

RESOLUTION 25 - _____

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS DETERMINING
A SALE OF THE WAVERLY UTILITY SYSTEM TO THE CITY OF LAKE WALES IS
IN THE PUBLIC INTEREST AND APPROVING THE SALE IN ACCORDANCE WITH
AN AGREEMENT WITH THE CITY OF LAKE WALES**

WHEREAS, Polk County (the “County”) owns and operates a potable water supply treatment, transmission, and distribution system, and a wastewater collection, transmission, treatment, and disposal system (collectively, the “Waverly Utility System”) located within the Waverly area of unincorporated Polk County within the County’s East Regional Utility Service Area; and

WHEREAS, the City of Lake Wales (the “City”) owns and operates a potable water supply treatment, transmission, and distribution system, and a wastewater collection, transmission, treatment, and disposal system servicing customers within its designated utility service area which adjoins the Waverly Utility System; and

WHEREAS, the Waverly Utility System is effectively an enclave within the City’s Utility Service Area and remote from other County water utility infrastructure; and

WHEREAS, the County commissioned and received a system valuation report (the “Raftelis Report”) from Raftelis Financial Consultants, Inc. in September 2024 to assist it in determining whether a sale of the Waverly Utility System to the City would be advisable; and

WHEREAS, in 2025 the City commissioned and received a report from its technical advisors which assessed the financial and operational condition of the Waverly Utility System; and

WHEREAS, upon consideration of their respective reports and investigations of the Waverly Utility System, the County and City staffs negotiated a proposed Agreement for Purchase and Sale of Water System and Wastewater System Assets By & Between the City of Lake Wales & Polk County, Florida (the “Sales Agreement”); and

WHEREAS, the County has duly noticed and conducted a public hearing as required by Section 125.3401, Florida Statutes, regarding the proposed sale of the Waverly Utility System to the City in accordance with the Sales Agreement; and

WHEREAS, the Board of County Commissioners has among other matters considered the factors stated in Section 125.3401, Florida Statutes, as stated on the Memorandum from the Utilities Division Director dated December 16, 2025 (the “Memorandum”), which is attached to and made a part of this Resolution as Exhibit “A;” and

WHEREAS, having considered the Section 125.3401 factors, the Memorandum, the Raftelis Report, the proposed Sales Agreement, any public comment, and other competent and substantial evidence produced at the public hearing or previously provided to the Board regarding the Waverly Utility System, the Board has found and determined the matters stated below;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA AT ITS DULY NOTICED REGULAR MEETING CONDUCTED DECEMBER 16, 2025, THAT:

1. The Board accepts and adopts the findings and conclusions stated in the Memorandum.
2. The sale of the Waverly Utility System to the City in accordance with the Sales Agreement is in the public interest.
3. The Memorandum is the County's prepared statement required by Section 125.3401, Florida Statutes, showing that a sale of the system in accordance with the Sales Agreement is in the public interest.
4. The Board approves the sale of the Waverly Utility System in accordance with the Sales Agreement.
5. The County Manager and the Real Estate Services Director are authorized to execute documents on behalf of the County which are necessary to close the transaction in accordance with the Sales Agreement.

ADOPTED THIS 16TH DAY OF DECEMBER 2025.

ATTEST:

STACEY M. BUTTERFIELD, Clerk

BOARD OF COUNTY COMMISSIONERS
POLK COUNTY, FLORIDA

By: _____
Deputy Clerk

By: _____
Martha Santiago, Ed. D., Chair

MEMORANDUM

TO: Board of County Commissioners
FROM: Tamara Richardson, Utilities Division Director
SUBJECT: Sale of the Waverly Utility System (potable water and wastewater) to the City of Lake Wales
DATE: December 16, 2025

This memorandum summarizes the Utilities Division's assessment of a proposed sale of the Waverly Utility System to the City of Lake Wales ("City") based on the factors which the County is required to consider pursuant to Section 125.3401, Florida Statutes, in determining whether the sale is in the public interest. Section 180.301, Florida Statutes, requires the City to make a similar determination considering these same factors.

The Waverly Utility System consists of a potable water supply, treatment, transmission, and distribution system, and a wastewater collection, transmission, treatment, and disposal system. The system is located within the Waverly area of unincorporated Polk County within the East Regional Utility Service Area. The Waverly area is contiguous with the City's corporate limits. The City owns and operates a potable water supply, treatment, transmission, and distribution system, and a wastewater collection, transmission, treatment, and disposal system servicing customers within its designated utility service area which adjoins the Waverly Utility System. The Waverly System is essentially an enclave within the Lake Wales service area and is remote from other County water utility infrastructure.

The Waverly Utility System assets, customer base, and valuation are fully described in a System Valuation Final Report dated June 17, 2024, prepared by Raftelis Financial Consultants, Inc. (the "Raftelis Report"). Given the Waverly Utility System's small size and proximity to the City, the County and City utility staff have had numerous discussions in recent years about a possible sale of the system to the City. Following release of the Raftelis Report, the City engaged engineers and conducted its own study (the "City Study") of the Waverly Utility System in 2025. Thereafter, the respective staffs negotiated a proposed agreement ("Sales Agreement") for a sale of the system to the City.

As a condition for the proposed sale, the County must hold a public hearing on the matter and determine whether the sale is in the public interest considering at a minimum the nine factors described in Section 125.3401, Florida Statutes. Utilities staff have analyzed these factors and provide the following summary of each:

1. The most recent available income and expense statement for the utility.

Due to its small customer base and the limited revenue the County receives from providing the water and wastewater services, the County's sale of the Waverly Utility System will not negatively affect

the net income the County receives from providing water utility services throughout its six regional utility service areas. Similarly, acquisition of the system should not negatively impact the City's service to its existing water and wastewater customers.

2. The most recent available balance sheet for the utility, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon.

The County does not maintain a separate balance sheet for the Waverly Utility System; the system is part of the County's larger, regional based water utility system created to serve multiple unincorporated areas within Polk County. Specific information regarding the Waverly Utility System, its assets, water and wastewater connections, usage demand, and a normalized pro forma for the Waverly Utility System portion of the County utility system is contained within the Raftelis Report, a copy of which has been provided to the City. Information pertaining to the County's overall financial state is contained in the County's 2024 Consolidated Annual Financial Report. As a public utility, the County does not track the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon.

3. A statement of the existing rate base of the utility for regulatory purposes.

This item is not applicable as the City and the County do not set rates based on a rate of return applied to a base rate.

4. The physical condition of the utility facilities being purchased or sold.

Both the Raftelis Report and the City Study found the Waverly Utility System to be in a good to fair condition.

5. The reasonableness of the purchase or sales price and terms.

Based upon the Raftelis Report valuation of the Waverly Utility System, and the parties' respective duties and obligations described in the Sales Agreement, staff believes the purchase price and terms are reasonable.

6. The impacts of the purchase or sale on utility customers, both positive and negative.

It is anticipated that impacts to the Waverly Utility System customers will be positive as the system will likely be incorporated into and made part of the City's nearby water and wastewater system, which could provide financial and operational benefits to the customers.

7. Any additional investment required and the ability and willingness of the City to make that investment, whether the purchaser is the county or the entity purchasing the utility from the county.

By approving the Sales Agreement, staff understands the City is willing and able to undertake responsibility for the continued maintenance and

operation of the Waverly Utility System, to include any additional investments it determines are necessary.

8. The alternatives to the purchase or sale and the potential impact on utility customers if the purchase or sale is not made.

The alternative to the proposed sale is to leave the ownership and operation of the Waverly Utility System with the County. Given the size and location of the system, staff believes the system customers and the City may benefit by the City combining and interconnecting the Waverly Utility System with and into the City water and wastewater systems.

9. The ability of the City to provide and maintain high-quality and cost-effective utility service.

Utilities staff are unaware of any financial or operational concerns that would preclude the City from successful operation of the Waverly Utility System. Staff believe the City is fully capable of providing and maintaining high quality and cost-effective water and wastewater utility services to the Waverly Utility System customers and to the City's existing customers.

Based on the preceding information and analysis, the County Utilities Division staff has concluded that a sale of the Waverly Utility System to the City would be in the public interest.