

**Key Largo Wastewater Treatment District
Board of Commissioners Meeting
Agenda Item Summary**

Meeting Date:

February 4, 2025

Agenda Item Number: O-1

Action Required:

No

Department:

Legal

Sponsor:

Nicholas Mulick

Subject:

12,000 Gallon Cap Removal/Rate Change – 5:00 PM Public Hearing

Summary:

The Board will discuss removal of the 12,000 Gallon Residential Cap and an increase in Rates.

Reviewed / Approved

Financial Impact

Attachments

Operations: _____

\$

1. Raftelis Rate Study Results

Administration: _____

Finance: _____

Funding Source:

District Counsel: _____

N/A

District Clerk: _____

Budgeted:

Engineering: _____

N/A

Approved By: _____

General Manager

Date: _____

1-30-25

Option 1: Proposed Increases – Maintain Residential Sewer Cap

8.0% Increase (FY25 change: \$29.27 base + \$4.60 flow charge per 1,000 gallons)

| | Exist. | FY25 | FY26 | FY27* | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Bill at 4,000 gallons | \$44.17 | \$47.67 | \$51.17 | \$54.67 | \$58.17 | \$61.67 | \$63.67 | \$65.67 | \$67.67 | \$69.67 | \$71.67 |
| \$ Change | N/A | \$3.50 | \$3.50 | \$3.50 | \$3.50 | \$3.50 | \$2.00 | \$2.00 | \$2.00 | \$2.00 | \$2.00 |

Option 2: Proposed Increases – Remove Residential Sewer Cap

7.4% Increase (FY25 change: \$29.14 base + \$4.57 flow charge per 1,000 gallons)

| No Cap | Exist. | FY25 | FY26 | FY27* | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Bill at 4,000 gallons | \$44.17 | \$47.42 | \$50.67 | \$53.92 | \$57.17 | \$60.42 | \$62.42 | \$64.42 | \$66.42 | \$68.42 | \$70.42 |
| \$ Change | N/A | \$3.25 | \$3.25 | \$3.25 | \$3.25 | \$3.25 | \$2.00 | \$2.00 | \$2.00 | \$2.00 | \$2.00 |

Option 3: Alternative Rate Increases – Maintain Residential Sewer Cap

6.8% Increase (FY25 change: \$28.97 base + \$4.55 flow charge per 1,000 gallons)

| | Exist. | FY25 | FY26 | FY27 | FY28* | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Bill at 4,000 gallons | \$44.17 | \$47.17 | \$50.17 | \$53.17 | \$56.17 | \$59.17 | \$62.17 | \$65.17 | \$68.17 | \$71.17 | \$74.17 |
| \$ Change | N/A | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |

Option 4: Alternative Rate Increases – Remove Residential Sewer Cap

6.2% Increase (FY25 change: \$28.80 base + \$4.53 flow charge per 1,000 gallons)

| No Cap | Exist. | FY25 | FY26 | FY27 | FY28* | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Bill at 4,000 gallons | \$44.17 | \$46.92 | \$49.67 | \$52.42 | \$55.17 | \$57.92 | \$60.67 | \$63.42 | \$66.17 | \$68.92 | \$71.67 |
| \$ Change | N/A | \$2.75 | \$2.75 | \$2.75 | \$2.75 | \$2.75 | \$2.75 | \$2.75 | \$2.75 | \$2.75 | \$2.75 |

(2034). Additionally, the Alternative Scenarios result in lower cash balances throughout the forecast period and approximately \$2 million less cash in reserves by 2034. With the exception of fiscal year 2028, the alternative scenarios do maintain cash reserves of at least 365 days of operating expenses.

It should be noted that the tables and financial projections mentioned outside of this section of the report, including the appended tables, assume implementation of the proposed rate scenarios, not the Alternative Scenarios presented in this section.

CONCLUSIONS AND RECOMMENDATIONS

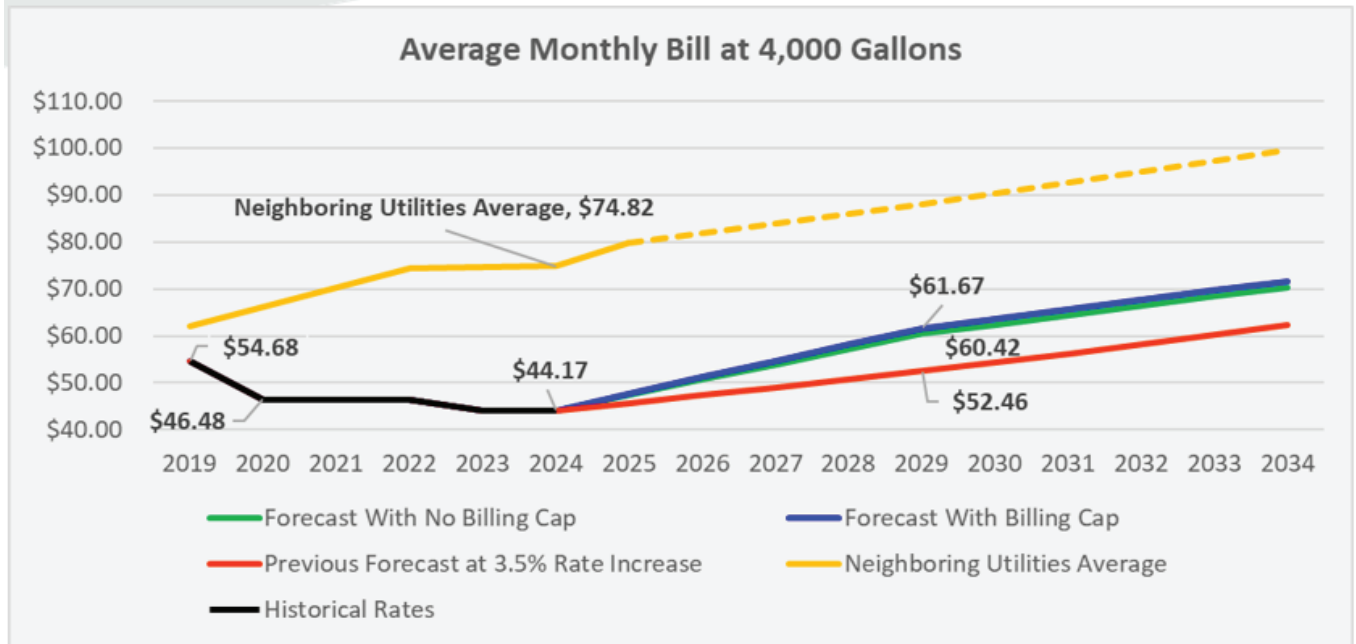
Based on the assumptions, considerations, and analyses as summarized herein, the District's existing rates are not expected to recover the projected revenue requirements during the Forecast Period. The primary drivers of the recommended rate adjustments are due to increases in operating and maintenance expenses due to the effects of inflation and new regulatory requirements. Furthermore, an increased reliance on *pay-as-you-go* funding will be required to fully fund capital improvement plan as the availability of grant revenues diminishes while maintaining adequate levels of cash reserves for working capital and unforeseen expenditures.

Therefore, it is recommended that the District adopt one of the five-year rate plans as detailed below and review the revenue sufficiency forecast in three to five years, or as any significant changes occur.

| Description | Existing | 2025 [1] | 2026 | 2027 | 2028 | 2029 |
|------------------------------------|----------|----------|---------|---------|---------|---------|
| Proposed Rate Scenarios: | | | | | | |
| Maintain Billing Cap | | | | | | |
| Monthly Base Rate per EDU | \$27.13 | \$29.27 | \$31.41 | \$33.55 | \$35.69 | \$37.83 |
| Usage Charge per 1,000 Gallons | \$4.26 | \$4.60 | \$4.94 | \$5.28 | \$5.62 | \$5.96 |
| Remove Billing Cap | | | | | | |
| Monthly Base Rate per EDU | \$27.13 | \$29.14 | \$31.15 | \$33.16 | \$35.17 | \$37.18 |
| Usage Charge per 1,000 Gallons | \$4.26 | \$4.57 | \$4.88 | \$5.19 | \$5.50 | \$5.81 |
| Alternative Rate Scenarios: | | | | | | |
| Maintain Billing Cap | | | | | | |
| Monthly Base Rate per EDU | \$27.13 | \$28.97 | \$30.81 | \$32.65 | \$34.49 | \$36.33 |
| Usage Charge per 1,000 Gallons | \$4.26 | \$4.55 | \$4.84 | \$5.13 | \$5.42 | \$5.71 |
| Remove Billing Cap | | | | | | |
| Monthly Base Rate per EDU | \$27.13 | \$28.80 | \$30.47 | \$32.14 | \$33.81 | \$35.48 |
| Usage Charge per 1,000 Gallons | \$4.26 | \$4.53 | \$4.80 | \$5.07 | \$5.34 | \$5.61 |

[1] Fiscal year 2025 rates are anticipated to be effective January 1, 2025.

Comparison of Current and Prior Rate Recommendations



- Neighboring utility average assumed to increase by 2.5% per year.

Rate Comparison

