection charges or fees

## Purpose

- Recover cost of capacity needed for system growth
- New customers paying their share of expansion costs (“growth pays for growth”)
- Minimize cost burden to existing customers

## Cost Basis

- Capital related fee: excludes O&M, repair and rehabilitation costs
- Existing assets: replacement cost new less depreciation
- Capital projects adding system capacity to serve new growth
- Credits/Adjustments: outstanding debt, grants, and non-capacity assets



# Florida Impact Fee Law

## “Phase-In Limitations” on Increases

- ≤ 25% Two Equal Annual Increments
- >25% ≤ 50% Four Equal Annual Increments
- >50% Not Allowed
- Increase only once every 4 years

## Exceeding Limitations

1. A study that outlines *extraordinary circumstances*
2. Two publicly noticed workshops
3. Two-thirds approval\*
4. 90-day notice from Council approval to implementation date



# Needs Analysis: Extraordinary Circumstances

- Driven by Reverse Osmosis Water Treatment Plant and other capital needs
- 4 MGD of needed additional capacity to meet peak demands
- Market conditions and inflationary capital pressures
  - Project cost increases from \$67M to \$110M



	Current Fee	Calculated Fee
Water	\$1,497	\$4,651
Sewer	\$2,760	\$3,449
<b>Total</b>	<b>\$4,257</b>	<b>\$8,100</b>



# Results & Recommendations



Current level of rates will not generate sufficient revenues; proposed 12% increase through 2029 (5% water 25% sewer in FY2026)



Update usage rates & tiers to reflect current demand patterns and local practices



Bills are expected to remain very comparable amongst neighboring communities



Complete demonstrated-needs study for impact fees and public meetings

**Thank you**

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