



AGENDA MEMORANDUM

City Manager

City Council Regular Meeting Date: March 3, 2026

To: City Council
From: Dana A. Souza, City Manager
Date: February 20, 2026

SUBJECT:

Consideration of Resolution 26-009, approving an adjustment to the Island Water Association, Inc. (IWA), Water Rates and Charges in accordance with the Franchise Agreement between IWA, the City of Sanibel, and Lee County.

BACKGROUND:

The Island Water Association, Inc. (IWA) has petitioned the City of Sanibel for approval of a proposed three-year rate adjustment plan, with the first increase scheduled to take effect June 1, 2026. The proposal includes annual increases of 18% to all billed service rates for 2026, 2027, and 2028, as well as adjustments to membership and miscellaneous service fees.

The March 3, 2026, Public Hearing is scheduled for City Council consideration of the proposed adjustments.

IWA provides potable water service within:

- The City of Sanibel; and
- Certain areas of unincorporated Lee County, including Captiva Island (County Service Area), as defined in the Franchise Agreements executed in 1995 and 2015 between IWA, the City of Sanibel, and Lee County.

Pursuant to the Franchise Agreements, Lee County has delegated to the Sanibel City Council the responsibility for reviewing and considering IWA's petitions for rate and charge adjustments within the County Service Area. Therefore, the City Council's action applies to both the Sanibel service area and the County Service Area. In January 2026, both the City of Sanibel and IWA have informed Lee County of IWA's petition to increase rates and charges within the County Service Area.

IWA has submitted documentation supporting its request for the proposed increases, which are intended to address operational costs, capital improvements, infrastructure maintenance, and long-term financial sustainability.

Sanibel is and shall remain a barrier island sanctuary

IWA's petition requests:

- An 18% increase to all billed service rates effective June 1, 2026
- An additional 18% increase effective January 1, 2027
- An additional 18% increase effective January 1, 2028
- Increases to membership fees
- Increases to miscellaneous service fees

The City Council's authority to consider and act upon IWA's petition for both the Sanibel and County Service Areas is established under the 1995 and 2015 Franchise Agreements. The required public hearing provides the opportunity for public comment prior to Council action. IWA has not requested an increase in water rates and charges in the past sixteen (16) years.

Diana Wilson, General Manager of IWA, along with IWA's rate consultant, will present the proposed rate and charge adjustments to the City Council and the public at the March 3, 2026, Public Hearing. IWA's petition is attached to Resolution 26-009. Additional supporting documentation, including rate studies and related materials, is included in the agenda packet for this item.

FUNDING SOURCE: N/A

RECOMMENDED ACTION:

Conduct the public hearing, receive public comment, and consider adoption of Resolution 26-009, approving IWA's requested adjustment to the water rates and charges in accordance with the Franchise Agreements.