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**MEMORANDUM**

**TO: Withlacoochee Regional Water Supply Authority Board of Directors**

**FROM: James T. Hartley, WRWSA Assistant General Counsel**

**DATE: March 11, 2026**

**RE: Water Rate Cost-of-Living Adjustment**

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At the January 14, 2026, WRWSA (“Authority”) Board Meeting, a concern was raised regarding the Authority’s three percent (3%) increase in the water rate charged to Citrus County (“County”). The applicable rate is governed by the Water Supply Contract between the Authority and the County dated October 11, 2016 (the “Contract”).

Section 10 of the Contract established the initial Base Rate Charge at \$0.1335 per one thousand gallons withdrawn and goes on to state that “[b]eginning in the first full Contract Year, the Authority shall apply a cost of living adjustment to the rate set forth in Section 10.1 on an annual basis. The Adjustment shall be equal to the annual adjustment that the County applies to its customers’ rates, not to exceed three percent (3%).” This adjustment appears to be mandatory under the plain language of the Contract and not discretionary. Any amendment or waiver of this requirement would require the mutual written agreement of both the Authority and the County.

The Contract further provides that the initial term of the Contract expires October 10, 2026, and will automatically renew unless the County provides written notice of non-renewal at least six (6) months prior to the expiration date. The Contract further acknowledges that a valid agreement must remain in place to provide ongoing water service from the Charles A. Black Facilities, and the parties agreed to work together in good faith to either extend the existing Contract or enter into a new agreement prior to its expiration to meet the Authority’s overall intent of providing regional drinking water.

Accordingly, absent a written mutual agreement between the County and the Authority, the three percent (3%) rate increase is required by the Contract. If the parties wish to modify this requirement, they must do so through a written amendment to the existing Contract or by terminating the current Contract and entering into a new agreement.