

**CITY OF SANIBEL  
RESOLUTION 26-009**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANIBEL, FLORIDA, APPROVING AN ADJUSTMENT TO THE ISLAND WATER ASSOCIATION, INC., WATER RATES AND CHARGES; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, pursuant to that certain Franchise Agreement by, between, and among The Island Water Association, Inc., City of Sanibel, and Lee County, Florida, effective July 16, 1995, as modified by Amendment to Franchise Agreement Between Island Water Association, Inc., The City of Sanibel, and Lee County, Florida, effective June 2, 2015 (collectively the “Franchise Agreement”), The Island Water Association, Inc., (IWA) has filed a Petition for Rate Adjustment, as set forth in **Exhibit “A”** attached hereto and incorporated herein by reference; and

**WHEREAS**, pursuant to Section 8.e. of the Franchise Agreement, Lee County has delegated to the Sanibel City Council the jurisdiction to review, consider, and approve rates and charges, prior to their implementation by IWA, in that area known as the “County Service Area” (generally unincorporated Captiva Island); and

**WHEREAS**, pursuant to Section 8.d. of the Franchise Agreement, the City Council has jurisdiction to review, consider, and approve rates and charges, prior to their implementation by IWA, for that area known as the “City Service Area” (generally the City of Sanibel); and

**WHEREAS**, pursuant to Section 8.c. of the Franchise Agreement, the City of Sanibel forwarded a copy of IWA’s Petition for Rate Adjustment to Lee County within three (3) business days from the City’s receipt of same; and

**WHEREAS**, in accordance with Section 8.f. of the Franchise Agreement, the City Council held a public hearing, after due public notice, prior to approval of any adjustments to rates and charges, and has duly considered this resolution in compliance with those requirements; and

**WHEREAS**, City Council has considered the presentations and supporting documentation provided by IWA representatives in support of the requested rate adjustment, information provided at the hearing and considered the applicable law.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANIBEL, FLORIDA:**

**SECTION 1.** The City Council finds as follows:

- A. The City Council has the jurisdiction to review, consider, and approve adjustments to IWA’s rates and charges within the City Service Area and the County Service Area, as those terms are defined in the Franchise Agreement.
- B. IWA’s Petition for Rate Adjustment was properly filed, contained adequate supporting documentation, and otherwise met the requirements of the Franchise Agreement.
- C. IWA’s Petition for Rate Adjustment was filed more than four (4) months prior to when the rate adjustment is scheduled to take effect.
- D. IWA’s Petition for Rate Adjustment was duly considered at a properly noticed public hearing conducted by the City Council.

E. IWA has demonstrated by competent substantial evidence that its current rates and charges are insufficient to meet its obligations to its customers due to inflation, increased demand for water, and the need to construct several large scale capital projects required to address supply and treatment limitations, to renew and replace aging infrastructure, and to comply with applicable government regulations.

F. IWA has demonstrated by competent substantial evidence that the proposed rate adjustment is needed to address its ongoing obligation to the public.

G. IWA has demonstrated by competent substantial evidence that the proposed rate adjustment is just and equitable and does not discriminate based upon whether the property is located within the City Service Area or the County Service Area.

H. IWA has demonstrated by competent substantial evidence that the proposed rate adjustment is reasonable and necessary for public health, safety and welfare of the water consuming public within IWA's service area.

**SECTION 2.** The application by The Island Water Association, Inc., for adjustments in water rates and fees, as set forth in **Exhibit "A"** attached hereto and incorporated herein by reference, is hereby approved for both the City of Sanibel and Captiva Island (collectively, the City Service Area and the County Service Area as described in the Franchise Agreement), effective June 1, 2026.

**SECTION 3.** This resolution shall take effect immediately upon adoption, with the first approved rate and charge adjustments effective June 1, 2026, and the second approved rate adjustments effective January 1, 2027, and the third approved rate adjustments effective January 1, 2028.

**PASSED IN OPEN AND REGULAR SESSION OF THE CITY COUNCIL OF THE CITY OF SANIBEL, FLORIDA, THIS 3RD DAY OF MARCH 2026.**

Attest:

\_\_\_\_\_  
Scotty Lynn Kelly, City Clerk

\_\_\_\_\_  
Mike Miller, Mayor

Approved as to form and legality:

\_\_\_\_\_  
John D. Agnew, City Attorney

Date filed with City Clerk: \_\_\_\_\_

Vote of Council Members:

Miller \_\_\_\_\_  
Smith \_\_\_\_\_  
DeBruce \_\_\_\_\_  
Henshaw \_\_\_\_\_  
Johnson \_\_\_\_\_



THE ISLAND WATER ASSOCIATION, INC.

January 20, 2026

Dana Souza, City Manager  
City of Sanibel  
800 Dunlop Road  
Sanibel, FL 33957

Dear City Manager Souza,

Attached please find a petition to the Sanibel City Council requesting approval of a three-year rate adjustment proposed to take effect on June 1, 2026. The proposed adjustments include an 18 percent increase to all billed service rates for each of the years 2026, 2027, and 2028, as well as increases to membership and miscellaneous fees. These would be the first rate increases in 16 years and would maintain IWA's average water rates among the lowest in southwest Florida.

In support of the petition, we have included the final report prepared by Raftelis Financial entitled *Island Water Association – Water Rate and Fee Study*, which was approved by the IWA Board of Directors at its meeting on January 19, 2026. The report accounts for recently awarded forgivable and zero-interest loans that will support more than \$34 million in resiliency-focused capital improvement projects.

We are prepared to provide any additional information that may assist you and the Sanibel City Council in your review. We will also be available to present the proposed rate adjustments and to request Council approval by resolution at the public hearing scheduled for the March 3, 2026 Council meeting.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink that reads 'D Wilson'.

Diana Wilson  
General Manager



THE ISLAND WATER ASSOCIATION, INC.

January 20, 2026

David Harner, County Manager  
Lee County  
P.O. Box 398  
Fort Myers, FL 33902-0398

Dear County Manager Harner,

Attached please find a petition from The Island Water Association, Inc. (IWA) to the Sanibel City Council requesting approval of a three-year rate adjustment proposed to take effect on June 1, 2026. The petition seeks an 18 percent increase to all billed service rates for each of the years 2026, 2027, and 2028, along with adjustments to membership and miscellaneous fees. These would be the first rate increases in 16 years and would maintain IWA's average water rates among the lowest in southwest Florida.

The petition package includes the final *Island Water Association – Water Rate and Fee Study* prepared by Raftelis Financial and approved by the IWA Board of Directors at its January 19, 2026 meeting. The study considers recently awarded forgivable and zero-interest loans that will help fund more than \$34 million in resiliency-focused capital improvement projects.

As you may be aware, the Franchise Agreement among IWA, Lee County, and the City of Sanibel provides that the City of Sanibel has jurisdiction over the review and approval of IWA's rates and charges for service on Sanibel and Captiva Islands, both within IWA's service territory. For your reference, copies of the original 1995 Franchise Agreement and the 2015 Renewal Agreement are included.

IWA is scheduled to present the proposed rate adjustments and request approval by resolution at a public hearing during the Sanibel City Council meeting on March 3, 2026.

Thank you for your time and attention. Please feel free to contact us if you have any questions or need additional information.

Sincerely,

Diana Wilson  
General Manager

**CITY OF SANIBEL FLORIDA**

**IN RE: ISLAND WATER ASSOCIATION**

**PETITION FOR RATE ADJUSTMENT**

Pursuant to the Franchise Agreement By, Between and Among Island Water Association, Inc., the City of Sanibel and Lee County, Florida dated July 16, 1995 as modified by Amendment to Franchise Agreement Between Island Water Association, Inc., the City of Sanibel, and Lee County, Florida (collectively the “Franchise Agreement”) the Island Water Association, Inc. (“IWA”) files this Petition for Rate Adjustment with the City of Sanibel (“City”) for approval of an adjustment to its rates and charges, as those terms are defined in Section 8.a of the Franchise Agreement, and in support states as follows:

1. IWA is a non-profit corporation, member-owned water utility serving approximately 5,400 meters in Sanibel and Captiva. IWA is governed by a member elected Board of Directors. IWA’s service territory includes the City of Sanibel, as its boundaries exist or may be established from time to time and territory located outside the City limits within Lee County (“Service Area”).

2. IWA was first franchised by Lee County to provide water utility service within its Service Area in the 1960s. Following the City’s incorporation, the City and Lee County entered the Franchise Agreement in which the two entities granted IWA a franchise to construct, maintain and equip and operate a water supply and distribution and to provide water utility services within their respective portions of IWA’s Service Area.

3. Section 8 of the Franchise Agreement requires IWA to apply for rate and charge adjustments by filing with City Council a “Petition for Rate Adjustment,” with supporting

documentation at least 4 months prior to the proposed effective date. Under the Franchise Agreement, the City Council shall have the jurisdiction to review and approve the Petition for Rate Adjustment for IWA's entire Service Area, including the portion lying within Lee County. The City Council is required to hold at least one public hearing after due public notice prior to approval of any amendments to rates and charges. Action shall be taken by resolution and shall constitute final agency action.

4. IWA's last rate adjustment was approved by the City Council in 2009. Subsequent rate increases were delayed due to economic disruptions such as Covid and hurricanes. During the past 16 years inflation has resulted in an increase in construction materials by 81% and treatment chemicals such as chlorine by 23%. During this same period there has been increased demand for water service. Also, long-term planning has resulted in a multiyear capital improvement plan for several large scale capital projects related to supply and treatment limitations, increased need for renewal and replacement of aging infrastructure and regulatory compliance costing approximately \$122 million.

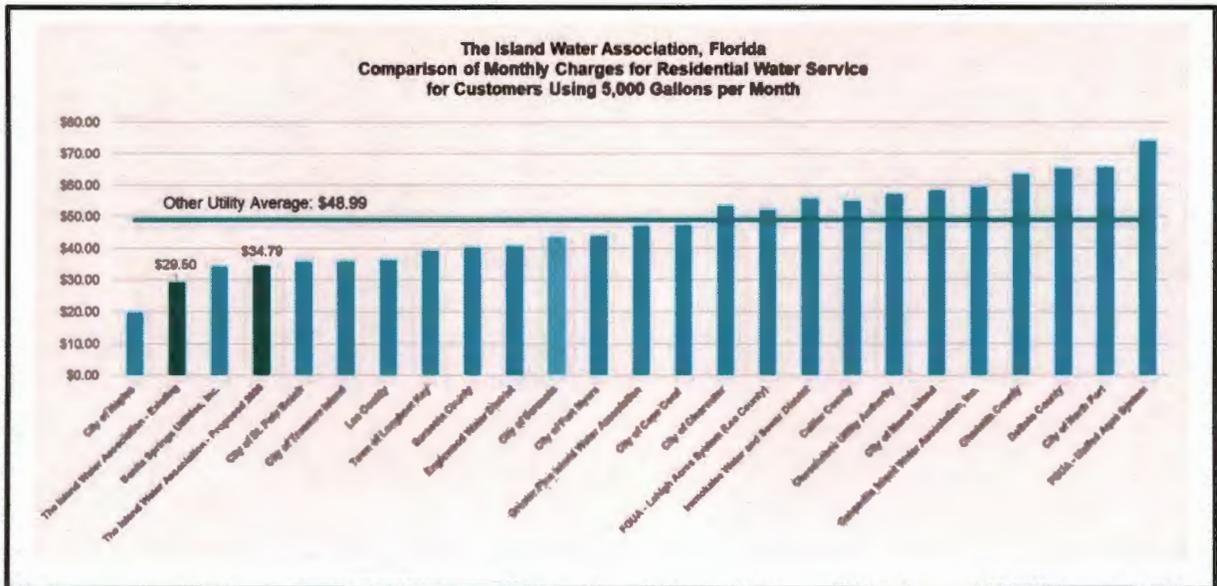
5. In order to address these capital improvements, IWA retained Raftelis Financial Consultants to conduct a rate study of its utility system. A copy of their Water Rate and Fee Study dated January 15, 2026 is attached hereto as **Exhibit "A."** Although IWA was recently awarded over \$44 million by the Florida Department of Environmental Protection in grant, forgivable loan and a zero-interest loan, which will be used to fund a portion a portion of the planned capital improvements, Raftelis determined a rate adjustment was still needed to fund the capital improvements and address rising costs of operating and maintaining the water utility, which are projected to increase by an average of 5.4 percent annually over the 10-year study period.

6. In order to meet these needs, Raftelis has recommended the following rate adjustments to IWA's rates and charges.

Projected Bill Impacts from Proposed Rate Adjustments				
Description	Existing	FY26	FY27	FY28
Proposed Residential Bill (5,000 Monthly Gallons): [1]				
Water Bill	\$29.50	\$34.79	\$41.05	\$48.46
<b>Increase in Residential Monthly Bill</b>		<b>\$5.29</b>	<b>\$6.26</b>	<b>\$7.41</b>
Percent Applied to Monthly Service Rates		18%	18%	18%
Proposed Effective Date		April 2026	Jan. 2027	Jan. 2028
[1] Monthly residential bills may vary over time based on unique water demands, but the proposed adjustments are applied uniformly to all rates. The average residential bill is estimated to equal approximately 5,000 monthly gallons.				

The actual proposed rate schedule is contained in their attached report

7. Following this rate adjustment, IWA's water will remain below regional averages and will remain competitive with other local utilities.



8. The proposed rates and charges are just and equitable and do not discriminate based upon whether property is located within the City Service Area or the County Service Area.

9. The proposed effective date of the rate adjustment is June 1, 2026.

WHEREFORE, IWA respectfully requests the City Council hold at least one public hearing concerning the requested rate adjustment and at the conclusion of the hearing adopt a resolution approving the rate adjustment set forth in **Exhibit "A"** effective June 1, 2026.

THE ISLAND WATER ASSOCIATION, INC.

By:   
Diana Wilson, General Manager

Date: January 20, 2026

**ISLAND WATER ASSOCIATION**

# **Water Rate and Fee Study**

**JANUARY 15, 2026**

January 15, 2026

Ms. Diana Wilson  
General Manager  
Island Water Association  
3651 Captiva Road  
Sanibel, FL 33957

Subject: **Water Rate and Fee Study**

Dear Ms. Wilson:

We have completed our review of the water rates and fees for the Island Water Association (Association) Water System (System), and this report presents our conclusions and recommendations including proposed water rates, miscellaneous fees, and membership / connection fees for adoption on or after April 1, 2026. The recommendations set forth herein are based on our evaluation of the adequacy of the Association's existing rates and fees for water service necessary to meet the projected revenue requirements for fiscal year ending December 31, 2025 (Fiscal Year 2025) through the fiscal year ending December 31, 2035 (Forecast Period), which is consistent with the capital improvement plan that has been developed for the System. As a result of our evaluation, we are recommending the adoption of proposed water rates for the next three (3) fiscal years. We are not recommending adoption of the rates increase projected for the remainder of the Forecast Period due to the uncertainty of assumptions about future costs and events that may affect the Association's rate needs.

In order to prepare the financial forecast and rate recommendations, we have relied upon certain information and data collected from the Association including Annual Comprehensive Financial Reports; the amended Fiscal Year 2025 operating budget; the adopted Capital Improvement Plan ("CIP") and associated funding sources; customer billing statistics; periodic reports; records of operation; and other information and data provided by the Association. To the extent we have performed our analyses using the data and information obtained from the Association and others, we have relied upon such information to be accurate and no assurances are intended and no representation or warranties are made with respect thereto or the use made herein.

## Introduction

The Association is a non-profit, member-owned water utility providing service on Sanibel and Captiva Islands. As required by the Association's Franchise Agreement with the City of Sanibel (the "City") and Lee County ("County"), any adjustments to rates must be approved by the City prior to implementation, as the County delegated this responsibility in the Franchise Agreement. The Association's primary goals and objectives include: i) maintaining public health and safety; ii) ensuring system reliability and resiliency; iii) achieving high quality level of service standards at a reasonable price; and iv) performance of all goals with financial discipline to ensure future viability of the system. The major issues facing the Association include the need to meet regulatory capacity requirements to water supply, treatment, and transmission systems for additional capacity

to meet the increasing demand due to post-storm redevelopment and increasing irrigation demands, upgrade the water treatment plant and providing for the renewal and replacement of the Association’s aging infrastructure to improve reliability and enhance hurricane preparedness. The Association is addressing capacity issues as required by Florida Administration Code [FAC 62-555.348(3)(a)]. To address these issues, the Association conducted long-term planning studies that have resulted in development of a multi-year capital plan that recommended large scale capital projects to deal with water supply, treatment and transmission capacity limitations, upgrades to the water treatment plant, increasing investment in the renewal and replacement of aging infrastructure, and ensure regulatory compliance. The Association’s current monthly service rates were adopted in 2009. Since that time, the System has experienced significant inflation in the cost of operations and capital projects. Rate increases were also deferred in recent years due to economic disruptions such as Covid and the impact of several hurricanes.

In order to mitigate the rate impact of capital project costs, the Association has actively and successfully pursued grant funding opportunities. The primary objective of this study is to assist the Association in identifying water rates and fees sufficient to recover the cost of operating, maintaining, repairing, and financing the System. As outlined in this report, water rate and fee adjustments are proposed in order to support the projected revenue requirements, including updated Membership/Connection Fees to recover the capacity-related costs to serve new development. The Association’s current capital improvement program reflects significant capital investments to improve and expand the water supply, treatment, and transmission systems. Based on the projected operating results summarized herein, the System’s existing rates will not be sufficient to satisfy the projected revenue requirements (i.e., expenditures) during the Forecast Period.

The following table summarizes the proposed increases in monthly water service rates for Fiscal Years 2026 through 2028:

### Projected Bill Impacts from Proposed Rate Adjustments

Description	Existing	FY26	FY27	FY28
Proposed Residential Bill (5,000 Monthly Gallons): [1]				
Water Bill	\$29.50	\$34.79	\$41.05	\$48.46
<b>Increase in Residential Monthly Bill</b>		<b>\$5.29</b>	<b>\$6.26</b>	<b>\$7.41</b>
Percent Applied to Monthly Service Rates		18%	18%	18%
Proposed Effective Date		April 2026	Jan. 2027	Jan. 2028

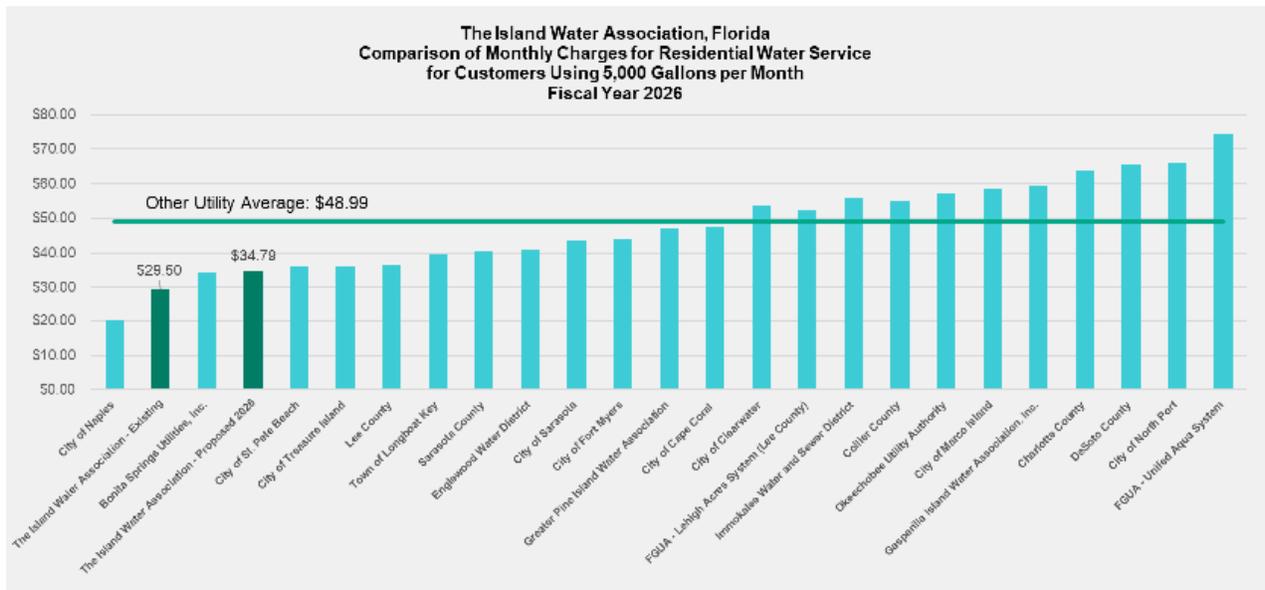
[1] Monthly residential bills may vary over time based on unique water demands, but the proposed adjustments are applied uniformly to all rates. The average residential bill is estimated to equal approximately 5,000 monthly gallons.

Additional rate adjustments are projected beyond Fiscal Year 2028; however, due to the uncertainty of assumptions made about future cost and events, we do not recommend adopting rates beyond the next three

(3) years. The Association should plan to consider the need for rate structure changes as part of the next study to address high irrigation use (approximately 60% of water revenues come from irrigation).

As stated previously, the Association last updated their water rates in 2009. While the Association has maintained a balanced utility budget each year, water rates have not kept pace with increasing operating costs. Over the past several years after the island was hit by Hurricanes Ian, Helene, and Milton, revenues have dropped due to loss of customer base and are only adequate to fund operating expenses and a portion of the annual capital maintenance requirements. During this time, the Association has funded nearly all capital projects through the use of cash reserves. Based on the use of cash reserves and the amended Fiscal Year 2025 Budget, available cash reserves are projected to significantly decline over time, which limits the Association’s ability to fund future capital projects without adjusting water rates.

The existing and proposed water monthly service rates are summarized on Table 12 at the end of this report, while detailed residential bill comparisons of existing rates to the proposed water rates are shown on Table 13. Based on the proposed rate adjustments in Fiscal Year 2026, the average residential customer’s bill for 5,000 gallons of water would increase from \$29.50 to \$34.79. As shown on the following chart the Association’s current and proposed FY2026 water rates are among the lowest in the region.



The rate study recommendations are based on a ten-year financial forecast developed for the System. The financial forecast starts with the identification of utility operating and capital needs, next evaluates the capital financing plan and, finally, identifies the timing of rate adjustments. The basis for the rate recommendations over the next three years is a financial forecast developed for Fiscal Years 2026 through 2035. Due to the uncertainty of making projections of future operations and the objective of phasing in rate increases, the Association should re-evaluate its rates in three years to further confirm and refine future rate needs.

The recommendations of this study also include proposed adjustments to the System Membership Fees to be recovered from new development, as well as increases to the existing miscellaneous utility fees and charges. The study tasks and rate and fee recommendations are discussed in more detail in the remainder of this report.

## Sales Forecast

Gross revenues under existing rates are estimated over the Forecast Period to increase from approximately \$8.1 per year in Fiscal Year 2025 to \$9.6 million per year by Fiscal Year 2035 due to projected sales growth. The projected revenues were based on discussions with Association staff regarding future sales growth of approximately 2.0% annually. The majority of revenues are derived from monthly service rates as shown in Table 1 at the end of this report. Other revenues include interest income and revenue from charges for miscellaneous services. The projected revenues are based upon a customer and sales forecast for the System shown on Table 2. Table 3 provides a summary of other income and miscellaneous service charge revenue for the Forecast Period.

## Revenue Requirements

The various components of cost associated with operating and maintaining the System, as well as the cost of the renewal and replacement of facilities and funding capital improvements for upgrades and expansion, are generally referred to as the utility cash revenue requirements. The sum of these cost components, after adjusting for other income including external grant funding and miscellaneous utility revenues, represents the net cash rate revenue requirements. The revenue requirements for this study are predicated on an analysis of System costs for the ten- (10) fiscal year period ending December 31, 2035 (i.e., Fiscal Years 2026 through 2035 and previously defined as the Forecast Period). The projected revenue requirements included the various generalized cost components described below:

- Operating Expenses: These expenses include the cost of utilities, chemicals, labor, materials, supplies, and other items necessary for the operation and maintenance of the water and wastewater systems. For the purposes of setting rates, these expenses do not include depreciation, which is a non-cash expense.
- Debt Service: Debt service includes the principal and interest on the Association's current and proposed loans payable. The Association's capital funding plan assumed a series of four (4) loans during the Forecast Period.
- Other Revenue Requirements: This component of cost includes, in general, i) any ongoing capital improvements (capital outlay) to be funded from rate revenues and annual transfers to the Emergency Reserve and Operating Reserve Funds to achieve and maintain appropriate fund balances.

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## **PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS**

The projected cash revenue requirements as shown on Table 4 for the System are based upon certain assumptions, considerations, and analyses. The major assumptions, considerations and analyses that are included in the projected revenue requirements for the Forecast Period are as follows:

1. The amended Fiscal Year 2025 Budget associated with the operations of the System serves as the basis for the Systems' expenditure projections and is shown in detail on Table 5. Unless otherwise noted, the underlying assumptions and expenditure amounts included therein are assumed to be reasonable and reflect anticipated operations. Such budgetary amounts are incorporated into the revenue requirement component of the study, except for adjustments and assumptions as noted hereunder.
2. Projected revenues from current rates and charges for the Association's water system are based on a projection of customers as provided by the Association. Based on the service area growth forecast shown on Table 2 at the end of this report, rate revenues are estimated to increase by approximately 1.7% per year on average and will be inadequate to cover association costs in the future.
3. The operating expenses for Fiscal Year 2025 were projected for the remaining ten (10) years of the Forecast Period (i.e., through Fiscal Year 2035) as illustrated on Table 5. The following list summarizes the operating cost escalation factors that were assumed as included on Table 6:
  - Wages and Salaries = 5.5% Annually
  - Insurance = 10.0% Annually
  - Repairs and Utility Costs = 4.0% Annually
  - Electric Power Cost = 8.7% Annually
4. Beginning in FY2028, the study results also assume an annual cost reduction of approximately \$450,000 associated with cost savings from the Chlorine Alternative capital improvement project.
5. Based on the expense assumptions and labor cost estimates provided herein, the amended Fiscal Year 2025 operating expenses are projected to increase approximately 5.3% per year over the Forecast Period.
6. Based on discussions with staff, the total capital funding program as shown on Table 7 for the ten year Forecast Period totals \$100.6 million based on 2025 cost estimate levels. These costs were inflated for future construction costs at approximately 4.0% annually for estimated total capital expenditures of \$121.9 million over the Forecast Period. The major focus of the capital program is to expand water supply and treatment capacity, upgrade water treatment technology and increase renewal and replacement expenditures related to aging infrastructure, maintain public health and safety, enhance system reliability, resiliency, and hurricane preparedness. The following summarizes the major capital projects:

- RO Plant and Electrical Improvement: \$26.9 million
  - C12 Alternative Design and Construction: \$12.7 million
  - Deep Injection Well : \$18.3 million
  - New Ground Storage Tank: \$11.1 million
7. The Association has applied for and received notice of award of over \$44 million in external funding consisting of legislative grants, forgivable and zero-interest loans through the Florida Department of Environmental Protection's (DEP) Drinking Water State Revolving Fund Program (DWSRF), which offsets the need for the issuance of debt and future rate adjustments. The Association plans to continue to pursue grant funding alternatives. It should be noted that no additional grants have been assumed beyond the grants that have been currently awarded to the Association and that any future grant authorizations may contribute to lower future rate adjustments.
8. The major capital improvement projects will provide long-term benefits over 30 years or more. In discussion with Association staff, these projects are planned to be funded from long-term financing. The funding strategy is based upon borrowing funds from the State of Florida revolving loan fund (SRF) administered by the Florida Department of Environmental Protection (FDEP), and includes the following loans:
- Water SRF Loan assumed for C12 Alternative Construction
    - i. \$2.69 million (includes fees and capitalized interest)
    - ii. Repayment assumed to begin in FY2028 at \$175,639 per year
    - iii. Assumes 20-year repayment at 2.75% annual interest
  - Water SRF Loan assumed for Blind Pass Directional Drill, South Seas Hydraulic Improvements, Sanctuary Secondary Feed, Captiva Drive Water Main Upgrade, and the RO Plant & Electrical Improvements
    - i. \$19.66 million (includes fees and capitalized interest)
    - ii. Repayment assumed to begin in FY2030 at \$983,189 per year
    - iii. Assumes 20-year repayment at 0.0% annual interest

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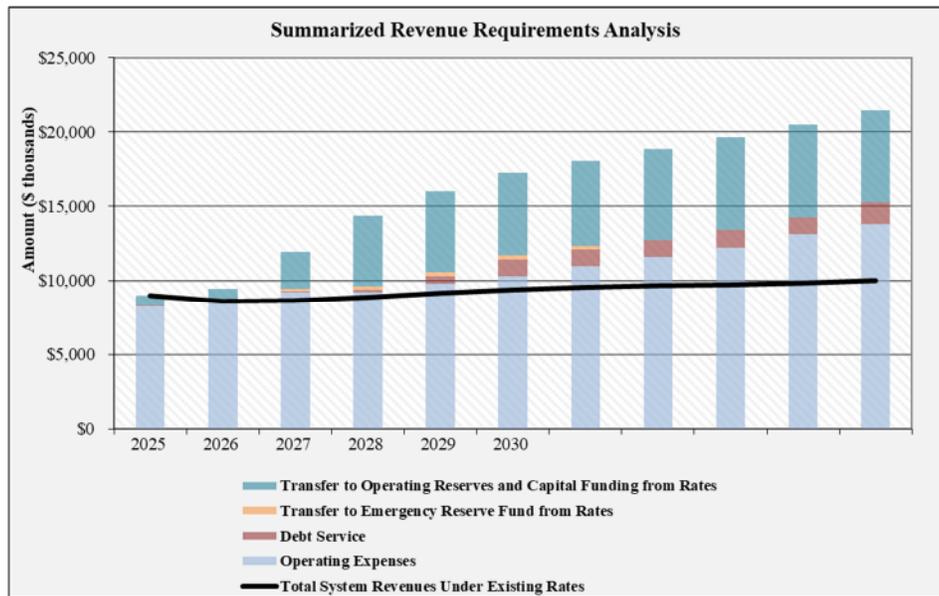
- Water SRF Loan assumed for New Ground Storage Tank
    - i. \$4.65 million (includes fees and capitalized interest)
    - ii. Repayment assumed to begin in FY2035 at \$303,741 per year
    - iii. Assumes 20-year repayment at 2.75% annual interest
  - Water SRF Loan assumed for New Deep Injection Well
    - i. \$14.25 million (includes fees and capitalized interest)
    - ii. Repayment assumed to begin in FY2036 at \$931,155 per year
    - iii. Assumes 20-year repayment at 2.75% annual interest
9. The Association currently has one minor loan outstanding with a \$300,000 balloon payment due in 2029. The existing and proposed debt is shown on Table 8 at the end of this report.
10. Raftelis recommends that the Association establish an Emergency Reserve Fund to maintain cash reserves for natural disaster relief and unanticipated funding needs of the System. It is recommended that a balance of at least \$1 million be kept within the fund. It is proposed that this fund be restricted based on policies established by the Board of Directors. Transfers to the Emergency Reserve Fund are shown on Table 9.
11. Table 10, at the end of this report, provides a summary of the projected year-ending cash and reserve balances for each fund. As shown on Table 10, if the proposed rates are implemented, the System should have adequate cash reserves in order to meet day-to-day funding needs and any unexpected emergencies requiring immediate financial resources.

The study recommends that operating reserve policy establishes a minimum of 120 days of operating expenses be maintained in the operating fund. As summarized on Table 10, if the proposed rates are implemented, the System is projected to maintain a balance that exceeds the minimum requirement over the Forecast Period.

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## Adequacy of Existing Utility Rate Revenues

As shown on Table 4, based on the forecast of sales and revenues for the System and the assumptions and considerations set forth herein with respect to estimated revenue requirements, the following chart illustrates the existing revenue deficiency for the Forecast Period:



As shown above, the existing revenues are not adequate to fund the revenue requirements over the Forecast Period. The projected annual revenue deficiency is projected to increase to approximately \$5.4 million per year by Fiscal Year 2035. The primary reasons for the projected revenue deficiency include the following:

- In the recent past, revenues have not kept pace with actual expenditures, and based on the amended Fiscal Year 2025 Budget, current revenues are only adequate to cover operating expenses and minimal debt service payments. Beginning in Fiscal Year 2026, revenues are insufficient to cover operating expenses;
- The Association is currently planning an extensive capital program to expand water treatment and transmission capacity, enhance system reliability, resiliency, and hurricane preparedness, as well as maintain service levels and public health and safety; and
- The Association plans to finance major capital improvements with future loans. Financing these improvements will allow the Association to phase in rate adjustments over an extended period of time as new debt service payments are incurred; however, larger than average rate increases will be needed over the next several years.

In order to satisfy the projected revenue requirements of the System, the study identified rates through Fiscal Year 2035 but only recommends adopting rates for the next three (3) years before updating the rate plan. The following table summarizes the projected System-wide increases in water rates for Fiscal Years 2025 through 2035:

### Projected System-wide Rate Increases

Year	Proposed Increase
FY2026	18.0% [*]
FY2027	18.0%
FY2028	18.0%

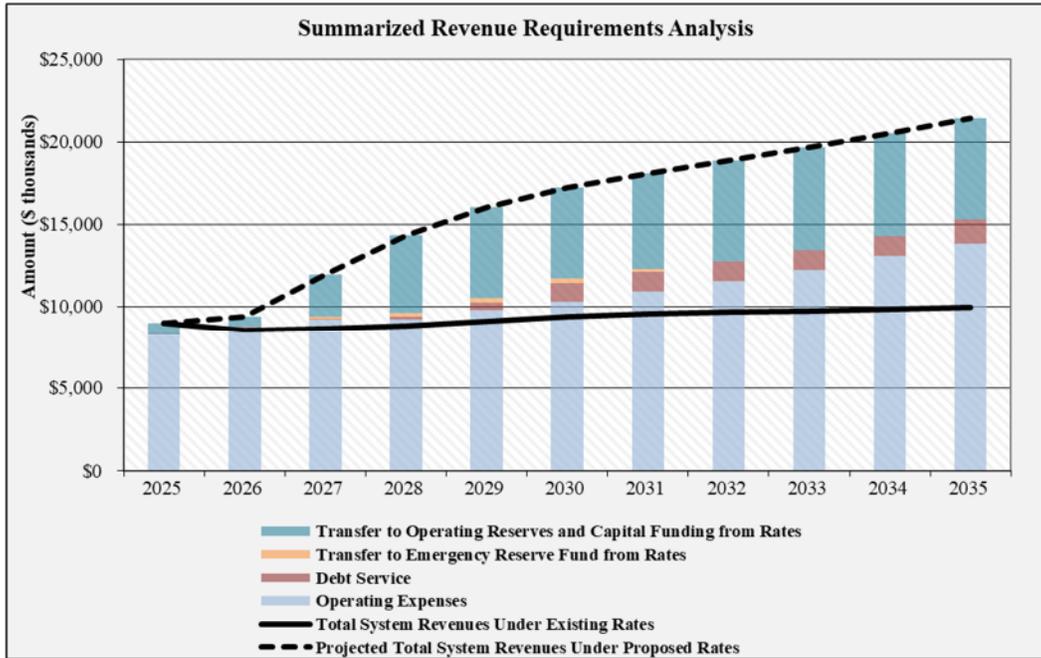
  

Year	Projected Increase
FY2029	9.0%
FY2030	5.25%
FY2030	3.0%
FY2031	3.0%
FY2032	3.0%
FY2033	3.0%
FY2034	3.0%
FY2035	3.0%

[\*] On or after April 1, 2026.

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If the proposed monthly service rates are adopted and implemented, the following chart illustrates the projected revenue sufficiency under the proposed rates:



### DEBT SERVICE COMPLIANCE

In addition to meeting the System’s cash revenue requirements (i.e., expenditure requirements), the proposed rates must be sufficient to satisfy the debt service coverage requirements of the Associations existing and proposed debt. The proposed debt assumes that the Association will issue a series of four (4) SRF loans during the Forecast Period. The minimum debt service coverage ratio for SRF Loans is 115%. Thus, for each dollar (\$1.00) of annual debt service payments, the rates must produce a minimum of one dollar and ten cents (\$1.15) of net revenues available to pay such debt service after the payment of System cash operating expenses.

As summarized on Table 11, the anticipated gross revenue for the System, assuming that the Association adopts the proposed rates in this report, should be adequate to meet the debt service requirements of the proposed debt.

### Proposed Water Monthly Service Rates

As discussed earlier, based on the estimated rate revenue deficiencies for the System as shown on Table 4, the proposed rate adjustments for the next three (3) years were applied to the existing rates uniformly for all fiscal years beginning on and after April 1, 2026 and each January 1 thereafter. All charges including the monthly base charge and the usage charges are proposed to increase by eighteen percent (18%) each year as shown on Table 12 at the end of this report for Fiscal Years 2026 through 2028.

Bill comparisons for typical residential bills are shown on Table 13 for the Association's existing and proposed rates alongside other benchmark utilities in the area. The proposed rates are estimated to be sufficient to recover the net revenue requirements estimated in this report and should remain competitive with similar water rates charged by other jurisdictions in the region.

## Proposed Membership Fees

The Association's water utility system, as well as other utility systems, are facing increasing capital commitments necessary to expand water system facilities to serve new growth. The utility business is capital intensive and requires the commitment of significant resources to be available in advance of the growth in service demands. In addition, System improvements and regulatory compliance also require significant capital expenditures in today's utility business environment. Further, the impact of inflation on System operating expenses and on the cost of new and replacement facilities results in upward pressure on monthly utility user rates. The compelling capital needs associated with the utility business and the desire to control the increase in monthly utility user rates and charges have resulted in the use of funding alternatives such as the Association's Membership Fees (also defined herein as Connection Fees) to finance the cost of System expansion attributed to new growth.

The implementation and use of Connection Fees should meet the following minimum criteria:

1. Require that the calculation of the Connection Fee be based on the most recent and localized data;
2. Provide for accounting and reporting of Connection Fee revenues and expenditures in a separate accounting fund;
3. Limit administrative charges for the collection of Connection Fees to actual costs, if any; and
4. Implement new fees no less than 90 days after the effective date of a resolution imposing a new or increased Connection Fee.

The Association last updated the System Connection Fees in Fiscal Year 2009. The study proposed to increase the existing fees based on the actual expansion-related costs incurred by the System, plus the identified expansion-related capital improvements within the Association's approved CIP, both of which will serve the capacity needs of future customers. In developing our analysis, there are two (2) significant components addressed in designing Connection Fees. These two components include: i) the level of service (LOS) to be apportioned to the applicants that request System capacity; and ii) the level or amount of capital costs to be recovered from a new applicant requesting service. Both of these issues are related to the level of the Connection Fee expressed on an equivalent residential unit or ERU basis (the lowest denominator for the fee).

The LOS currently adopted by the Association provides for up to 600 gallons per day (gpd) of water system capacity per ERU. The study recommends a LOS of approximately 500 gallons per day (gpd) for the Connection Fee design based on a review of the most recent customer usage data provided by the Association.

In the determination of the Connection Fees associated with the serving future customers, the cost of existing System capacity associated with water supply, treatment, and transmission facilities available to serve such growth are considered. Since such capacity is available to serve the near-term incremental growth of the System, it is appropriate to evaluate the capacity availability of such facilities. In order to evaluate the availability of the existing utility plant-in-service to meet future capacity needs, it is necessary to functionalize the assets by specific utility requirement. The functionalization of the existing assets is necessary to identify those assets which should be included in the determination of the Connection Fees.

As shown on Table 14 at the end of this report, the System has invested \$48.3 million in total assets to date, and approximately \$21.2 million or 44% of the total investment serves the supply, treatment, and transmission needs of the System. This portion of the assets is considered the "System Costs" whereby all customers benefit. The remaining assets were excluded from the Connection Fee calculation since such investments primarily relate to local or on-site water distribution costs that are, generally, contributed or assets that are funded separately.

The Association plans to update and expand the water plant and transmission facilities to serve increasing demand or capacity requirements. In order to develop a Connection Fee that is consistent with the capital costs of the System, the cost of the Association's capital improvements that are anticipated to meet such future expansion-related needs are reflected in the proposed Connection Fee. Table 15 at the end of this report provides a detailed summary of the Association's planned improvements. The improvements are for: i) expansion of the treatment and transmission system to meet the capacity requirements of new development; and ii) upgrades to existing assets that will benefit both current and future users of the System. Project costs related to the replacement of assets, minor equipment needs or those improvements that are anticipated to be funded from grants were excluded from the list of projects used in this analysis.

Table 15 at the end of this report provides a detailed listing of the planned water and wastewater improvements and expansions. As derived from Table 15, the Association plans to invest approximately \$122 million in future improvements that will benefit new customers of the System.

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The existing and proposed membership fee is shown on the following table:

**Proposed Membership / Connection Fees**

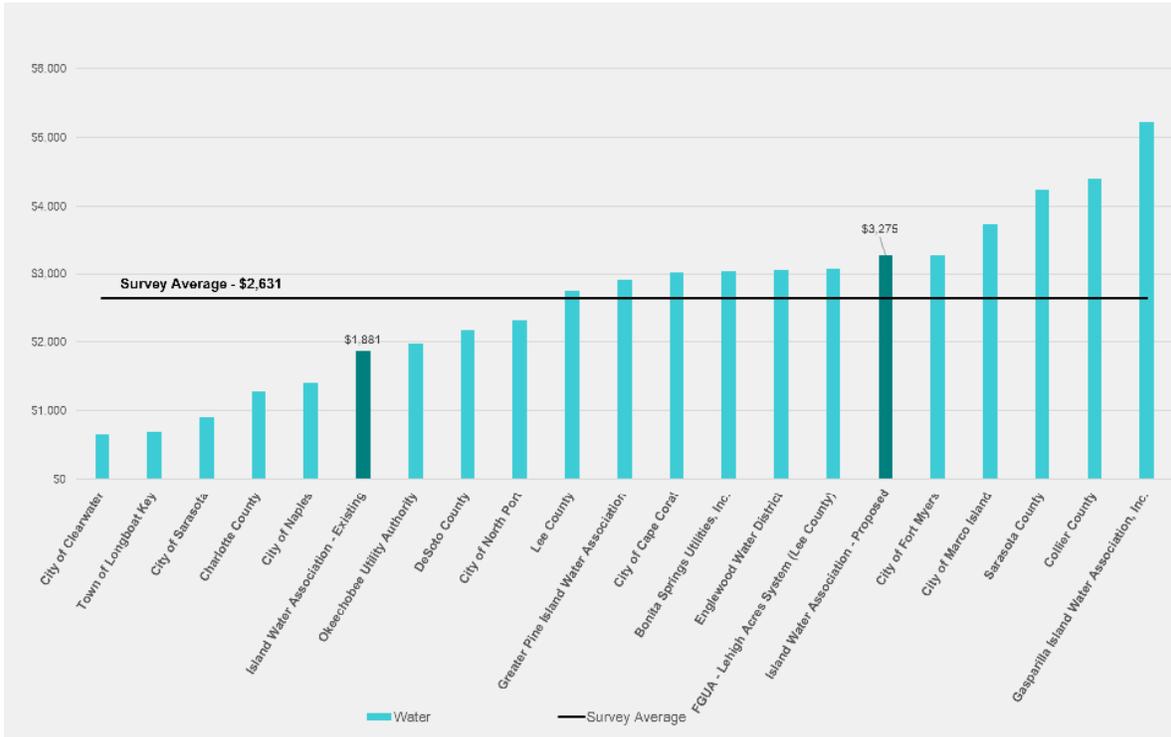
Description	Water Fee
Existing Fee per ERU (Implemented 2009)	\$1,881
Calculated Cost per ERU (Proposed 2026)	<u>\$3,275</u>
Percent Increase	74%
Dollar Increase	\$1,394

ERU = Equivalent Residential Unit.

Raftelis also recommends a change from the current fee application method. Currently, the residential customer class is based on the same fee for all types of residential units, which is adjusted for meter size. After analyzing the historical water usage characteristics, it was determined that the single-family residential class water use is significantly higher than the multi-family residential class. Based on the lower contribution to capacity the multi-family should be charged a lower fee per unit. The multi-family fee is proposed to be based on a factor of 40% of equivalent single-family unit. The proposed non-residential/commercial class fees are based on a factor of 55% for the 5/8-inch meter compared to the same meter size for the equivalent single-family residential fee per unit based on a review of non-residential/commercial water use. For all residential and non-residential customers, the proposed fee per unit was then adjusted based on the size of the meter based on the hydraulic capacity of the meter. Larger sized meters generally have a greater impact on the capacity needs of the System when compared to the 5/8-inch meter. Table 17 at the end of this report provides a summary of the existing and proposed Membership/Connection Fees by customer class and meter size. Table 18 provides a comparison of the proposed single-family for a 5/8-inch fee with the Association’s benchmark utilities as follows.

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A significant factor in the Association’s proposed fees for single-family residential class is the higher average water use for its customers compared with that of other utilities.



## Proposed Miscellaneous Utility Fees and Charges

The Association maintains a schedule of miscellaneous utility fees and charges that account for direct customer service requirements, including tap and/or meter installation fees and service charges, meter relocations, meter test fees, among others. To support this portion of the study, Association staff assisted in the development of estimates of the cost of each miscellaneous service that is included as Table 19 of this report. The analysis that was prepared to estimate the cost for each miscellaneous service is shown on Tables 20 through 23 of Appendix A at the end of this report. Such costs consider the staffing levels and related labor costs, equipment needs, materials and supplies and overhead costs for each type of miscellaneous service. A summary of the proposed fees is shown on Table 19 at the end of this report. The proposed charges are recommended for implementation on or after April 1, 2026.

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## Conclusions and Recommendations

Based on our studies, assumptions, considerations, and analyses as summarized herein, Raftelis is of the opinion that:

1. The Association's existing rates for water service will not recover the projected revenue requirements for the fiscal years ending December 31, 2026 through 2035.
2. The Association should consider adopting the proposed monthly service rates effective for bills rendered on or after April 1, 2026 and each January 1 thereafter for Fiscal Year 2026 through 2028.
3. The proposed rates produce comparable bills with other utilities and are generally lower than those of neighboring benchmark utilities.
4. The Association should also consider adopting the proposed miscellaneous charges and Membership/Connection Fees.
  - a. The Association should provide at least 90 days' notice following approval before implementing the updated Membership Fees.
  - b. The miscellaneous charges are recommended for implementation on or after April 1, 2026.
5. The Association should continue to periodically update this study to account for actual operating results and to revisit the Association's ability to fund the cost of operation and future capital improvement needs.

We appreciate the opportunity to be of service to the Association.

Respectfully submitted,

**RAFTELIS FINANCIAL CONSULTANTS, INC.**



**Henry L. Thomas**  
*Senior Vice President*



**Matthew N. Ori**  
*Senior Consultant*

HHT/dlc  
Attachments

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Table 1

**The Island Water Association  
Water Rate Study**

**Summary of Projected Revenues at Existing Rates [1]**

Line No.	Description	Projected Fiscal Year Ending December 31,										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Water System:											
1	Residential Metered Service	\$5,908,944	\$6,017,103	\$6,127,480	\$6,240,120	\$6,355,068	\$6,472,373	\$6,592,083	\$6,714,247	\$6,838,915	\$6,966,139	\$7,095,972
2	Master Metered Service	1,660,886	1,678,234	1,695,937	1,734,435	1,771,485	1,808,443	1,827,807	1,847,569	1,867,735	1,888,315	1,909,317
3	Non-Residential Metered Service	479,038	487,561	496,259	505,135	514,193	523,436	532,869	542,496	552,319	562,344	572,575
4	Sprinkler Metered Service	93,701	78,959	80,455	81,981	83,538	85,128	86,749	88,405	90,094	91,817	93,576
5	Total	<u>\$8,142,569</u>	<u>\$8,261,858</u>	<u>\$8,400,131</u>	<u>\$8,561,670</u>	<u>\$8,724,284</u>	<u>\$8,889,380</u>	<u>\$9,039,509</u>	<u>\$9,192,716</u>	<u>\$9,349,064</u>	<u>\$9,508,616</u>	<u>\$9,671,440</u>

## Footnotes

[1] The Association does not meter irrigation service separately.

Table 2

The Island Water Association  
Water Rate Study  
Summary of Water Customers

Line No.	Customer Type	ERU Factor	Projected Fiscal Year Ending December 31,										
			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Residential Metered Customers</b>													
1	Estimated Growth		0	0	0	0	0	0	0	0	0	0	0
2	Average Annual Accounts		4,593	4,593	4,593	4,593	4,593	4,593	4,593	4,593	4,593	4,593	4,593
3	Average Annual Units		4,587	4,587	4,587	4,587	4,587	4,587	4,587	4,587	4,587	4,587	4,587
4	Average Annual ERUs	1.00	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902
5	Annual Water Sales (000's)		852,336	1,042,347	1,063,715	1,085,522	1,107,775	1,130,484	1,153,659	1,177,309	1,201,444	1,226,074	1,251,208
6	Average Monthly Usage Per Account		15,464	18,912	19,300	19,695	20,099	20,511	20,931	21,361	21,798	22,245	22,701
<b>Master-Metered Metered Customers</b>													
7	Estimated Growth		0	0	0	2	1	1	0	0	0	0	0
8	Estimated Unit Growth		0	0	0	120	120	116	0	0	0	0	0
9	Average Annual Accounts		469	469	469	469	471	472	473	473	473	473	473
10	Average Annual Units		5,842	5,842	5,842	5,842	5,962	6,082	6,198	6,198	6,198	6,198	6,198
11	Average Annual ERUs	1.00	3,248	3,248	3,248	3,248	3,262	3,269	3,276	3,276	3,276	3,276	3,276
12	Annual Water Sales (000's)		176,583	215,949	220,376	224,893	230,482	235,706	241,048	245,989	251,032	256,178	261,430
13	Average Monthly Usage Per Account		31,370	38,364	39,150	39,953	40,772	41,607	42,460	43,331	44,219	45,126	46,051
<b>Non-Residential Metered Customers</b>													
14	Estimated Growth		0	0	0	0	0	0	0	0	0	0	0
15	Average Annual Accounts		297	297	297	297	297	297	297	297	297	297	297
16	Average Annual Units		420	420	420	420	420	420	420	420	420	420	420
17	Average Annual ERUs	1.00	757	757	757	757	757	757	757	757	757	757	757
18	Annual Water Sales (000's)		62,559	76,505	78,074	79,674	81,307	82,974	84,675	86,411	88,183	89,990	91,835
19	Average Monthly Usage Per Account		17,573	21,490	21,931	22,380	22,839	23,307	23,785	24,273	24,770	25,278	25,796
<b>Sprinkler Metered Customers</b>													
20	Estimated Growth		0	0	0	0	0	0	0	0	0	0	0
21	Average Annual Accounts		36	36	36	36	36	36	36	36	36	36	36
22	Average Annual Units		39	39	39	39	39	39	39	39	39	39	39
23	Average Annual ERUs	1.00	52	52	52	52	52	52	52	52	52	52	52
24	Annual Water Sales (000's)		12,837	15,699	13,060	13,327	13,600	13,879	14,164	14,454	14,750	15,053	15,361
25	Average Monthly Usage Per Account		29,993	29,900	30,513	31,138	31,777	32,428	33,093	33,771	34,464	35,170	35,891
<b>Total Water Customer</b>													
26	Accounts		5,394	5,394	5,394	5,394	5,396	5,397	5,398	5,398	5,398	5,398	5,398
27	Units		10,888	10,888	10,888	10,888	11,008	11,128	11,244	11,244	11,244	11,244	11,244
28	ERUs		9,959	9,959	9,959	9,959	9,973	9,980	9,987	9,987	9,987	9,987	9,987
29	Water Sales		1,104,315	1,350,500	1,375,224	1,403,416	1,433,165	1,463,044	1,493,546	1,524,164	1,555,409	1,587,295	1,619,834
30	Average Monthly Usage Per Account		17,060	20,863	21,245	21,680	22,131	22,589	23,055	23,528	24,010	24,502	25,005

Table 3

**The Island Water Association  
Water Rate Study**

**Projected Other Operating Revenues**

Line No.	Description	Accounts Alloc	Budgeted 2025	Adjstments [1]	Projected Fiscal Year Ending December 31,											
					Adjusted 2025	Escalation	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Other Revenue																
1	Interest on Investments	100.00%	\$250,000	(\$250,000)	\$0	Constant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Miscellaneous Receipts	100.00%	1,568,000	(1,100,000)	468,000	Eliminate	0	0	0	0	0	0	0	0	0	0
3	Lease Proceeds	100.00%	13,175	0	13,175	Inflation	13,491	13,801	14,105	14,415	14,733	15,057	15,388	15,726	16,072	14,733
4	Project Reimbursement	100.00%	1,500	0	1,500	Constant	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
5	Connection Receipts	100.00%	96,000	0	96,000	Constant	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000
6	Total Water System Other Revs		\$1,928,675	(\$1,350,000)	\$578,675		\$110,991	\$111,301	\$111,605	\$111,915	\$112,233	\$112,557	\$112,888	\$113,226	\$113,572	\$112,233

## Footnotes:

- [1] Adjustments were made based on discussions with staff and recently reported results. Interest on Investments is calculated elsewhere in the model and is adjusted out from this projection. Miscellaneous Receipts includes reimbursements for hurricane relief payments.

Table 4

**The Island Water Association  
Water Rate Study**

**Projected Net Revenue Requirements**

Line No.	Description	Projected Fiscal Year Ending December 31,										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Operating Expenses:</b>												
1	Administration Department	\$2,351,204	\$2,500,332	\$2,617,758	\$2,735,695	\$2,924,835	\$3,014,333	\$3,239,875	\$3,407,426	\$3,577,918	\$3,902,363	\$4,056,866
2	Production Department	3,920,256	4,148,229	4,411,024	4,154,366	4,413,734	4,691,574	4,988,722	5,307,212	5,648,700	6,014,975	6,408,001
3	Maintenance Department	822,679	865,867	911,500	959,739	1,010,894	1,065,165	1,122,764	1,183,922	1,248,888	1,317,927	1,391,329
4	Distribution Department	1,166,115	1,227,174	1,291,669	1,359,829	1,432,103	1,508,770	1,590,131	1,676,511	1,768,256	1,865,745	1,969,381
5	<b>Total Operating Expenses</b>	<b>\$8,260,254</b>	<b>\$8,741,602</b>	<b>\$9,231,950</b>	<b>\$9,209,629</b>	<b>\$9,781,567</b>	<b>\$10,279,842</b>	<b>\$10,941,492</b>	<b>\$11,575,071</b>	<b>\$12,243,762</b>	<b>\$13,101,010</b>	<b>\$13,825,577</b>
<b>Other Revenue Requirements:</b>												
6	Existing Debt Service - Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Existing Debt Service - SRF	0	0	0	0	0	0	0	0	0	0	0
8	Existing Debt Service - Loans	11,850	11,850	11,850	11,850	305,925	0	0	0	0	0	0
9	Proposed Debt - Bonds	0	0	0	0	0	0	0	0	0	0	0
10	Proposed Debt Service - SRF	0	0	0	175,639	175,639	1,158,828	1,158,828	1,158,828	1,158,828	1,158,828	1,462,569
11	Proposed Debt Service - Loans	0	0	0	0	0	0	0	0	0	0	0
12	Capital Funded From Rates	0	0	0	0	0	0	0	0	0	0	0
13	Transfer to R&R Fund	0	0	182,587	233,926	281,342	273,426	209,449	0	0	0	0
14	Transfer to Operating Reserves	0	0	0	0	0	0	0	0	0	0	0
15	<b>Total Other Revenue Requirements</b>	<b>\$11,850</b>	<b>\$11,850</b>	<b>\$194,437</b>	<b>\$421,415</b>	<b>\$762,906</b>	<b>\$1,432,254</b>	<b>\$1,368,277</b>	<b>\$1,158,828</b>	<b>\$1,158,828</b>	<b>\$1,158,828</b>	<b>\$1,462,569</b>
16	<b>Gross Revenue Requirements</b>	<b>\$8,272,104</b>	<b>\$8,753,452</b>	<b>\$9,426,387</b>	<b>\$9,631,044</b>	<b>\$10,544,473</b>	<b>\$11,712,096</b>	<b>\$12,309,769</b>	<b>\$12,733,899</b>	<b>\$13,402,591</b>	<b>\$14,259,839</b>	<b>\$15,288,147</b>
<b>Less Income and Funds from Other Sources:</b>												
17	Other Revenues	\$578,675	\$110,991	\$111,301	\$111,605	\$111,915	\$112,233	\$112,557	\$112,888	\$113,226	\$113,572	\$112,233
18	Interest Income	258,800	185,600	123,700	178,800	295,600	379,500	402,000	371,600	283,400	228,200	208,700
19	Impact Fees Used to Pay Debt Service	0	0	0	0	0	0	0	0	0	0	0
20	Transfer from Operating Reserves	0	0	0	0	0	0	0	0	0	0	0
21	<b>Net Revenue Requirements</b>	<b>\$ 7,434,629</b>	<b>\$ 8,456,861</b>	<b>\$ 9,191,386</b>	<b>\$ 9,340,639</b>	<b>\$ 10,136,958</b>	<b>\$ 11,220,364</b>	<b>\$ 11,795,213</b>	<b>\$ 12,249,411</b>	<b>\$ 13,005,964</b>	<b>\$ 13,918,066</b>	<b>\$ 14,967,214</b>
22	Existing and Approved Water Rate Revenue	\$ 8,142,569	\$ 8,261,858	\$ 8,400,131	\$ 8,561,670	\$ 8,724,284	\$ 8,889,380	\$ 9,039,509	\$ 9,192,716	\$ 9,349,064	\$ 9,508,616	\$ 9,671,440
23	Revenue Surplus Deficiency (Existing Rates)	\$ 707,940	\$ (195,004)	\$ (791,254)	\$ (778,969)	\$ (1,412,673)	\$ (2,330,984)	\$ (2,755,703)	\$ (3,056,695)	\$ (3,656,901)	\$ (4,409,450)	\$ (5,295,775)
24	As Percent of Existing Revenue	8.69%	(2.36%)	(9.42%)	(9.10%)	(16.19%)	(26.22%)	(30.49%)	(33.25%)	(39.12%)	(46.37%)	(54.76%)
<b>Water Rate Adjustments:</b>												
25	Projected Rate Adjustment	0.00%	18.00%	18.00%	18.00%	9.00%	5.25%	3.00%	3.00%	3.00%	3.00%	3.00%
26	Months Rate Increase in Effect	12	7	12	12	12	12	12	12	12	12	12
27	Current Year Rate Adjustments	0	867,495	1,784,184	2,145,829	1,290,086	835,804	511,164	535,422	560,864	587,550	615,538
28	Cumulative Prior Year Rate Adjustments	0	0	1,512,000	3,359,600	5,610,000	7,030,700	7,999,300	8,654,700	9,346,400	10,076,400	10,846,500
29	<b>Adjusted Water Rate Revenue</b>	<b>\$ 8,142,569</b>	<b>\$ 9,129,353</b>	<b>\$ 11,696,315</b>	<b>\$ 14,067,099</b>	<b>\$ 15,624,370</b>	<b>\$ 16,755,884</b>	<b>\$ 17,549,974</b>	<b>\$ 18,382,839</b>	<b>\$ 19,256,328</b>	<b>\$ 20,172,567</b>	<b>\$ 21,133,478</b>
30	Revenue Surplus Deficiency After Adjustments	\$ 707,940	\$ 672,492	\$ 2,504,929	\$ 4,726,459	\$ 5,487,412	\$ 5,535,520	\$ 5,754,761	\$ 6,133,427	\$ 6,250,363	\$ 6,254,500	\$ 6,166,264
31	As Percent of Existing Revenue	8.69%	7.37%	21.42%	33.60%	35.12%	33.04%	32.79%	33.36%	32.46%	31.00%	29.18%

Table 5

**The Island Water Association  
Water Rate Study**

**Projected Operating Expenses**

Line No.	Description	Adjusted 2025	Escalation Reference	Projected Fiscal Year Ending December 31,									
				2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>OPERATING EXPENSES</b>													
<b>Administration Department</b>													
1	Wages - Supervision	\$357,400	Labor	\$377,057	\$397,795	\$419,674	\$442,756	\$467,108	\$492,798	\$519,902	\$548,497	\$578,664	\$610,491
2	Wages - Labor	492,297	Labor	519,373	547,939	578,076	609,870	643,412	678,800	716,134	755,522	797,075	840,914
3	Additional Personnel	0	Input	0	0	0	0	0	0	0	0	0	0
4	Overtime	1,374	Labor	1,450	1,529	1,613	1,702	1,796	1,895	1,999	2,109	2,225	2,347
5	Employee Benefits-Fica	60,630	Labor	63,965	67,483	71,194	75,110	79,241	83,599	88,197	93,048	98,166	103,565
6	Employee Benefits-Futa	336	Labor	354	374	395	416	439	463	489	516	544	574
7	Employee Benefits-Suta	56	Labor	59	62	66	69	73	77	81	86	91	96
8	Empl. Bnfts.-Workers Comp	3,110	Labor	3,281	3,462	3,652	3,853	4,065	4,288	4,524	4,773	5,035	5,312
9	Empl. Bnfts-Insurance	122,179	Labor	128,899	135,988	143,468	151,358	159,683	168,466	177,731	187,506	197,819	208,699
10	Empl. Bnfts.-Pension/401K	107,018	Labor	112,904	119,114	125,665	132,577	139,868	147,561	155,677	164,239	173,272	182,802
11	Electricity	15,000	Electric	16,274	17,691	19,244	20,927	22,757	24,739	26,894	29,237	31,783	34,551
12	Telephone & Answering Service	18,700	Inflation	19,149	19,589	20,020	20,461	20,911	21,371	21,841	22,321	22,813	23,314
13	Internet Service	25,000	Inflation	25,600	26,189	26,765	27,354	27,956	28,571	29,199	29,842	30,498	31,169
14	Dues Publications & Lic.	4,000	Inflation	4,096	4,190	4,282	4,377	4,473	4,571	4,672	4,775	4,880	4,987
15	Professional Fees-Legal	40,000	ProfSvc	41,600	43,264	44,995	46,794	48,666	50,613	52,637	54,743	56,932	59,210
16	Professional Fees-Audit	50,000	ProfSvc	52,000	54,080	56,243	58,493	60,833	63,266	65,797	68,428	71,166	74,012
17	Professional Fees-Engineering	65,000	ProfSvc	67,600	70,304	73,116	76,041	79,082	82,246	85,536	88,957	92,515	96,216
18	Professional Fees-Other	95,000	ProfSvc	98,800	102,752	106,862	111,137	115,582	120,205	125,014	130,014	135,215	140,623
19	Janitorial Service & Supplies	30,000	ProfSvc	31,200	32,448	33,746	35,096	36,500	37,960	39,478	41,057	42,699	44,407
20	Recruiting	10,000	ProfSvc	10,400	10,816	11,249	11,699	12,167	12,653	13,159	13,686	14,233	14,802
21	Travel - Mileage & Tolls	3,500	Inflation	3,584	3,666	3,747	3,830	3,914	4,000	4,088	4,178	4,270	4,364
22	Travel - Training & Conferences	8,150	Inflation	8,346	8,538	8,725	8,917	9,114	9,314	9,519	9,728	9,942	10,161
23	Cell Phone Reimbursement	3,000	Inflation	3,072	3,143	3,212	3,282	3,355	3,428	3,504	3,581	3,660	3,740
24	Maintenance-Office Equip.	6,500	Inflation	6,656	6,809	6,959	7,112	7,268	7,428	7,592	7,759	7,929	8,104
25	Maintenance-Computer	75,500	Repair	78,490	81,598	84,829	88,189	91,681	95,311	99,086	103,009	107,089	111,329
26	Maintenance - Radio	2,000	Repair	2,079	2,162	2,247	2,336	2,429	2,525	2,625	2,729	2,837	2,949
27	Computers & Equipment	6,000	Inflation	6,144	6,285	6,424	6,565	6,709	6,857	7,008	7,162	7,320	7,481
28	Insurance-Comprehensive	310,000	Insurance	341,000	375,100	412,610	453,871	499,258	549,184	604,102	664,513	730,964	804,060
29	Insurance-Flood Loss	70,000	Insurance	77,000	84,700	93,170	102,487	112,736	124,009	136,410	150,051	165,056	181,562
30	Cellular Reading Licenses	60,000	Inflation	61,440	62,853	64,236	65,649	67,093	68,569	70,078	71,620	73,195	74,806
31	Bill Printing & Postage	35,000	Cust-Water	35,840	36,664	37,485	38,316	39,166	40,028	40,908	41,808	42,728	43,676
32	Credit Card Processing Fees	6,500	Inflation	6,656	6,809	6,959	7,112	7,268	7,428	7,592	7,759	7,929	8,104
33	Employee Events	10,000	Inflation	10,240	10,476	10,706	10,942	11,182	11,428	11,680	11,937	12,199	12,468
34	Annual Meeting Expense	3,500	Inflation	3,584	3,666	3,747	3,830	3,914	4,000	4,088	4,178	4,270	4,364
35	Supplies - Engineering	4,000	Inflation	4,096	4,190	4,282	4,377	4,473	4,571	4,672	4,775	4,880	4,987
36	Office Supplies	7,000	Inflation	7,168	7,333	7,494	7,659	7,828	8,000	8,176	8,356	8,539	8,727
37	Gen. Postage & Ups	15,000	Inflation	15,360	15,713	16,059	16,412	16,773	17,142	17,519	17,905	18,299	18,701
38	General Administrative Ex	55,000	Inflation	56,320	57,615	58,883	60,178	61,502	62,855	64,238	65,651	67,096	68,572
39	Interest Expense - Sancap	12,000	Inflation	12,288	12,571	12,847	13,130	13,419	13,714	14,016	14,324	14,639	14,961
40	Non-Annually Recurring O&M	60,000	Calc	81,440	62,853	40,000	75,000	0	50,000	30,000	0	110,000	35,000
41	Bad Debt Expense (0.500%)	40,713	Calc	41,309	42,001	42,808	43,621	44,447	45,198	45,964	46,745	47,543	48,357
42	Contingency	60,741	Calc	64,160	67,944	67,942	71,933	76,194	80,742	85,601	90,797	96,353	102,299
43	<b>Total Administration</b>	<b>\$2,351,204</b>		<b>\$2,500,332</b>	<b>\$2,617,758</b>	<b>\$2,735,695</b>	<b>\$2,924,835</b>	<b>\$3,014,333</b>	<b>\$3,239,875</b>	<b>\$3,407,426</b>	<b>\$3,577,918</b>	<b>\$3,902,363</b>	<b>\$4,056,866</b>

Table 5

**The Island Water Association  
Water Rate Study**

**Projected Operating Expenses**

Line No.	Description	Adjusted 2025	Escalation Reference	Projected Fiscal Year Ending December 31,									
				2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Production Department</b>													
44	Wages - Supervision	\$260,391	Labor	\$274,713	\$289,822	\$305,762	\$322,579	\$340,321	\$359,038	\$378,785	\$399,619	\$421,598	\$444,785
45	Wages - Labor	781,223	Labor	824,190	869,521	917,344	967,798	1,021,027	1,077,184	1,136,429	1,198,932	1,264,874	1,334,442
46	Additional Personnel	0	Input	0	0	0	0	0	0	0	0	0	0
47	Overtime Pay	83,363	Labor	87,948	92,785	97,888	103,272	108,952	114,944	121,266	127,936	134,973	142,396
48	Employee Benefits-Fica	79,683	Labor	84,066	88,689	93,567	98,713	104,142	109,870	115,913	122,288	129,014	136,110
49	Employee Benefits-Futa	546	Labor	576	608	641	676	714	753	794	838	884	933
50	Employee Benefits-Suta	91	Labor	96	101	107	113	119	125	132	140	147	155
51	Empl. Bnfts.-Workers Comp	19,582	Labor	20,659	21,795	22,994	24,259	25,593	27,000	28,486	30,052	31,705	33,449
52	Empl. Bnfts-Insurance	198,426	Insurance	218,269	240,095	264,105	290,516	319,567	351,524	386,676	425,344	467,878	514,666
53	Empl. Bnfts.-Pension/401K	122,121	Labor	128,838	135,924	143,400	151,287	159,607	168,386	177,647	187,417	197,725	208,600
54	Electricity	653,250	Electric	708,716	770,445	838,088	911,377	991,076	1,077,398	1,171,240	1,273,255	1,384,155	1,504,715
55	Diesel Fuel-Aux. Engines	30,000	Cust-Water	30,720	31,427	32,130	32,842	33,571	34,310	35,064	35,836	36,624	37,437
56	Permits & Gov Reg	12,000	Inflation	12,288	12,571	12,847	13,130	13,419	13,714	14,016	14,324	14,639	14,961
57	Contract Services	230,000	ProfSvc	239,200	248,768	258,719	269,067	279,830	291,023	302,664	314,771	327,362	340,456
58	Water Analys. & Lab Suppl.	56,000	Cust-Water	57,344	58,663	59,975	61,306	62,666	64,045	65,454	66,894	68,365	69,882
59	Cartridge Filters	32,000	Cust-Water	32,768	33,522	34,272	35,032	35,809	36,597	37,402	38,225	39,066	39,932
60	Water Treatment Chemicals	875,000	Chem	925,838	998,608	538,898	581,443	627,347	676,656	729,841	787,207	849,081	915,819
61	Safety Equip. & Uniforms	40,000	Inflation	40,960	41,902	42,824	43,766	44,729	45,713	46,719	47,746	48,797	49,870
62	Travel-Mileage & Tolls	11,000	Inflation	11,264	11,523	11,777	12,036	12,300	12,571	12,848	13,130	13,419	13,714
63	Travel-Training & Conf.	11,000	Inflation	11,264	11,523	11,777	12,036	12,300	12,571	12,848	13,130	13,419	13,714
64	Cell Phone Reimbursement	7,080	Inflation	7,250	7,417	7,580	7,747	7,917	8,091	8,269	8,451	8,637	8,827
65	Supplies	287,500	Inflation	294,400	301,171	307,797	314,568	321,489	328,562	335,790	343,178	350,727	358,443
66	Aux. Engine Fuel	40,000	Gas	43,456	47,211	51,290	55,721	60,535	65,766	71,448	77,621	84,327	91,613
67	Vehicle Expense - Fuel	20,000	Gas	21,728	23,605	25,645	27,861	30,268	32,883	35,724	38,810	42,164	45,807
68	Well Acidizing	70,000	Inflation	71,680	73,329	74,942	76,591	78,276	79,998	81,758	83,556	85,395	87,273
69	<b>Total Customer Service</b>	<b>\$3,920,256</b>		<b>\$4,148,229</b>	<b>\$4,411,024</b>	<b>\$4,154,366</b>	<b>\$4,413,734</b>	<b>\$4,691,574</b>	<b>\$4,988,722</b>	<b>\$5,307,212</b>	<b>\$5,648,700</b>	<b>\$6,014,975</b>	<b>\$6,408,001</b>
<b>Maintenance Department</b>													
70	Wages - Supervision	\$109,193	Labor	\$115,199	\$121,535	\$128,219	\$135,271	\$142,711	\$150,560	\$158,841	\$167,577	\$176,794	\$186,517
71	Wages - Labor	293,298	Labor	309,429	326,448	344,403	363,345	383,329	404,412	426,654	450,120	474,877	500,995
72	Additional Personnel	0	Input	0	0	0	0	0	0	0	0	0	0
73	Overtime Pay	7,004	Labor	7,389	7,796	8,224	8,677	9,154	9,657	10,189	10,749	11,340	11,964
74	Call-In Pay	1,200	Labor	1,266	1,336	1,409	1,487	1,568	1,655	1,746	1,842	1,943	2,050
75	Employee Benefits-Fica	30,791	Labor	32,485	34,271	36,156	38,145	40,243	42,456	44,791	47,255	49,854	52,595
76	Employee Benefits-Futa	210	Labor	222	234	247	260	274	290	305	322	340	359
77	Employee Benefits-Suta	35	Labor	37	39	41	43	46	48	51	54	57	60
78	Empl. Bnfts.-Workers Comp	6,460	Labor	6,815	7,190	7,586	8,003	8,443	8,907	9,397	9,914	10,459	11,035
79	Empl. Bnfts-Insurance	79,995	Insurance	87,995	96,794	106,473	117,121	128,833	141,716	155,888	171,476	188,624	207,486
80	Empl. Bnfts.-Pension/401K	50,533	Labor	53,312	56,244	59,338	62,602	66,045	69,677	73,509	77,552	81,818	86,318
81	Contract Services	80,000	ProfSvc	83,200	86,528	89,989	93,589	97,332	101,226	105,275	109,486	113,865	118,420
82	Safety Equip. & Uniforms	3,000	Inflation	3,072	3,143	3,212	3,282	3,355	3,428	3,504	3,581	3,660	3,740
83	Small Tools	10,000	Inflation	10,240	10,476	10,706	10,942	11,182	11,428	11,680	11,937	12,199	12,468
84	Travel-Mileage & Tolls	3,000	Inflation	3,072	3,143	3,212	3,282	3,355	3,428	3,504	3,581	3,660	3,740
85	Travel-Training & Conf.	10,000	Inflation	10,240	10,476	10,706	10,942	11,182	11,428	11,680	11,937	12,199	12,468
86	Cell Phone Reimbursement	2,960	Inflation	3,031	3,101	3,169	3,239	3,310	3,383	3,457	3,533	3,611	3,690
87	Supplies	95,000	Inflation	97,280	99,517	101,707	103,944	106,231	108,568	110,957	113,398	115,893	118,442
88	Vehicle Expense-Repairs	40,000	Repair	41,584	43,231	44,943	46,722	48,573	50,496	52,496	54,575	56,736	58,982
89	<b>Total Water Distribution</b>	<b>\$822,679</b>		<b>\$865,867</b>	<b>\$911,500</b>	<b>\$959,739</b>	<b>\$1,010,894</b>	<b>\$1,065,165</b>	<b>\$1,122,764</b>	<b>\$1,183,922</b>	<b>\$1,248,888</b>	<b>\$1,317,927</b>	<b>\$1,391,329</b>

Table 5

**The Island Water Association  
Water Rate Study**

**Projected Operating Expenses**

Line No.	Description	Adjusted 2025	Escalation Reference	Projected Fiscal Year Ending December 31,									
				2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Distribution Department												
90	Wages - Supervision	\$109,193	Labor	\$115,199	\$121,535	\$128,219	\$135,271	\$142,711	\$150,560	\$158,841	\$167,577	\$176,794	\$186,517
91	Wages - Labor	448,424	Labor	473,087	499,107	526,558	555,519	586,072	618,306	652,313	688,190	726,041	765,973
92	Additional Personnel	0	Input	0	0	0	0	0	0	0	0	0	0
93	Overtime Pay	20,178	Labor	21,288	22,459	23,694	24,997	26,372	27,822	29,353	30,967	32,670	34,467
94	Call In Pay	8,000	Labor	8,440	8,904	9,394	9,911	10,456	11,031	11,637	12,277	12,953	13,665
95	Employee Benefits-Fica	42,658	Labor	45,004	47,479	50,091	52,846	55,752	58,819	62,054	65,467	69,067	72,866
96	Employee Benefits-Futa	294	Labor	310	327	345	364	384	405	428	451	476	502
97	Employee Benefits-Suta	49	Labor	52	55	58	61	64	68	71	75	79	84
98	Empl. Bnfts.-Workers Comp	10,483	Labor	11,060	11,668	12,310	12,987	13,701	14,454	15,249	16,088	16,973	17,906
99	Empl. Bnfts-Insurance	111,110	Insurance	122,221	134,443	147,887	162,676	178,944	196,838	216,522	238,174	261,992	288,191
100	Empl. Bnfts.-Pension/401K	78,066	Labor	82,360	86,889	91,668	96,710	102,029	107,641	113,561	119,807	126,396	133,348
101	Contract Services	125,000	ProfSvc	130,000	135,200	140,608	146,232	152,082	158,165	164,491	171,071	177,914	185,031
102	Safety Equip. & Uniforms	10,000	Inflation	10,240	10,476	10,706	10,942	11,182	11,428	11,680	11,937	12,199	12,468
103	Small Hand Tools	20,000	Inflation	20,480	20,951	21,412	21,883	22,364	22,856	23,359	23,873	24,398	24,935
104	Services, Mains, Parts	120,000	Inflation	122,880	125,706	128,472	131,298	134,187	137,139	140,156	143,239	146,391	149,611
105	Travel-Mileage & Tolls	6,000	Inflation	6,144	6,285	6,424	6,565	6,709	6,857	7,008	7,162	7,320	7,481
106	Travel-Training & Conf.	7,500	Inflation	7,680	7,857	8,029	8,206	8,387	8,571	8,760	8,952	9,149	9,351
107	Cell Phone Reimbursement	4,160	Inflation	4,260	4,358	4,454	4,552	4,652	4,754	4,859	4,966	5,075	5,187
108	Supplies	20,000	Inflation	20,480	20,951	21,412	21,883	22,364	22,856	23,359	23,873	24,398	24,935
109	Vehicle Expense-Fuel	25,000	Repair	25,990	27,019	28,089	29,201	30,358	31,560	32,810	34,109	35,460	36,864
110	Total Water Plant Operations	\$1,166,115		\$1,227,174	\$1,291,669	\$1,359,829	\$1,432,103	\$1,508,770	\$1,590,131	\$1,676,511	\$1,768,256	\$1,865,745	\$1,969,381
111	TOTAL OPERATING EXPENSES	\$ 8,260,254		\$ 8,741,602	\$ 9,231,950	\$ 9,209,629	\$ 9,781,567	\$ 10,279,842	\$ 10,941,492	\$ 11,575,071	\$ 12,243,762	\$ 13,101,010	\$ 13,825,577

Table 6

**The Island Water Association  
Water Rate Study**

**Development of Projected Escalation Factors [1]**

Line No.	Escalation Reference	Fiscal Year Ending December 31,									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1	Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2	General Inflation	1.0240	1.0230	1.0220	1.0220	1.0220	1.0220	1.0220	1.0220	1.0220	1.0220
3	Professional Services	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
4	Labor and Benefits Escalator	1.0550	1.0550	1.0550	1.0550	1.0550	1.0550	1.0550	1.0550	1.0550	1.0550
5	Repair and Maintenance	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396
6	Capital Escalator	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396	1.0396
7	Gas & Oil	1.0864	1.0864	1.0864	1.0864	1.0864	1.0864	1.0864	1.0864	1.0864	1.0864
8	Rate Revenue - Water	1.1212	1.2812	1.2027	1.1107	1.0724	1.0474	1.0475	1.0475	1.0476	1.3526
9	Electric	1.0849	1.0871	1.0878	1.0874	1.0874	1.0871	1.0871	1.0871	1.0871	1.0871
10	Chemicals	1.0581	1.0786	0.5396	1.0789	1.0789	1.0786	1.0786	1.0786	1.0786	1.0786
11	Insurance Escalator	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000
12	Marginal Escalator	1.0100	1.0100	1.0100	1.0100	1.0100	1.0100	1.0100	1.0100	1.0100	1.0100
13	Elimination Factor	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
14	Water Account Growth	1.0000	1.0000	1.0004	1.0002	1.0002	1.0000	1.0000	1.0000	1.0000	1.0002
15	Water Account Growth and General Inflation	1.0240	1.0230	1.0224	1.0222	1.0222	1.0220	1.0220	1.0220	1.0220	1.0222
16	Water Flow Growth and General Inflation	1.0423	1.0435	1.0432	1.0428	1.0428	1.0425	1.0425	1.0425	1.0425	1.0425

Footnotes:

- [1] For purposes of this analysis and in order to provide detail regarding the development of projected financial operations, escalation factors shown above were developed based on recent historical trends and discussions with Association staff.



**Table 7**  
**The Island Water Association**  
**Water Rate Study**

**Ten (10) Year Projected Capital Improvement Program [1]**

Line No.	Description	Funding Source [2]	Projected Fiscal Year Ending December 31.											Total		
			Adjusted 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035			
48	Replace Inground Section, Discharge Valves From Storage Tanks To Pumps At Bo	Op	0	0	0	0	0	0	364,294	0	0	0	0	0	0	364,294
49	BAILEY'S SITE WATER MAIN IMPROVEMENTS	Op	0	311,880	0	0	0	0	0	0	0	0	0	0	0	311,880
50	Tarpon From San Cap To West Gulf - Upsize To 16"	Op	0	0	0	0	0	0	1,214,315	315,600	0	0	0	0	0	1,529,915
51	Las Tiendas Lane And Sabal Street Wmr Design	Op	0	0	0	0	0	0	60,716	0	0	0	0	0	0	60,716
52	Las Tiendas Lane And Sabal Street Wmr Construction	Op	0	0	0	0	0	0	0	378,721	0	0	0	0	0	378,721
53	Pen Shell, Kings Crown, Conch, Oyster Wmr Design	Op	0	0	0	0	0	0	0	252,480	0	0	0	0	0	252,480
54	Pen Shell, Kings Crown, Conch, Oyster Wmr Construction	Op	0	0	0	0	0	0	0	0	1,049,914	0	0	0	0	1,049,914
55	Windward Way, Sand Pebble Wmr Design	Op	0	0	0	0	0	0	0	0	98,429	0	0	0	0	98,429
56	Windward Way, Sand Pebble Wmr Construction	Op	0	0	0	0	0	0	0	0	0	511,636	0	0	0	511,636
57	2031 Capital Improvement Projects	Op	0	0	0	0	0	0	0	3,471,605	0	0	0	0	0	3,471,605
58	2032 Capital Improvement Projects	Op	0	0	0	0	0	0	0	0	3,609,081	0	0	0	0	3,609,081
59	2033 Capital Improvement Projects	Op	0	0	0	0	0	0	0	0	0	3,752,000	0	0	0	3,752,000
60	2034 Capital Improvement Projects	Op	0	0	0	0	0	0	0	0	0	0	3,900,579	0	0	3,900,579
61	2035 Capital Improvement Projects	D5-NE	0	0	0	0	0	0	0	0	0	0	0	4,055,042	0	4,055,042
62	New Ground Storage Tank - 1.0 Mg On Captiva	D4-NE	0	0	0	0	0	0	0	0	0	1,364,364	3,191,383	0	0	4,555,747
63	New Ground Storage Tank - 1.0 Mg On Captiva	Op	0	0	0	0	0	0	0	0	1,312,393	3,410,909	1,772,991	0	0	6,496,293
64	Deep Injection Well Replacement (50/50 Assumed Cost Share With City)	D5-NE	0	0	0	0	0	0	0	0	0	0	1,063,794	8,847,365	9,911,160	
64	Deep Injection Well Replacement (50/50 Assumed Cost Share With City)	Op	0	0	0	0	0	0	0	0	0	0	1,063,794	1,474,561	2,538,355	
65	Deep Injection Well Replacement (50/50 Assumed Cost Share With City)	Op	0	0	0	0	0	0	0	0	0	0	0	5,898,244	5,898,244	
66	Hurricane Rated Windows - Admin Bldg	Op	0	272,375	0	0	0	0	0	0	0	0	0	0	0	272,375
67	MAIN HOST (SERVER) REPLACEMENT	Op	0	16,634	0	0	0	0	0	0	0	0	0	0	0	16,634
68	Fleet Truck Replacement	Op	0	65,000	0	0	0	0	0	0	0	0	0	0	0	65,000
69	Fleet Truck Replacement	Op	0	0	66,500	0	0	0	0	0	0	0	0	0	0	66,500
70	Fleet Truck Replacement	Op	0	0	0	68,000	0	0	0	0	0	0	0	0	0	68,000
71	Fleet Truck Replacement	Op	0	0	0	0	69,500	0	0	0	0	0	0	0	0	69,500
72	Fleet Truck Replacement	Op	0	0	0	0	0	71,000	0	0	0	0	0	0	0	71,000
73	Total Water Capital Projects		\$1,923,000	\$13,833,786	\$18,900,051	\$16,151,856	\$10,307,544	\$5,007,190	\$5,049,607	\$8,694,603	\$10,812,583	\$10,992,542	\$20,275,212			\$121,947,975
74	TOTAL WATER SYSTEM		\$1,923,000	\$13,833,786	\$18,900,051	\$16,151,856	\$10,307,544	\$5,007,190	\$5,049,607	\$8,694,603	\$10,812,583	\$10,992,542	\$20,275,212			\$121,947,975
FUNDING SOURCES																
WATER SYSTEM																
75	Operating Reserves	Op	\$1,698,000	\$4,597,656	\$1,055,403	\$871,350	\$1,605,499	\$5,007,190	\$5,049,607	\$8,694,603	\$9,448,219	\$6,737,365	\$7,372,804			\$52,137,697
76	Renewal and Replacement Fund	RR	0	0	0	0	0	0	0	0	0	0	0	0	0	0
77	Water Impact Fees	Impact	0	0	0	0	0	0	0	0	0	0	0	0	0	0
78	Rate Revenue	Rev	0	0	0	0	0	0	0	0	0	0	0	0	0	0
79	Grants and Other Contributions	Cont	225,000	7,468,810	9,698,359	7,640,253	4,351,023	0	0	0	0	0	0	0	0	29,383,444
80	New Debt 1 - Expansion	D1-E	0	0	0	0	0	0	0	0	0	0	0	0	0	0
81	New Debt 1 - Non-Expansion	D1-NE	0	0	2,634,372	0	0	0	0	0	0	0	0	0	0	2,634,372
82	New Debt 2 - Expansion	D2-E	0	0	0	0	0	0	0	0	0	0	0	0	0	0
83	New Debt 2 - Non-Expansion	D2-NE	0	1,767,320	5,511,918	7,640,253	4,351,023	0	0	0	0	0	0	0	0	19,270,513
84	New Debt 3 - Expansion	D3-E	0	0	0	0	0	0	0	0	0	0	0	0	0	0
85	New Debt 3 - Non-Expansion	D3-NE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
86	New Debt 4 - Expansion	D4-E	0	0	0	0	0	0	0	0	0	0	0	0	0	0
87	New Debt 4 - Non-Expansion	D4-NE	0	0	0	0	0	0	0	0	1,364,364	3,191,383	0	0	4,555,747	
88	New Debt 5 - Expansion	D5-E	0	0	0	0	0	0	0	0	0	0	0	0	0	0
89	New Debt 5 - Non-Expansion	D5-NE	0	0	0	0	0	0	0	0	0	0	1,063,794	12,902,408	13,966,202	
90	Total Water System		\$1,923,000	\$13,833,786	\$18,900,051	\$16,151,856	\$10,307,544	\$5,007,190	\$5,049,607	\$8,694,603	\$10,812,583	\$10,992,542	\$20,275,212			\$121,947,975

Footnotes:

[1] Amounts shown reflect the projected Capital Improvement Program (CIP) as provided by staff

Table 8

The Island Water Association  
Water Rate Study

Existing & Proposed Debt Service Summary

Line No.	Description	Senior Lien - Existing & Proposed			Junior Lien (SRF) - Existing & Proposed			Subordinate Lien (CP/LOC) - Existing & Proposed			Total Debt Service - Existing & Proposed		
		Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	<u>Fiscal Year</u>												
1	2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,850	\$ 11,850	\$ -	\$ 11,850	\$ 11,850
2	2026	-	-	-	-	-	-	-	11,850	11,850	-	11,850	11,850
3	2027	-	-	-	-	-	-	-	11,850	11,850	-	11,850	11,850
4	2028	-	-	-	102,415	73,224	175,639	-	11,850	11,850	102,415	85,074	187,489
5	2029	-	-	-	105,250	70,389	175,639	300,000	5,925	305,925	405,250	76,314	481,564
6	2030	-	-	-	1,091,354	67,474	1,158,828	-	-	-	1,091,354	67,474	1,158,828
7	2031	-	-	-	1,094,349	64,479	1,158,828	-	-	-	1,094,349	64,479	1,158,828
8	2032	-	-	-	1,097,427	61,401	1,158,828	-	-	-	1,097,427	61,401	1,158,828
9	2033	-	-	-	1,100,590	58,238	1,158,828	-	-	-	1,100,590	58,238	1,158,828
10	2034	-	-	-	1,103,841	54,988	1,158,828	-	-	-	1,103,841	54,988	1,158,828
11	2035	-	-	-	1,284,292	178,277	1,462,569	-	-	-	1,284,292	178,277	1,462,569
12	2036	-	-	-	1,835,583	558,142	2,393,725	-	-	-	1,835,583	558,142	2,393,725
13	2037	-	-	-	1,859,185	534,540	2,393,725	-	-	-	1,859,185	534,540	2,393,725
14	2038	-	-	-	1,883,441	510,284	2,393,725	-	-	-	1,883,441	510,284	2,393,725
15	2039	-	-	-	1,908,368	485,357	2,393,725	-	-	-	1,908,368	485,357	2,393,725
16	2040	-	-	-	1,933,985	459,740	2,393,725	-	-	-	1,933,985	459,740	2,393,725
17	2041	-	-	-	1,960,312	433,413	2,393,725	-	-	-	1,960,312	433,413	2,393,725
18	2042	-	-	-	1,987,367	406,357	2,393,725	-	-	-	1,987,367	406,357	2,393,725
19	2043	-	-	-	2,015,172	378,553	2,393,725	-	-	-	2,015,172	378,553	2,393,725
20	2044	-	-	-	2,043,747	349,978	2,393,725	-	-	-	2,043,747	349,978	2,393,725
21	2045	-	-	-	2,073,113	320,612	2,393,725	-	-	-	2,073,113	320,612	2,393,725
22	2046	-	-	-	2,103,292	290,433	2,393,725	-	-	-	2,103,292	290,433	2,393,725
23	2047	-	-	-	2,134,306	259,419	2,393,725	-	-	-	2,134,306	259,419	2,393,725
24	2048	-	-	-	1,989,333	228,753	2,218,086	-	-	-	1,989,333	228,753	2,218,086
25	2049	-	-	-	2,017,192	200,894	2,218,086	-	-	-	2,017,192	200,894	2,218,086
26	2050	-	-	-	1,062,633	172,263	1,234,896	-	-	-	1,062,633	172,263	1,234,896
27	2051	-	-	-	1,092,057	142,840	1,234,896	-	-	-	1,092,057	142,840	1,234,896
28	2052	-	-	-	1,122,295	112,602	1,234,896	-	-	-	1,122,295	112,602	1,234,896
29	2053	-	-	-	1,153,370	81,526	1,234,896	-	-	-	1,153,370	81,526	1,234,896
30	2054	-	-	-	1,185,306	49,591	1,234,896	-	-	-	1,185,306	49,591	1,234,896
31	2055	-	-	-	912,296	18,859	931,155	-	-	-	912,296	18,859	931,155
32	Total	\$ -	\$ -	\$ -	\$ 41,251,871	\$ 6,622,626	\$ 47,874,498	\$ 300,000	\$ 53,325	\$ 353,325	\$ 41,551,871	\$ 6,675,951	\$ 48,227,823

Table 9

**The Island Water Association  
Water Rate Study**

**Projected Emergency Fund Deposit**

Line No.	Description	Historical	Projected Fiscal Year Ending December 31,										
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<u>Emergency Reserve Fund:</u>													
1	Emergency Reserve Fund Ending Balance		0	0	182,587	416,513	697,855	971,281	1,180,730	1,180,730	1,180,730	1,180,730	1,180,730
Recommended Deposits:													
2	Prior Year Rate Revenues		\$6,995,895	\$8,142,569	\$9,129,353	\$11,696,315	\$14,067,099	\$15,624,370	\$16,755,884	\$17,549,974	\$18,382,839	\$19,256,328	\$20,172,567
3	Percent of Prior Year Rate Revenue		0.00%	0.00%	2.00%	2.00%	2.00%	1.75%	1.25%	0.00%	0.00%	0.00%	0.00%
4	Targeted Emergency Reserve Fund Balance		\$0	\$0	\$182,587	\$233,926	\$281,342	\$273,426	\$209,449	\$0	\$0	\$0	\$0
5	Recognized Deposit		\$0	\$0	\$182,587	\$233,926	\$281,342	\$273,426	\$209,449	\$0	\$0	\$0	\$0

Table 10

The Island Water Association  
Water Rate Study

Projected Fund Cash Balances and Interest Income (1)

Line No.	Description	Interest Unrestricted / Restricted (U) / (R)	Projected Fiscal Year Ending December 31,										
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>ENDING CASH BALANCE SUMMARY:</b>													
1	SYSTEM RESERVE ACCOUNT		\$ 8,478,620	\$ 4,553,456	\$ 6,002,982	\$ 9,858,091	\$ 13,740,005	\$ 14,268,334	\$ 14,973,488	\$ 12,412,311	\$ 9,214,456	\$ 8,731,591	\$ 7,525,051
2	EMERGENCY RESERVE FUND		0	0	182,587	416,513	697,855	971,281	1,180,730	1,180,730	1,180,730	1,180,730	1,180,730
3	DEBT SERVICE RESERVE ACCOUNT		0	0	0	0	0	0	0	0	0	0	0
4	MEMBERSHIP FEE ACCOUNT		0	0	0	26,448	40,472	54,896	56,496	58,196	59,896	61,696	41,672
5	TOTAL PROJECTED END OF YEAR BALANCES	563934	\$ 8,478,620	\$ 4,553,456	\$ 6,185,569	\$ 10,301,052	\$ 14,478,332	\$ 15,294,511	\$ 16,210,714	\$ 13,651,237	\$ 10,455,081	\$ 9,974,017	\$ 8,747,453
<b>SYSTEM RESERVE ACCOUNT</b>													
6	Beginning Balance	(U)	\$ 9,468,680	\$ 8,478,620	\$ 4,553,456	\$ 6,002,982	\$ 9,858,091	\$ 13,740,005	\$ 14,268,334	\$ 14,973,488	\$ 12,412,311	\$ 9,214,456	\$ 8,731,591
7	Transfers In - Operations		0	0	0	0	0	0	0	0	0	0	0
8	Transfers In - Debt Service Reserve (Debt Defeasance/Maturity)		0	0	0	0	0	0	0	0	0	0	0
9	Total Funds Available		\$ 9,468,680	\$ 8,478,620	\$ 4,553,456	\$ 6,002,982	\$ 9,858,091	\$ 13,740,005	\$ 14,268,334	\$ 14,973,488	\$ 12,412,311	\$ 9,214,456	\$ 8,731,591
10	Transfers Out - CIP		1,698,000	4,597,656	1,055,403	871,350	1,605,499	5,007,190	5,049,607	8,694,603	9,448,219	6,737,365	7,372,804
11	Total Transfers Out of Funds		\$ 1,698,000	\$ 4,597,656	\$ 1,055,403	\$ 871,350	\$ 1,605,499	\$ 5,007,190	\$ 5,049,607	\$ 8,694,603	\$ 9,448,219	\$ 6,737,365	\$ 7,372,804
12	Transfers In - End of Year Surplus		707,940	672,492	2,504,929	4,726,459	5,487,412	5,535,520	5,754,761	6,133,427	6,250,363	6,254,500	6,166,264
13	Transfers Out - End of Year Deficiency		0	0	0	0	0	0	0	0	0	0	0
14	Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
15	Interest Income on Fund		258,600	185,400	120,800	167,000	271,700	337,100	352,300	318,800	230,600	175,400	151,400
16	Ending Balance		\$ 8,478,620	\$ 4,553,456	\$ 6,002,982	\$ 9,858,091	\$ 13,740,005	\$ 14,268,334	\$ 14,973,488	\$ 12,412,311	\$ 9,214,456	\$ 8,731,591	\$ 7,525,051
17	Requirement - Days of Operating Expenses		120	120	120	120	120	120	120	120	120	120	120
18	Requirement Minimum Available Cash		2,715,700	2,873,952	3,035,162	3,027,823	3,215,858	3,379,674	3,597,203	3,805,503	4,025,346	4,307,182	4,545,395
	Requirement Minimum Cash Balance Met - Yes or No		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
19	Interest Income		258,600	185,400	120,800	167,000	271,700	337,100	352,300	318,800	230,600	175,400	151,400



Table 10

The Island Water Association  
Water Rate Study

Projected Fund Cash Balances and Interest Income [1]

Line No.	Description	Interest Unrestricted / Restricted (U) / (R)	Projected Fiscal Year Ending December 31,										
			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>SINKING FUND ACCOUNT</b>													
48	Sinking Fund Deposit		\$ 11,850	\$ 11,850	\$ 11,850	\$ 187,489	\$ 481,564	\$ 1,158,828	\$ 1,158,828	\$ 1,158,828	\$ 1,158,828	\$ 1,158,828	\$ 1,462,569
49	Average Balance (50% of Annual Debt Service)		5,925	5,925	5,925	93,745	240,782	579,414	579,414	579,414	579,414	579,414	731,285
50	Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
51	Interest Income on Fund		200	200	200	2,800	7,200	17,400	17,400	17,400	17,400	17,400	21,900
52	Use of Interest Income to Fund Revenue Requirements	(U)	200	200	200	2,800	7,200	17,400	17,400	17,400	17,400	17,400	21,900
53	Interest Income		200	200	200	2,800	7,200	17,400	17,400	17,400	17,400	17,400	21,900
<b>INTEREST INCOME SUMMARY</b>													
54	Unrestricted Interest Income		\$ 258,800	\$ 185,600	\$ 123,700	\$ 178,800	\$ 295,600	\$ 379,500	\$ 402,000	\$ 371,600	\$ 283,400	\$ 228,200	\$ 208,700
55	Restricted Interest Income		0	0	0	400	1,000	1,400	1,600	1,700	1,700	1,800	1,200
56	Total Interest Income		\$ 258,800	\$ 185,600	\$ 123,700	\$ 179,200	\$ 296,600	\$ 380,900	\$ 403,600	\$ 373,300	\$ 285,100	\$ 230,000	\$ 209,900
<b>Unrestricted Interest Income</b>													
57	Allocated To Water System		\$ 258,800	\$ 185,600	\$ 123,700	\$ 178,800	\$ 295,600	\$ 379,500	\$ 402,000	\$ 371,600	\$ 283,400	\$ 228,200	\$ 208,700
58	Total		\$ 258,800	\$ 185,600	\$ 123,700	\$ 178,800	\$ 295,600	\$ 379,500	\$ 402,000	\$ 371,600	\$ 283,400	\$ 228,200	\$ 208,700
<b>Restricted Interest Income</b>													
59	Allocated To Water System		\$ -	\$ -	\$ -	\$ 400	\$ 1,000	\$ 1,400	\$ 1,600	\$ 1,700	\$ 1,700	\$ 1,800	\$ 1,200
60	Total		\$ -	\$ -	\$ -	\$ 400	\$ 1,000	\$ 1,400	\$ 1,600	\$ 1,700	\$ 1,700	\$ 1,800	\$ 1,200
<b>Total Interest Income</b>													
61	Allocated To Water System		\$ 258,800	\$ 185,600	\$ 123,700	\$ 179,200	\$ 296,600	\$ 380,900	\$ 403,600	\$ 373,300	\$ 285,100	\$ 230,000	\$ 209,900
62	Total		\$ 258,800	\$ 185,600	\$ 123,700	\$ 179,200	\$ 296,600	\$ 380,900	\$ 403,600	\$ 373,300	\$ 285,100	\$ 230,000	\$ 209,900

Footnotes:

[1] Projected cash balances were developed using the reported beginning cash balances as of December 31, 2024. For purposes of this analysis unrestricted interest income shall mean all interest income earned on funds available and recognized as funding the net revenue requirements of the System.

Table 11

**The Island Water Association  
Water Rate Study**

**Projected Debt Service Coverage Analysis**

Line No.	Description	Projected Fiscal Year Ending December 31,										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
System Revenues:												
1	Rate Revenue	\$ 8,142,569	\$ 9,129,353	\$ 11,696,315	\$ 14,067,099	\$ 15,624,370	\$ 16,755,884	\$ 17,549,974	\$ 18,382,839	\$ 20,172,567	\$ 21,133,478	\$ 21,133,478
2	Other Operating Revenue	578,675	110,991	111,301	111,605	111,915	112,233	112,557	112,888	113,572	112,233	112,233
3	Unrestricted Interest Income	258,800	185,600	123,700	178,800	295,600	379,500	402,000	371,600	228,200	208,700	208,700
4	Total Gross System Revenues	\$8,980,044	\$9,425,944	\$11,931,316	\$14,357,504	\$16,031,885	\$17,247,617	\$18,064,530	\$18,867,326	\$20,514,339	\$21,454,411	\$21,454,411
5	Operating Expenses:	\$8,260,254	\$8,741,602	\$9,231,950	\$9,209,629	\$9,781,567	\$10,279,842	\$10,941,492	\$11,575,071	\$13,101,010	\$13,825,577	\$13,825,577
6	Net Revenues	\$719,790	\$684,342	\$2,699,366	\$5,147,874	\$6,250,318	\$6,967,775	\$7,123,038	\$7,292,256	\$7,413,329	\$7,628,833	\$7,628,833
7	Net Available for Subordinate Lien Coverage	\$719,790	\$684,342	\$2,699,366	\$5,147,874	\$6,250,318	\$6,967,775	\$7,123,038	\$7,292,256	\$7,413,329	\$7,628,833	\$7,628,833
Annual Debt Service - Subordinate Lien Debt:												
8	Existing Debt Payments	\$11,850	\$11,850	\$11,850	\$11,850	\$305,925	\$0	\$0	\$0	\$0	\$0	\$0
9	Proposed Debt Payments	0	0	0	175,639	175,639	1,158,828	1,158,828	1,158,828	1,158,828	1,158,828	1,462,569
10	Total Subordinate Lien Indebtedness	\$11,850	\$11,850	\$11,850	\$187,489	\$481,564	\$1,158,828	\$1,158,828	\$1,158,828	\$1,158,828	\$1,158,828	\$1,462,569
Subordinate Lien Coverage												
11	Coverage Ratio - Calculated	6074%	5775%	22779%	2746%	1298%	601%	615%	629%	640%	658%	522%
12	Coverage Ratio - Required	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%
13	Net Available after Payment of Debt Service	\$707,940	\$672,492	\$2,687,516	\$4,960,385	\$5,768,754	\$5,808,946	\$5,964,210	\$6,133,427	\$6,254,500	\$6,470,005	\$6,166,264
14	Available for Other System Purposes	\$707,940	\$672,492	\$2,687,516	\$4,960,385	\$5,768,754	\$5,808,946	\$5,964,210	\$6,133,427	\$6,254,500	\$6,470,005	\$6,166,264

The Island Water Association  
Water Rate Study

Summary of Historical and Projected Rates

Line No.	Description	Projected Fiscal Year Ending December 31,											
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Proposed and Recommended Rate Adjustments</b>		0.00%	0.00%	18.00%	18.00%	18.00%	9.00%	5.25%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Water Service:</b>													
<b>Residential Metered Services</b>													
1	Reading Charge (Per Meter)	\$ 1.50	\$ 1.50	\$ 1.77	\$ 2.09	\$ 2.47	\$ 2.69	\$ 2.83	\$ 2.91	\$ 3.00	\$ 3.09	\$ 3.18	\$ 3.28
2	Demand Charge (Per Unit)	\$ 11.50	\$ 11.50	\$ 13.57	\$ 16.01	\$ 18.89	\$ 20.59	\$ 21.67	\$ 22.32	\$ 22.99	\$ 23.68	\$ 24.39	\$ 25.12
Usage Charge per Unit (per 1,000 gallons) Per Unit													
3	Block 1 (0-5,000 gallons)	\$ 3.30	\$ 3.30	\$ 3.89	\$ 4.59	\$ 5.42	\$ 5.91	\$ 6.22	\$ 6.41	\$ 6.60	\$ 6.80	\$ 7.00	\$ 7.21
4	Block 2 (5,001-10,000 gallons)	3.95	3.95	4.66	5.50	6.49	7.07	7.44	7.66	7.89	8.13	8.37	8.62
5	Block 3 (10,001-15,000)	4.60	4.60	5.43	6.41	7.56	8.24	8.67	8.93	9.20	9.48	9.76	10.05
6	Block 4 (15,001-20,000)	5.25	5.25	6.20	7.32	8.64	9.42	9.91	10.21	10.52	10.84	11.17	11.51
7	Block 5 (20,001-25,000)	5.90	5.90	6.96	8.21	9.69	10.56	11.11	11.44	11.78	12.13	12.49	12.86
8	Block 6 (25,001 gallons and above)	6.55	6.55	7.73	9.12	10.76	11.73	12.35	12.72	13.10	13.49	13.89	14.31
<b>Master Metered Services</b>													
9	Reading Charge (Per Meter)	\$ 1.50	\$ 1.50	\$ 1.77	\$ 2.09	\$ 2.47	\$ 2.69	\$ 2.83	\$ 2.91	\$ 3.00	\$ 3.09	\$ 3.18	\$ 3.28
10	Demand Charge (Per Unit)	\$ 11.50	\$ 11.50	\$ 13.57	\$ 16.01	\$ 18.89	\$ 20.59	\$ 21.67	\$ 22.32	\$ 22.99	\$ 23.68	\$ 24.39	\$ 25.12
Usage Charge per Unit (per 1,000 gallons) Per Unit													
11	Block 1 (0-5,000 gallons)	\$ 3.30	\$ 3.30	\$ 3.89	\$ 4.59	\$ 5.42	\$ 5.91	\$ 6.22	\$ 6.41	\$ 6.60	\$ 6.80	\$ 7.00	\$ 7.21
12	Block 2 (5,001-10,000 gallons)	3.95	3.95	4.66	5.50	6.49	7.07	7.44	7.66	7.89	8.13	8.37	8.62
13	Block 3 (10,001-15,000)	4.60	4.60	5.43	6.41	7.56	8.24	8.67	8.93	9.20	9.48	9.76	10.05
14	Block 4 (15,001-20,000)	5.25	5.25	6.20	7.32	8.64	9.42	9.91	10.21	10.52	10.84	11.17	11.51
15	Block 5 (20,001-25,000)	5.90	5.90	6.96	8.21	9.69	10.56	11.11	11.44	11.78	12.13	12.49	12.86
16	Block 6 (25,001 gallons and above)	6.55	6.55	7.73	9.12	10.76	11.73	12.35	12.72	13.10	13.49	13.89	14.31
<b>Non-Residential Metered Services</b>													
17	Reading Charge (Per Meter)	\$ 1.50	\$ 1.50	\$ 1.77	\$ 2.09	\$ 2.47	\$ 2.69	\$ 2.83	\$ 2.91	\$ 3.00	\$ 3.09	\$ 3.18	\$ 3.28
18	Demand Charge (Per Unit)	\$ 11.50	\$ 11.50	\$ 13.57	\$ 16.01	\$ 18.89	\$ 20.59	\$ 21.67	\$ 22.32	\$ 22.99	\$ 23.68	\$ 24.39	\$ 25.12
Usage Charge per Unit (per 1,000 gallons) Per Unit													
19	Block 1 (0-5,000 gallons)	\$ 3.30	\$ 3.30	\$ 3.89	\$ 4.59	\$ 5.42	\$ 5.91	\$ 6.22	\$ 6.41	\$ 6.60	\$ 6.80	\$ 7.00	\$ 7.21
20	Block 2 (5,001-10,000 gallons)	3.95	3.95	4.66	5.50	6.49	7.07	7.44	7.66	7.89	8.13	8.37	8.62
21	Block 3 (10,001-15,000)	4.60	4.60	5.43	6.41	7.56	8.24	8.67	8.93	9.20	9.48	9.76	10.05
22	Block 4 (15,001-20,000)	5.25	5.25	6.20	7.32	8.64	9.42	9.91	10.21	10.52	10.84	11.17	11.51
23	Block 5 (20,001-25,000)	5.90	5.90	6.96	8.21	9.69	10.56	11.11	11.44	11.78	12.13	12.49	12.86
24	Block 6 (25,001 gallons and above)	6.55	6.55	7.73	9.12	10.76	11.73	12.35	12.72	13.10	13.49	13.89	14.31
<b>Sprinkler Metered Services</b>													
25	Reading Charge (Per Meter)	\$ 1.50	\$ 1.50	\$ 1.77	\$ 2.09	\$ 2.47	\$ 2.69	\$ 2.83	\$ 2.91	\$ 3.00	\$ 3.09	\$ 3.18	\$ 3.28
26	Demand Charge (Per Unit)	\$ 11.50	\$ 11.50	\$ 13.57	\$ 16.01	\$ 18.89	\$ 20.59	\$ 21.67	\$ 22.32	\$ 22.99	\$ 23.68	\$ 24.39	\$ 25.12
Usage Charge per Unit (per 1,000 gallons) Per Unit													
27	Block 1 (0-5,000 gallons)	\$ 3.30	\$ 3.30	\$ 3.89	\$ 4.59	\$ 5.42	\$ 5.91	\$ 6.22	\$ 6.41	\$ 6.60	\$ 6.80	\$ 7.00	\$ 7.21
28	Block 2 (5,001-10,000 gallons)	3.95	3.95	4.66	5.50	6.49	7.07	7.44	7.66	7.89	8.13	8.37	8.62
29	Block 3 (10,001-15,000)	4.60	4.60	5.43	6.41	7.56	8.24	8.67	8.93	9.20	9.48	9.76	10.05
30	Block 4 (15,001-20,000)	5.25	5.25	6.20	7.32	8.64	9.42	9.91	10.21	10.52	10.84	11.17	11.51
31	Block 5 (20,001-25,000)	5.90	5.90	6.96	8.21	9.69	10.56	11.11	11.44	11.78	12.13	12.49	12.86
32	Block 6 (25,001 gallons and above)	6.55	6.55	7.73	9.12	10.76	11.73	12.35	12.72	13.10	13.49	13.89	14.31

Table 13

**The Island Water Association  
Water Rate Study**

**Comparison of Typical Monthly Residential Bills for Water Service**

Line No.	Description	Residential Service for a 5/8" Meter [*]							
		0 Gallons	2,000 Gallons	4,000 Gallons	5,000 Gallons	7,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons
<b>The Island Water Association, Florida</b>									
1	Current Monthly Rates	\$13.00	\$19.60	\$26.20	\$29.50	\$37.40	\$49.25	\$72.25	\$98.50
2	Proposed Monthly Rates - FY 2026	15.34	23.12	30.90	34.79	44.11	58.09	85.24	116.24
<b><u>Other Southeast Florida Utilities:</u></b>									
3	Bonita Springs Utilities, Inc.	\$13.79	\$22.09	\$30.39	\$34.54	\$43.72	\$58.81	\$86.60	\$117.93
4	City of Cape Coral	22.85	32.65	42.44	47.33	61.98	83.96	132.86	200.07
5	Charlotte County	30.72	43.94	57.16	63.77	77.97	100.74	146.61	199.74
6	City of Clearwater	29.58	29.58	41.57	53.56	77.54	116.63	192.18	267.73
7	Collier County	32.84	41.72	50.60	55.04	68.44	88.54	132.99	177.44
8	DeSoto County	34.35	46.79	59.23	65.45	82.03	106.90	169.05	251.95
9	City of Fort Myers	11.81	22.61	33.41	44.20	65.78	108.95	206.07	313.97
10	Englewood Water District	25.54	31.62	37.70	40.74	47.84	68.04	124.62	207.16
11	FGUA - Lehigh Acres System (Lee County)	18.47	31.99	45.51	52.27	65.79	89.16	130.09	176.67
12	Gasparilla Island Water Association, Inc.	35.00	44.76	54.52	59.40	74.04	96.00	132.60	181.40
13	Greater Pine Island Water Association	22.17	31.53	42.01	47.25	58.91	76.40	112.80	156.50
14	Immokalee Water and Sewer District	32.53	41.81	51.09	55.73	65.01	78.93	111.73	144.53
15	Lee County	15.85	24.09	32.33	36.45	45.72	61.17	90.04	125.09
16	Town of Longboat Key	20.11	27.85	35.59	39.46	49.66	64.96	96.66	140.66
17	City of Marco Island	35.96	44.94	53.92	58.41	67.39	80.86	103.31	125.76
18	City of Naples	10.74	14.46	18.18	20.04	23.76	32.82	49.07	72.17
19	City of North Port	30.26	43.18	56.10	65.77	85.11	121.98	203.57	314.70
20	Okeechobee Utility Authority	24.93	35.71	49.21	57.32	73.54	97.87	138.42	178.97
21	City of Sarasota	21.27	29.87	38.47	43.53	53.65	72.89	118.90	171.95
22	Sarasota County	22.78	29.50	36.22	40.45	48.91	67.80	118.85	189.12
23	City of St. Pete Beach	10.55	18.65	26.75	35.96	54.38	82.01	128.06	174.11
24	FGUA - Unifed Aqua System	27.44	46.16	64.88	74.24	97.68	139.92	224.30	318.00
25	City of Treasure Island	10.55	18.65	26.75	35.96	54.38	82.01	128.06	174.11
26	Other Florida Utilities' Average	\$23.48	\$32.79	\$42.78	\$48.99	\$62.75	\$85.97	\$133.80	\$190.42
27	Minimum	10.55	14.46	18.18	20.04	23.76	32.82	49.07	72.17
28	Maximum	35.96	46.79	64.88	74.24	97.68	139.92	224.30	318.00

## Footnotes:

[\*] Unless otherwise noted, amounts shown reflect residential rates in effect August 2025 and are exclusive of taxes, franchise fees or water restriction surcharges, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

**The Island Water Association  
Water Rate Study**

**Summary of Existing Water Fixed Assets**

Line No.	Function	Fixed Assets at Original Cost [1] Water
<u>Existing Assets Included in System Development Charges</u>		
1	Supply and Treatment	\$14,535,191
2	Transmission Lines (8" and Above)	6,702,412
3	Total Existing Assets Included in System Development Charges	<u>\$21,237,602</u>
<u>Existing Assets Excluded from System Development Charges</u>		
4	Hydrants/Meter Services	\$505,312
5	Equipment	8,463,037
6	Distribution / Collection Lines	18,045,065
7	Total Existing Assets Excluded from System Development Charges	<u>\$27,013,415</u>
8	<b>Total Existing Fixed Assets</b>	<u><u>\$48,251,017</u></u>

**Footnotes:**

[1] Reported by the Association as of December 31, 2024.

**Table 15**  
**The Island Water Association**  
**Water Rate Study**

**Summary of Water Capital Improvement Program By Plant Function Through Fiscal Year 2035**

Line No.	Project Description	Type	Purpose			2025-2035		Net Amount For Future Expenditures	Functional Category [3]					Retirement Adjustment		
			Expansion	Existing		Estimated Capital Cost [1]	Adjustments [2]		Supply and Treatment		Storage, Pumping & Transmission		Distribution/ Other	Total	Supply and Treatment	Storage, Pumping & Transmission
				New	Replace				Existing	Expansion	Existing	Expansion				
<b>Water System:</b>																
1	SCADA And Controls Carryover	Treatment	0.00%	0.00%	100.00%	\$533,217	\$0	\$533,217	\$533,217	\$0	\$0	\$0	\$0	\$533,217	\$233,057	\$0
2	Rabbit Road Isolation Valve	Distribution	0.00%	100.00%	0.00%	129,950	0	129,950	0	0	0	0	129,950	129,950	0	0
3	Blind Pass - Aerial Crossing Rehab	Other	0.00%	0.00%	100.00%	566,582	0	566,582	0	0	0	0	566,582	566,582	0	0
4	Well S10 Phase 1	Treatment	0.00%	0.00%	100.00%	880,000	0	880,000	880,000	0	0	0	880,000	384,628	0	
5	Well S10 Phase 2	Treatment	0.00%	0.00%	100.00%	415,840	0	415,840	415,840	0	0	0	415,840	181,754	0	
6	C12 Alternative Design - Srf Sahfi Project *	Treatment	25.00%	0.00%	75.00%	2,525,000	(2,525,000)	0	0	0	0	0	0	0	0	0
7	C12 Alternative Construction *	Treatment	25.00%	0.00%	75.00%	7,537,500	(7,537,500)	0	0	0	0	0	0	0	0	0
8	C12 Alternative Construction *	Treatment	25.00%	0.00%	75.00%	2,634,372	0	2,634,372	1,975,779	658,593	0	0	2,634,372	863,567	0	0
9	Large Vac Truck	Other	0.00%	0.00%	100.00%	218,316	0	218,316	0	0	0	218,316	218,316	0	0	
10	North Wellfield Fiber (S8 To Ro Plant)	Treatment	0.00%	0.00%	100.00%	122,376	0	122,376	122,376	0	0	0	122,376	53,488	0	
11	Wellfield Pumps & Motors	Treatment	0.00%	0.00%	100.00%	430,710	0	430,710	430,710	0	0	0	430,710	188,253	0	
12	Misc Wm Relocations	Distribution	0.00%	0.00%	100.00%	943,946	0	943,946	0	0	0	943,946	943,946	0	0	
13	C12 Analyzer For Wulfert Bs	Treatment	0.00%	0.00%	100.00%	10,000	0	10,000	10,000	0	0	0	10,000	4,371	0	
14	C12 Analyzer For Ro Plant Hs	Treatment	0.00%	0.00%	100.00%	10,396	0	10,396	10,396	0	0	0	10,396	4,544	0	
15	Ro Plant Grating & Hardware	Other	0.00%	0.00%	100.00%	33,713	0	33,713	0	0	0	33,713	33,713	0	0	
16	Mag Meter Installation (Two Wells)	Other	0.00%	0.00%	100.00%	82,178	0	82,178	0	0	0	82,178	82,178	0	0	
17	Virchem Mct-5091 Bulk Tank Replacement	Treatment	0.00%	0.00%	100.00%	59,257	0	59,257	59,257	0	0	0	59,257	25,900	0	
18	Replace Fleet Truck - Maint. #9	Other	0.00%	0.00%	100.00%	73,000	0	73,000	0	0	0	73,000	73,000	0	0	
19	South Seas Storage Tank Repairs	Treatment	0.00%	0.00%	100.00%	100,000	0	100,000	100,000	0	0	0	100,000	43,708	0	
20	East Periwinkle Bridge - Utility Relocation Construction	Other	0.00%	0.00%	100.00%	0	0	0	0	0	0	0	0	0	0	
21	20" Parallel Line From Ro To Rabbit	Trans	0.00%	0.00%	100.00%	920,046	0	920,046	0	0	920,046	0	920,046	0	414,195	
22	Blind Pass Redundant Directional Drill - 16" Diameter *	Trans	0.00%	0.00%	100.00%	1,614,977	0	1,614,977	0	0	1,614,977	0	1,614,977	0	727,045	
23	Blind Pass Redundant Directional Drill - 16" Diameter *	Trans	0.00%	0.00%	100.00%	0	0	0	0	0	0	0	0	0	0	
24	Blind Pass Redundant Directional Drill - 16" Diameter *	Trans	0.00%	0.00%	100.00%	1,614,977	(1,614,977)	0	0	0	0	0	0	0	0	
25	South Seas Hydraulic Improvement Project Design *	Trans	0.00%	0.00%	100.00%	0	0	0	0	0	0	0	0	0	0	
26	South Seas Hydraulic Improvement Project Design *	Trans	0.00%	0.00%	100.00%	0	0	0	0	0	0	0	0	0	0	
27	South Seas Hydraulic Improvement Project Construction *	Trans	25.00%	0.00%	75.00%	1,481,430	0	1,481,430	0	0	1,111,073	370,358	1,481,430	0	500,193	
28	South Seas Hydraulic Improvement Project Construction *	Trans	25.00%	0.00%	75.00%	1,531,861	(1,531,861)	0	0	0	0	0	0	0	0	
29	South Seas Hydraulic Improvement Project Construction *	Trans	25.00%	0.00%	75.00%	0	0	0	0	0	0	0	0	0	0	
30	Sanctuary Secondary Feed - Directional Drill *	Trans	0.00%	0.00%	100.00%	1,026,730	0	1,026,730	0	0	1,026,730	0	1,026,730	0	462,222	
31	Sanctuary Secondary Feed - Directional Drill *	Trans	0.00%	0.00%	100.00%	1,026,730	(1,026,730)	0	0	0	0	0	0	0	0	
32	Captiva Drive Wm Upgrade 12 To 16", S-Curve To 8" Ac	Trans	25.00%	0.00%	75.00%	1,707,289	0	1,707,289	0	0	1,280,467	426,822	1,707,289	0	576,452	
33	Captiva Drive Wm Upgrade 12 To 16", S-Curve To 8" Ac	Trans	25.00%	0.00%	75.00%	0	0	0	0	0	0	0	0	0	0	
34	Captiva Drive Wm Upgrade 12 To 16", S-Curve To 8" Ac	Trans	25.00%	0.00%	75.00%	1,707,289	(1,707,289)	0	0	0	0	0	0	0	0	
35	Ro Plant & Electrical Improvements Design/Project Management *	Treatment	25.00%	0.00%	75.00%	0	0	0	0	0	0	0	0	0	0	
36	Ro Plant & Electrical Improvements Design/Project Management *	Treatment	25.00%	0.00%	75.00%	0	0	0	0	0	0	0	0	0	0	
37	Ro Plant & Electrical Improvements Construction *	Treatment	25.00%	0.00%	75.00%	13,440,087	0	13,440,087	10,080,065	3,360,022	0	0	13,440,087	4,405,762	0	
38	Ro Plant & Electrical Improvements Construction *	Treatment	25.00%	0.00%	75.00%	13,440,087	(13,440,087)	0	0	0	0	0	0	0	0	
39	Ro Plant & Electrical Improvements Construction *	Treatment	25.00%	0.00%	75.00%	0	0	0	0	0	0	0	0	0	0	
40	Membrane Installation To Achieve Build Out Capacity (Can Be Delayed, Based On P)	Treatment	100.00%	0.00%	0.00%	409,309	0	409,309	0	409,309	0	0	409,309	0	0	
41	12" Permeate Header Replacement, Install 4Th Hsp (As Part Of Ro Plant Improvement)	Treatment	0.00%	0.00%	100.00%	467,224	0	467,224	467,224	0	0	0	467,224	204,213	0	
42	H15 Connection & Rehabilitation, Feasibility Study	Treatment	0.00%	0.00%	100.00%	631,994	0	631,994	631,994	0	0	0	631,994	276,230	0	
43	Sanibel Lake Estates Wmr Construction	Distribution	0.00%	0.00%	100.00%	493,810	0	493,810	0	0	0	493,810	493,810	0	0	
44	New Well Property Purchases	Treatment	100.00%	0.00%	0.00%	1,192,984	0	1,192,984	0	1,192,984	0	0	1,192,984	0	0	
45	New Production Wells (2030 & 2033)	Treatment	100.00%	0.00%	0.00%	7,608,967	0	7,608,967	0	7,608,967	0	0	7,608,967	0	0	
46	Replace Fill Valve/Piping At Wulfert Bs; Spare Valve	Distribution	0.00%	0.00%	100.00%	72,772	0	72,772	0	0	0	72,772	72,772	0	0	
47	Booster Pump Stations Capacity Upgrade Study - Hydraulic Modeling, Report, Install	Distribution	0.00%	0.00%	100.00%	644,344	0	644,344	0	0	0	644,344	644,344	0	0	
48	Replace Valves And Piping Between Ro Tanks #1 And #2	Treatment	0.00%	0.00%	100.00%	233,612	0	233,612	233,612	0	0	0	233,612	102,106	0	
49	Replace Inground Section, Discharge Valves From Storage Tanks To Pumps At Boost	Distribution	0.00%	0.00%	100.00%	364,294	0	364,294	0	0	0	364,294	364,294	0	0	
50	Bailey/S Site Water Main Improvements	Distribution	0.00%	0.00%	100.00%	311,880	0	311,880	0	0	0	311,880	311,880	0	0	
51	Tarpon From San Cap To West Gulf - Upsize To 16"	Trans	25.00%	0.00%	75.00%	1,529,915	0	1,529,915	0	0	1,147,437	382,479	1,529,915	0	516,563	
52	Las Tiendas Lane And Sabal Street Wmr Design	Distribution	0.00%	0.00%	100.00%	60,716	0	60,716	0	0	0	60,716	60,716	0	0	
53	Las Tiendas Lane And Sabal Street Wmr Construction	Distribution	0.00%	0.00%	100.00%	378,721	0	378,721	0	0	0	378,721	378,721	0	0	
54	Pen Shell, Kings Crown, Conch, Oyster Wmr Design	Distribution	0.00%	0.00%	100.00%	252,480	0	252,480	0	0	0	252,480	252,480	0	0	
55	Pen Shell, Kings Crown, Conch, Oyster Wmr Construction	Distribution	0.00%	0.00%	100.00%	1,049,914	0	1,049,914	0	0	0	1,049,914	1,049,914	0	0	
56	Windward Way, Sand Pebble Wmr Design	Distribution	0.00%	0.00%	100.00%	98,429	0	98,429	0	0	0	98,429	98,429	0	0	
57	Windward Way, Sand Pebble Wmr Construction	Distribution	0.00%	0.00%	100.00%	511,636	0	511,636	0	0	0	511,636	511,636	0	0	
58	2031 Capital Improvement Projects	Other	0.00%	0.00%	100.00%	3,471,605	0	3,471,605	0	0	0	3,471,605	3,471,605	0	0	
59	2032 Capital Improvement Projects	Other	0.00%	0.00%	100.00%	3,609,081	0	3,609,081	0	0	0	3,609,081	3,609,081	0	0	
60	2033 Capital Improvement Projects	Other	0.00%	0.00%	100.00%	3,752,000	0	3,752,000	0	0	0	3,752,000	3,752,000	0	0	
61	2034 Capital Improvement Projects	Other	0.00%	0.00%	100.00%	3,900,579	0	3,900,579	0	0	0	3,900,579	3,900,579	0	0	
62	2035 Capital Improvement Projects	Other	0.00%	0.00%	100.00%	4,055,042	0	4,055,042	0	0	0	4,055,042	4,055,042	0	0	

**Table 15**  
**The Island Water Association**  
**Water Rate Study**

**Summary of Water Capital Improvement Program By Plant Function Through Fiscal Year 2035**

Line No.	Project Description	Type	Purpose			2025-2035		Net Amount For Future Expenditures	Functional Category [3]					Retirement Adjustment			
			Expansion	Existing		Estimated Capital Cost [1]	Adjustments [2]		Supply and Treatment		Storage, Pumping & Transmission		Distribution/Other	Total	Supply and Treatment	Storage, Pumping & Transmission	
				New	Replace				Existing	Expansion	Existing	Expansion					
63	New Ground Storage Tank - 1.0 Mg On Captiva	Treatment	100.00%	0.00%	0.00%	4,555,747	0	4,555,747	0	4,555,747	0	0	0	0	4,555,747	0	0
64	New Ground Storage Tank - 1.0 Mg On Captiva	Treatment	100.00%	0.00%	0.00%	6,496,293	0	6,496,293	0	6,496,293	0	0	0	0	6,496,293	0	0
65	Deep Injection Well Replacement (50/50 Assumed Cost Share With City)	Treatment	0.00%	0.00%	100.00%	9,911,160	0	9,911,160	9,911,160	0	0	0	0	0	9,911,160	4,331,937	0
66	Deep Injection Well Replacement (50/50 Assumed Cost Share With City)	Treatment	0.00%	0.00%	100.00%	2,538,355	0	2,538,355	2,538,355	0	0	0	0	0	2,538,355	1,109,456	0
67	Deep Injection Well Replacement (50/50 Assumed Cost Share With City)	Treatment	0.00%	0.00%	100.00%	5,898,244	0	5,898,244	5,898,244	0	0	0	0	0	5,898,244	2,577,985	0
68	Hurricane Rated Windows - Admin Bldg	Other	0.00%	0.00%	100.00%	272,375	0	272,375	0	0	0	0	0	272,375	272,375	0	0
69	Main Host (Server) Replacement	Other	0.00%	0.00%	100.00%	16,634	0	16,634	0	0	0	0	0	16,634	16,634	0	0
70	Fleet Truck Replacement	Other	0.00%	0.00%	100.00%	65,000	0	65,000	0	0	0	0	0	65,000	65,000	0	0
71	Fleet Truck Replacement	Other	0.00%	0.00%	100.00%	66,500	0	66,500	0	0	0	0	0	66,500	66,500	0	0
72	Fleet Truck Replacement	Other	0.00%	0.00%	100.00%	\$68,000	0	68,000	0	0	0	0	0	68,000	68,000	0	0
73	Fleet Truck Replacement	Other	0.00%	0.00%	100.00%	\$69,500	0	69,500	0	0	0	0	0	69,500	69,500	0	0
74	Fleet Truck Replacement	Other	0.00%	0.00%	100.00%	\$71,000	0	71,000	0	0	0	0	0	71,000	71,000	0	0
75	Other Miscellaneous Adjustments	Other	0.00%	0.00%	100.00%	0	0	0	0	0	0	0	0	0	0	0	0
76	Budgetary Capital Outlay	Other	0.00%	0.00%	100.00%	0	0	0	0	0	0	0	0	0	0	0	0
77	<b>TOTAL WATER CIP PROJECTS</b>					<b>\$121,947,975</b>	<b>(\$29,383,444)</b>	<b>\$92,564,531</b>	<b>\$34,298,229</b>	<b>\$24,281,915</b>	<b>\$7,100,729</b>	<b>\$1,179,659</b>	<b>\$25,703,999</b>	<b>\$92,564,531</b>	<b>\$14,990,959</b>	<b>\$3,196,670</b>	
78	<b>PERCENT OF TOTAL</b>					100.00%			37.05%	26.23%	7.67%	1.27%	27.77%	100.00%	16.20%	3.45%	

Footnotes:

- [1] Amounts shown reflect the Multi-Year Capital Program as provided by the Association.
- [2] Downward adjustments reflect projects: i) anticipated to be funded by grants as identified by the Association; ii) recognized in the existing assets summary to be consistent with existing capacity assumptions; or iii) not considered applicable to the fee determination process.
- [3] Assets are categorized based on information provided by the Association.

Table 16

**The Island Water Association  
Water Rate Study**

**Calculation of Water Membership Fee**

Line No	Description	Fee Components
1	Treatment CIP	\$24,281,915
2	Treatment - Fixed Assets	14,535,191
3	Total Treatment CIP and Assets	<u>\$38,817,106</u>
4	Existing Capacity ADF-MGD	5.220
5	Future Capacity ADF-MGD	1.870
6	Total Capacity	<u>7.090</u>
7	Average Capacity (Basis of Fee Design)	<b>\$5.47</b>
8	Transmission CIP	\$1,179,659
9	Transmission - Fixed Assets	6,702,412
10	Total Transmission CIP and Assets	<u>\$7,882,070</u>
11	Existing Capacity ADF-MGD	5.220
12	Future Capacity ADF-MGD	1.870
13	Total Capacity	<u>7.090</u>
14	Average Capacity Basis of Fee Design	<b>\$1.11</b>
15	<u>Total Cost per Gallon / ADF</u>	<u><b>\$6.59</b></u>
16	Assumed LOS per ERC - Gallons per Day	500.00
17	Calculated Fee	\$3,293.31
18	Rounding / Recommended	<u><b>\$3,275.00</b></u>
19	Existing Fee (Implemented 2009)	\$1,881.00
20	Proposed Change in Fee Amount	\$1,394.00
21	Percent	74.11%

Table 17

**The Island Water Association  
Water Rate Study**

**Existing and Proposed Membership Fees**

Line No	Description	Existing Rate	Proposed Rate
<b>Residential Metered Services</b>			
1	5/8 Inch	\$ 1,881	\$ 3,275
2	1 Inch	5,643	8,188
3	1.5 Inch	11,286	16,375
4	2 Inch	18,810	26,200
5	3 Inch	43,263	49,125
6	4 Inch	77,121	81,875
<b>Master Metered Services</b>			
7	Per Unit	\$ 1,881	\$ 1,310
<b>Non-Residential Metered Services</b>			
8	5/8 Inch	\$ 1,881	\$ 1,801
9	1 Inch	5,643	4,503
10	1.5 Inch	11,286	9,006
11	2 Inch	18,810	14,410
12	3 Inch	43,263	27,019
13	4 Inch	77,121	45,031

**Table 18**

**The Island Water Association  
Water Rate Study**

**Water Connection Fees Comparison Survey (\$ / ERU) [1]**

Line No.	Description	Per Equivalent Residential Unit (ERU)
		Water
<b>The Island Water Association</b>		
1	Existing	\$1,881
2	Proposed (Fiscal Year 2026)	3,275
<b><u>Other Florida Utilities: [1]</u></b>		
3	Bonita Springs Utilities, Inc.	\$3,040
4	City of Cape Coral	3,027
5	Charlotte County	1,290
6	City of Clearwater	660
7	Collier County	4,411
8	DeSoto County	2,182
9	City of Fort Myers	3,278
10	Englewood Water District	3,062
11	FGUA - Lehigh Acres System (Lee County)	3,070
12	Gasparilla Island Water Association, Inc.	5,223
13	Greater Pine Island Water Association	2,910
14	Lee County	2,745
15	Town of Longboat Key	690
16	City of Marco Island	3,740
17	City of Naples	1,416
18	City of North Port	2,319
19	Okeechobee Utility Authority	1,988
20	City of Sarasota	900
21	Sarasota County	4,250
22	Other Florida Utilities' - Average	\$2,642

**Footnotes:**

[1] Unless otherwise noted, amounts shown reflect charges for an equivalent residential connection (residential dwelling unit served through smallest meter size for surveyed utilities and area) in effect September 2025. Such fees are exclusive of administrative fees or other cost adjustments that may be charged by a surveyed utility, if any, and reflect fees charged for service requests located inside the city where applicable. All fees are as reported by the respective utility. This comparison is intended to show comparable charges for similar capacity (service) requests and is not intended to be a complete listing of all rates and charges offered by each listed utility.

Table 19

**The Island Water Association  
Water Rate Study**

**Existing and Proposed Miscellaneous Fees**

Line No	Description	Existing	Proposed
1	Disconnect (During Business Hours)	\$25.00	\$90.00
2	Reconnect (During Business Hours)	\$25.00	\$90.00
3	Reconnect (After Business Hours)	\$40.00	\$325.00
4	Meter Testing	\$50.00	\$135.00
5	Site Visit (During Business Hours)	\$0.00	\$0.00
6	Project Reimbursement	Policy Decision	Minimum of \$175 or actual cost, whichever is greater
	Connection Cost (Tap in and Meter) [1]		
7	5/8" Meter	-	\$3,315.00
8	1" Meter	-	\$3,420.00
9	Above 1"	Actual Cost	Actual Cost
10	Upgraded Meter	Difference in Membership Fee and Meter Deposit	Difference in Membership Fee and Meter Deposit

**Footnotes:**

- [1] Currently Connection Fees (Tap-In and Meter) are part of the membership fee (connection fee) collected from Association members

Table 20

The Island Water Association  
Water Rate Study

Development of Service Reconnect and Disconnect Charges

Line No.	Description	Service Turn-on	
		Work Hours	After Hours
<b><u>Personnel Costs</u></b>			
	<u>Distribution Technician</u>		
1	Cost per Hour (Including Benefits)	\$46.25	\$69.38
2	Total Number of Employees Required	1.00	1.00
3	Number of Hours Worked by Each Employee	1.00	3.00
4	Total Distribution Technician Expense	\$46.25	\$208.13
5	<b>Total Personnel Costs</b>	\$46.25	\$208.13
<b><u>Vehicle and Equipment Costs</u></b>			
	<u>Utility Truck</u>		
6	Cost per Hour	41.70	41.70
7	Number of Trucks	1.00	1.00
8	Number of Hours	1.00	1.00
9	Total Utility Truck	\$41.70	\$41.70
10	<b>Total Vehicle and Equipment Costs</b>	\$41.70	\$41.70
<b><u>Additional</u></b>			
11	Call-In Pay	\$0.00	\$75.00
12	<b>Total Materials, Parts, and Supplies Costs</b>	\$0.00	\$75.00
13	<b>Subtotal - Personnel, Vehicles and Equipment, and Materials</b>	\$87.95	\$324.83
14	<b>Total Calculated - Rounded</b>	\$90.00	\$325.00
15	<b>Max Adjustment to Calculated Fee for Market Condition and Rate Phasing</b>	\$0.00	\$0.00
16	<b>Recommended Fee per Policy</b>	\$90.00	\$325.00
17	<b>Existing Fee</b>	\$25.00	\$40.00
18	Change in Fee \$	\$65.00	\$285.00
19	Change in Fee %	260.0%	712.5%

Table 21

**The Island Water Association  
Water Rate Study**

**Development of Service Meter Testing Charges**

Line No.	Description	Work Hours
<b><u>Personnel Costs</u></b>		
<u>Distribution Technician</u>		
1	Cost per Hour (Including Benefits)	\$46.25
2	Total Number of Employees Required	1.00
3	Number of Hours Worked by Each Employee	2.00
4	Total Distribution Technician Expense	<u>\$92.49</u>
5	<b>Total Personnel Costs</b>	<u>\$92.49</u>
<b><u>Vehicle and Equipment Costs</u></b>		
<u>Utility Truck</u>		
6	Cost per Hour	\$41.70
7	Number of Trucks	1.00
8	Number of Hours	1.00
9	Total Utility Truck	<u>\$41.70</u>
10	<b>Total Vehicle and Equipment Costs</b>	<u>\$41.70</u>
<b><u>Additional</u></b>		
11	Call-In Pay	\$0.00
12	<b>Total Materials, Parts, and Supplies Costs</b>	<u>\$0.00</u>
13	<b>Subtotal - Personnel, Vehicles and Equipment, and Materials</b>	\$134.19
14	<b>Total Calculated - Rounded</b>	<u>\$135.00</u>
15	<b>Max Adjustment to Calculated Fee for Market Condition and Rate Phasing</b>	<u>\$0.00</u>
16	<b>Recommended Fee per Policy</b>	<u><u>\$135.00</u></u>
17	<b>Existing Fee</b>	\$50.00
18	Change in Fee \$	\$85.00
19	Change in Fee %	170.0%

Table 22

**The Island Water Association  
Water Rate Study**

**Development of Project Reimbursement**

Line No.	Description	Minimum
<b><u>Personnel Costs</u></b>		
<b><u>Distribution Technician</u></b>		
<u>Distribution Technician</u>		
1	Cost per Hour (Including Benefits)	\$46.25
2	Total Number of Employees Required	1.00
3	Number of Hours Worked by Each Employee	2.00
4	Total Distribution Technician Expense	<u>\$92.49</u>
5	<b>Total Personnel Costs</b>	<u>\$92.49</u>
<b><u>Vehicle and Equipment Costs</u></b>		
<u>Utility Truck</u>		
6	Cost per Hour	\$41.70
7	Number of Trucks	1.00
8	Number of Hours	2.00
9	Total Utility Truck	<u>\$83.40</u>
10	<b>Total Vehicle and Equipment Costs</b>	<u>\$83.40</u>
<b><u>Materials, Parts, and Supplies Costs</u></b>		
11	Summary of Materials, Parts, and Supplies	\$0.00
12	<b>Total Materials, Parts, and Supplies Costs</b>	<u>\$0.00</u>
13	<b>Subtotal - Personnel, Vehicles and Equipment, and Materials</b>	\$175.89
14	<u>Administrative Fee</u>	0.00
15	<b>Total Calculated</b>	<u>\$175.89</u>
16	<b>Calculated Average Fee</b>	<u>\$175.89</u>
17	<b>Adjustment to Calculated Fee per Policy (0.00%)</b>	<u>\$0.00</u>
18	<b>Recommended Minimum Fee</b>	<u>\$175.00</u>
19	<b>Existing Fee</b>	Actual Cost

Table 23

**The Island Water Association  
Water Rate Study**

Development of Tap-In and Service Line Installation Charges

Line No.	Description	Meter Sizes and Service Length	
		5/8"	1"
		Average	Average
<b>Personnel Costs</b>			
<b>Distribution Technician</b>			
<u>Distribution Technician</u>			
1	Cost per Hour (Including Benefits)	\$46.25	\$46.25
2	Total Number of Employees Required	3.00	3.00
3	Number of Hours Worked by Each Employee	4.00	4.00
4	Total Distribution Technician Expense	\$554.94	\$554.94
<b>Vehicle and Equipment Costs</b>			
<u>Utility Truck</u>			
5	Cost per Hour	\$41.70	\$41.70
6	Number of Trucks	1.00	1.00
7	Number of Hours	4.00	4.00
8	Total Utility Truck	\$166.80	\$166.80
<u>Backhoe Carrier</u>			
9	Cost per Hour	\$32.71	\$32.71
10	Number of Trucks	1.00	1.00
11	Number of Hours	4.00	4.00
12	Total Backhoe Carrier	\$130.84	\$130.84
<u>Vactruck</u>			
13	Cost per Hour	\$95.06	\$95.06
14	Number of Trucks	1.00	1.00
15	Number of Hours	0.00	0.00
16	Total Vactruck	\$0.00	\$0.00
<u>Loader / Backhoe - Wheel</u>			
17	Cost per Hour	\$49.41	\$49.41
18	Count of Equipment	1.00	1.00
19	Number of Hours	4.00	4.00
20	Total Loader / Backhoe - Wheel	\$197.64	\$197.64
<u>Directional Bore</u>			
21	Cost per Hour	\$1,250.00	\$1,250.00
22	Count of Equipment	1.00	1.00
23	Number of Hours	1.00	1.00
24	Total Directional Bore	\$1,250.00	\$1,250.00
25	<b>Total Vehicle and Equipment Costs</b>	<b>\$1,745.28</b>	<b>\$1,745.28</b>
<b>Materials, Parts, and Supplies Costs</b>			
26	Summary of Materials, Parts, and Supplies	\$980.13	\$1,082.13
27	<b>Total Materials, Parts, and Supplies Costs</b>	<b>\$980.13</b>	<b>\$1,082.13</b>
28	<b>Subtotal - Personnel, Vehicles and Equipment, and Materials</b>	<b>\$3,280.35</b>	<b>\$3,382.35</b>
29	<u>Administrative Fee</u>	35.30	35.30
30	<b>Total Calculated</b>	<b>\$3,315.65</b>	<b>\$3,417.65</b>
31	<b>Calculated Fee</b>	<b>\$3,315.65</b>	<b>\$3,417.65</b>
33	<b>Recommended Fee</b>	<b>\$3,315.00</b>	<b>\$3,420.00</b>