

WEST VILLAGES IMPROVEMENT DISTRICT  
C/O Special District Services, Inc.  
19503 S. West Villages Parkway #A3  
Venice, Florida 34293

April 17, 2024

Via U.S. Postal Service

*RE: Irrigation Rate Study*

Dear Resident,

On April 11, the West Villages Improvement District (WVID) Board of Supervisors held a public hearing to receive public comment and discuss the adoption of proposed irrigation water rates, subsequently voting to approve the rate adoption. These rates were developed following a lengthy rate study, performed by GovRates, Inc., an independent contractor with more than 25 years of public utility ratemaking experience. The newly adopted rates will be effective beginning July 1, 2024.

The WVID has prepared this letter to better inform and educate residents about the adopted irrigation water rates.

**How much do I currently pay for irrigation water?**

Customers currently pay \$12.86 per month per 10,000 gallons under the existing rate structure. This monthly fee includes a \$4.17 well availability fee, which is part of the agreement between WVID and the developer of Wellen Park and ensures that users throughout WVID have access to irrigation water when they need it.

Under the rates adopted April 11, customers with private irrigation pumps will be charged \$15.82 per month per 10,000 gallons, an additional \$2.96 per month. All other customers will pay \$17.82 per month per 10,000 gallons, a \$4.96 a month increase. There are no proposed changes to the existing well availability fee at this time.

**Why are irrigation rates increasing?**

The GovRates rate study is the first formal rate review conducted by WVID since 2018. Since then, WVID has experienced significant growth. For example, the number of equivalent residential units (ERUs) has doubled over the past two years.

Additionally, WVID has experienced a substantial increase in operating costs due to inflation and supply chain concerns. WVID has also identified a variety of critical infrastructure projects, including the need for new irrigation wells and pump stations, necessary to operate an effective system.

Finally, the current rate structure depends on the developer of Wellen Park to continue to deficit fund operating and capital costs, which currently exceeds more than \$3 million. The newly adopted rate structure puts the WVID on a path to self-sufficiency, allowing WVID to eliminate developer deficit funding for the ongoing irrigation expenses of WVID.

**How were residents and community members notified of the proposed revisions?**

Since contracting with GovRates in May 2023, the WVID has provided community members with many opportunities to learn more about the process and provide public comment, including:

- A presentation on Oct. 12, 2023, where GovRates presented its proposed rate making methodology;
- A publicly noticed informational session held on March 5, 2024, where WVID staff and irrigation consultants provided an overview of the master irrigation system;
- A publicly noticed informational session held on March 21, 2024, where GovRates provided an overview of the proposed revised irrigation rates;

- Individual meetings with leadership from property owners' and homeowners' associations throughout WVID; and
- A noticed public hearing and presentation of proposed rates by GovRates during WVID's April 11 Board of Supervisors meeting.

### **What happens if rates were not increased?**

Without rate adjustments, the WVID irrigation water system is on a path to bankruptcy. Rate increases are necessary not only to ensure the water irrigation system is self-sustaining, but also phase out developer subsidization so that revenue is sufficient to fund all the system's requirements.

### **What do the WVID irrigation water rates pay for?**

These rates support a variety of services, including costs related to purchased reclaimed water, electricity, fuel, system repairs, engineering, management fees including billing and accounting, operations administration including field personnel, legal fees, audit, well availability payments, and the capital improvement program including new infrastructure and replacements.

Going forward, the newly adopted rates will support debt payment associated with paying of the developer for historic deficit funding and financing for capital improvements.

### **Why is the well availability fee included in the proposed rates?**

The West Villages Improvement District is in a water limited region regulated by the Southwest Florida Water Management District (SWFWMD). A water use permit issued by SWFWMD is the only way to hold and maintain the ability to use surface and groundwater in this development. SWFWMD has stopped issuing new permits for the use of groundwater due to regional impacts to wetlands and saltwater intrusion in this area.

In 2018, the developer of Wellen Park contracted with WVID to provide the entirety of its SWFWMD water use permit water allocation to WVID on an exclusive basis for WVID's irrigation use for a fee. The well availability fee paid to the developer of Wellen Park is for WVID's exclusive use of the developer's water allocations for irrigation under the requirements of its water use permit.

WVID's past adoption of irrigation rates, which included the well availability fee, and WVID's agreement to supply irrigation water to the Gran Paradiso Property Owners Association is subject to ongoing litigation, initiated by the Gran Paradiso POA. At this time, the well availability fee is being collected, but the WVID Board of Supervisors has directed that those funds be held in escrow pending resolution of related issues in this ongoing litigation.

### **Will there be future rate increases?**

With the adoption of the revised rates by the WVID Board of Supervisors, customers should anticipate annual rate adjustments beginning Oct. 1, 2025. However, the annual adjustment is dependent on a variety of factors, including whether the developer continues to deficit fund the system through fiscal 2033. Additionally, GovRates has recommended that the WVID review and refine its irrigation rates on an annual basis to better reflect actual expenditures of the WVID irrigation system, while remaining affordable and competitive by utility industry standards.

As the agency responsible for the operations and maintenance of the irrigation water system serving Wellen Park, the WVID is committed to educating residents about the irrigation water rate structure. A copy of the rate study can be found by visiting [www.WestVillagesID.org](http://www.WestVillagesID.org) or by contacting WVID's Manager's Office at 561-630-4922 or [wcrosley@sdsinc.org](mailto:wcrosley@sdsinc.org).

Thank you,  
West Villages Improvement District