



CITY MANAGER M E M O R A N D U M

10.A.

To: The Honorable Mayor and City Commissioners
From: The City Manager
Date: January 12, 2026
Subject: First Reading of Ordinance 26-1628 - Amending Various Utility Rate Sections of Chapter 86 of the City Code, Utilities

Introduction: Ordinance 26-1628 provides for proposed utility rate modifications to the City Code, Chapter 86, Utilities. In conjunction with the first reading of the ordinance, a presentation of the study recently conducted on the City's water, wastewater and reclaimed water rates will be given by Raftelis Financial Consultants, Inc.

Background: Chapter 86 of the City Code establishes for periodic analysis of the rates assessed for the water, wastewater and reclaimed water that is provided by the City of Casselberry. This Chapter was last updated in 2022 when the last Utility Rate Study was completed. The study determined that the City would be able to hold the current water, wastewater, and reclaimed water rates unchanged for two years (FY23 and FY24) by supplementing revenue with excess fund balance and American Rescue Plan Act funding for utility infrastructure projects. For FY25, FY26, and FY27, the study recommended 4% water, wastewater and reclaimed water rate increases be implemented annually starting on October 1, 2024, and each subsequent year. Ordinance 22-1569 incorporated the proposed rate changes and was approved by City Commission on August 22, 2022.

Typically, the City performs a Utility Rate Study every 5 years. However, due to economic changes resulting in a significant increase in utility project costs, City staff decided to conduct the Utility Rate Study earlier than it has historically been performed. On April 17, 2025, the City entered into a contract (SOQ-2025-1253) with Raftelis Financial Consultants, Inc. to study and analyze the utility rates and develop a multi-year plan of water, wastewater and reclaimed water rate revenues that will satisfy annual operating, debt service, and capital cost requirements as well as maintain adequate operating reserves for FY's 2026-2030.

Discussion: Changes to Chapter 86 specifically modify the rates applied to water, wastewater, reclaimed water, miscellaneous fees and system development charges associated with new development. The primary focus of the Utility Rate Study was to prepare a five-year fiscally responsible forecast while developing a funding strategy to pay for system operations, repairs, upgrades and capital improvements. The analysis included a forecast of customers, sales, operating expenses, capital improvement requirements, funding, cash flow and fund balance requirements.

The completion of the Utility Rate Study determined that the City's existing rates for water, wastewater, and reclaimed water service were not going to recover the projected revenue requirements through FY30. The study proposes water and wastewater rate increases of

3.25% beginning April 1, 2026, through September 30, 2026, followed by increases of 7.25% from FY27 through FY30. Reclaimed water rates are recommended to be increased by 6.20% beginning April 1, 2026, through September 30, 2026, followed by increases of 12.10% from FY27 through FY30. The proposed rates are anticipated to meet the projected revenue requirements including operation and maintenance expenses, the funding of capital improvements, and the payment of debt service on the City's existing and proposed debt through FY30.

In rate comparisons with other utility providers during previous Utility Rate Studies, the City's utility rates have been significantly above average. Since the City's last Utility Rate Study was performed in 2022, many neighboring municipalities have increased their utility rates, putting the City's current utility rates at average. The proposed water and wastewater rates will still keep the City in line with neighboring utility providers by placing the City only slightly above average.

The study also provides for increases to various utility-related miscellaneous fees and system development charges. If approved, these will have an implementation date of April 1, 2026.

Ordinance 26-1628 also provides updates to specific sections of Chapter 86 Utilities Article II Sewers and Article III Water. These updates include changing references from the Public Works Department to the Utilities Department where applicable, amending annexation requirements to receive water and sewer service outside City limits, modifying provisions related to deposit refunds, eliminating the 60-day effective date for adjustments for the base sewer variable rate flow charge, updating provisions related to the installation, use and payment for public fire hydrants, and amending regulations related to water irrigation use restrictions and emergency restrictions on water use.

If approved on first reading, the ordinance will be advertised in the *Orlando Sentinel* for a public hearing and second reading at the February 9, 2025 City Commission meeting. A detailed presentation will be made by a representative of Raftelils Financial Consultants, Inc.

Notice of the proposed increase for utility rates, fees, and charges was provided to each customer of the utility through the city's utility bills in December in accordance with Section 180.136, Florida Statutes. The date, time, and place of the City Commission meeting was included in such notices. A business impact estimate has been published on the City's website in accordance with Section 166.041, Florida Statutes.

Budget Impact: Adoption of Ordinance 26-1628 will increase revenues in FY26 and in subsequent fiscal years.

Recommendation: The City Manager and the Utilities Director recommend approval of Ordinance 26-1628 on first reading.

Prepared by: Tara Lamoureux, Utilities Director

Attachments:

1. Ordinance 26-1628
2. Attachment A
3. Attachment B
4. Business Impact Estimate
5. 2025 Utility Rate Study

6. Presentation