

The Island Water Association (IWA) Rate Sufficiency Study Frequently Asked Questions (FAQs)

Why is IWA raising its rates?

IWA has proposed a rate increase of 18% in each of the years 2026, 2027, and 2028. These adjustments are primarily driven by inflation, which has significantly increased operating and maintenance costs. In addition, revenue is required to fund critical capital projects that enhance the resiliency and reliability of the water production and distribution systems, ensuring they can withstand and recover more quickly from future storm events.

Rate increases will also support expansion of system capacity to meet growing water demands, largely driven by irrigation, which accounts for an estimated 60% of potable water use. This trend is illustrated by irrigation patterns observed in April 2025, when total water sales were comparable to April 2022, with both months representing historic high usage levels. Notably, these usage levels occurred despite nearly 400 fewer active accounts in 2025 due to ongoing recovery from Hurricane Ian. This reflects higher water use per account, primarily attributable to new turf installation and increased landscaping irrigation.

How did IWA arrive at 18% rate increases for the next 3 years?

The IWA Board of Directors engaged Raftelis Financial Consultants, Inc., a recognized expert in water rate studies, to conduct a comprehensive evaluation of IWA's water service rates. The study concluded that rate adjustments are necessary to maintain the utility's long-term financial stability and continue delivering high-quality, reliable water service. Raftelis developed a 10-year financial model of operating expenses, capital investments, and emergency reserves to determine optimal rate revenue and debt financing, which informed the proposed rate increases for the next three years. The analysis also reflected IWA's successful award of over \$44 million in grants, forgivable loans, and zero-interest financing, which will support capital projects that enhance system resiliency and reduce future rate increases.

What will the rate increases be beyond 2028?

The future is uncertain, and inflation is likely to remain a significant factor. According to the Raftelis model, future rate increases are expected to be considerably lower than those proposed for 2026–2028. IWA will continue to seek out additional grants and other low-cost funding for its 10-year capital program, which could help limit future rate increases, while system demands will also influence rates.

When was IWA's last rate increase?

IWA last increased rates 16 years ago, in 2009, maintaining the tiered rate structure established in 1992 while implementing an 18% increase across all tiers. The additional revenue from this adjustment, combined with a strong focus on cost management and efficiency improvements, allowed IWA to absorb rising operating costs without further rate increases. During this period, minimal water usage growth also meant that major capacity expansion projects were not required.

Who will approve the rate increases?

A Public Hearing on the proposed water rate and fee adjustments will be held before the City Council of the City of Sanibel on Tuesday, March 3, 2026, at 9:15 AM at MacKenzie Hall, Sanibel

City Hall, 800 Dunlop Road, Sanibel, FL 33957. At this hearing, IWA members and customers will have the opportunity to provide comments on the proposed adjustments before City Council consideration.

What will happen if the rate increase is not approved?

By the end of 2026, water sales revenues will be insufficient to fully cover IWA's operating and maintenance expenses. As a result, critical capacity expansion, safety improvements, and storm-hardening projects would be curtailed, postponed, or cancelled. This outcome would be unacceptable, as it could reduce service reliability and place public health at risk.

IWA is committed to providing a reliable and resilient water utility that is essential to all Sanibel and Captiva residents and businesses. IWA demonstrated this commitment by restoring full system pressure within 10 days following Hurricane Ian and by maintaining operational pressure throughout Hurricanes Helene and Milton. Going forward, IWA remains focused on strengthening this commitment and enhancing system capabilities to better serve the community well into the future.

How can I see my daily water usage?

Water is our most precious natural resource, and IWA is committed to ensuring that members are informed and in control of their water use. To support this goal, IWA has invested in advanced technologies that allow members to view their water consumption at any time through the Member Account Portal at islandwater.com.

Members can also set up customized consumption alerts, with the smart meter system providing text or email notifications when usage exceeds a selected threshold. Through continued investment in smart meter technology and website enhancements, IWA is providing members with the tools they need to effectively monitor, manage, and understand their water use and billing.

Where is the water being used?

Sanibel is estimated to account for approximately 75% of IWA's total water production, with Captiva representing the remaining 25%. Demand density modeling indicates the highest usage occurs near the Sanibel Lighthouse and along Captiva Drive, areas that are the furthest from IWA's treatment plant located near Rabbit Road in central Sanibel.

Although the distance creates operational challenges for the distribution system, IWA has consistently managed these conditions successfully. However, targeted capital improvements will be required to address anticipated future demand in these high-use areas, as well as systemwide increases associated with post-storm redevelopment.

How was the 10-year capital plan developed?

IWA established a Capital Improvement Team comprised of key leaders with in-depth technical and operational knowledge of the water system, many of whom were critical to restoring and maintaining system operations following recent storm events. The team met regularly over several months to identify critical needs related to system safety, distribution infrastructure, storage tanks, treatment plant facilities, and the wellfield that must be addressed over the next 10 to 20 years. These needs were evaluated and prioritized for inclusion in the 10-year capital improvement plan. Most major projects are concentrated at the treatment plant and associated wellfield, with additional distribution system improvements planned throughout Sanibel and Captiva.