

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:December 2, 2025Consent []Regular [X]
Public Hearing []

Department:Water Utilities Department

I. EXECUTIVE BRIEF

Motion and Title: Staff seeks Board Direction: On Palm Beach County Water Utilities Department's (PBCWUD) possible acquisition of Boynton Beach Water and Sewer Utility.

Summary: At the September 30, 2025 workshop, the Board of County Commissioners (BCC) directed staff to provide an overview and timeline for the due diligence process related to the potential acquisition of the Boynton Beach Water and Sewer system. This acquisition request was initiated by the City of Boynton Beach (City). The County needs to conduct thorough due diligence to determine the feasibility of such a purchase, and this timeline provides the different steps that will need to be taken to better understand the current condition of the system, the legal components for acquisition, and the total costs and liabilities related to acquisition of the City's Water and Sewer Utility. District 4 (MWJ)

Background and Policy Issues: At the September 30, 2025, BCC workshop meeting, the City Manager of Boynton Beach outlined planned annexations within the City limits. As part of this discussion, the City Manager proposed a transactional approach that would allow the BCC to evaluate the potential purchase of the City's Water and Sewer Utility, which currently serves both unincorporated and incorporated areas of the City. The proposed acquisition would include all associated assets, infrastructure, staffing, and related components.

Attachments:

- 1. Acquisition Timeline Presentation

Recommended By:Ali BayatNov 24, 2025

Department DirectorDate

Approved By:

Chief Deputy County AdministratorDate

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2026	2027	2028	2029	2030
Capital Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
External Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Program Income (County)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
In-Kind Match County	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET FISCAL IMPACT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
# ADDITIONAL FTE POSITIONS (Cumulative)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Budget Account No.: Fund Dept Unit Object

Is Item Included in Current Budget? Yes ____ No X

Is this item using Federal Funds? Yes ____ No X

Is this item using State Funds? Yes ____ No X

Reporting Category N/A

B. Recommended Sources of Funds/Summary of Fiscal Impact:

Fiscal impact is undeterminable at this moment.

C. Department Fiscal Review: Bony Foreman

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

OFMB Contract Development and Control

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

Boynton Beach Utilities Potential Acquisition Overview & Timeline



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City of Boynton Beach Utilities Overview

- ☐ Provides drinking water and wastewater services to approximately 125,000 customers.
- ☐ Approximately 150 employees budgeted.
- ☐ Operates two Water Treatment Plants:
 - ☐ East Water Treatment Plant with a capacity of up to 24 MGD.
 - ☐ West Water Treatment Plant, treating an average of 10.4 MGD.
- ☐ One Wastewater Treatment Plant (in partnership with the City of Delray Beach)

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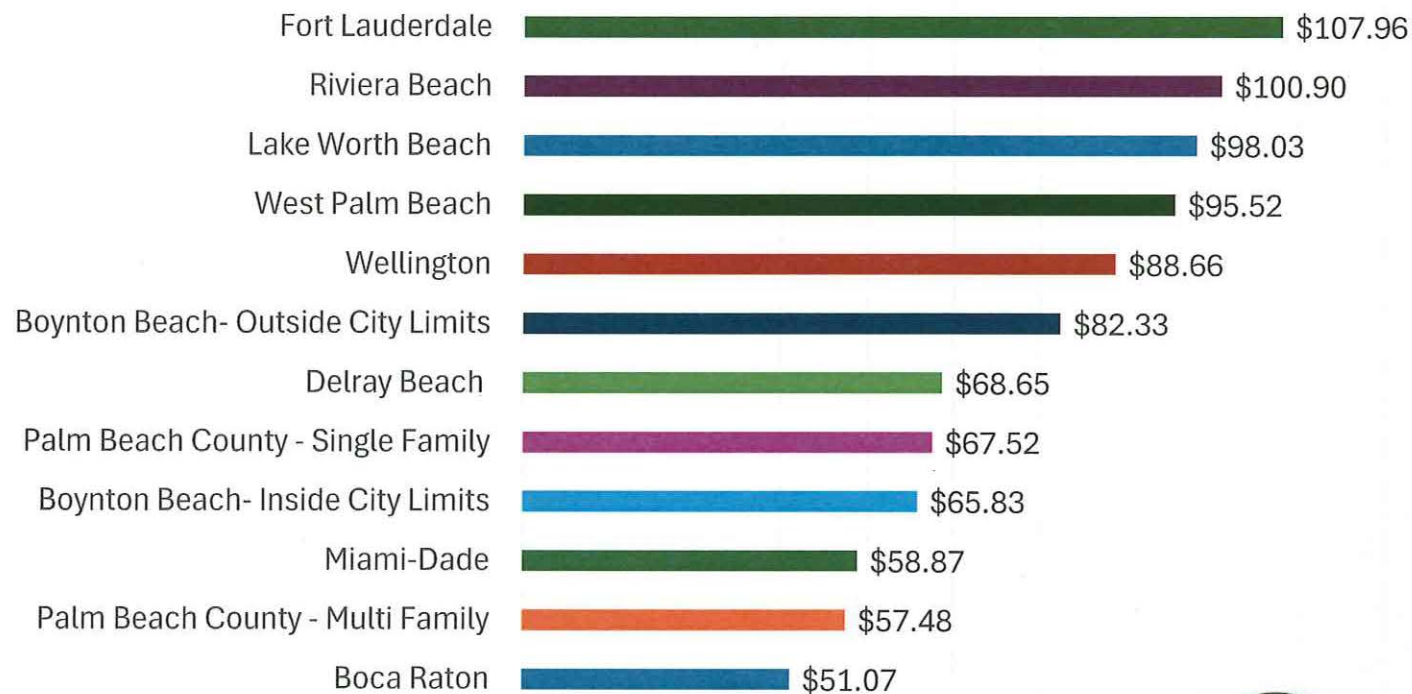
City of Boynton Beach Utilities Overview

- ❑ Current Water & Sewer operating budget of \$72,214,216 (inclusive of stormwater) and a capital budget of \$36,866,319.
- ❑ Utility System Revenue Debt of \$53.4 million, with an annual payment of \$7.6 million and scheduled debt retirements in 2032 and 2035.
- ❑ Implemented a 15% increase to Utility Water & Sewer rates for FY 2025/2026. An annual increase of 8% to 11% is projected for the next four years.

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Residential Customer's Water and Wastewater Monthly Bill Comparison (5,000 gallons)



\$20 \$30 \$40 \$50 \$60 \$70 \$80 \$90 \$100 \$110

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Boynton Beach Utilities Current 5-Year Capital Plan

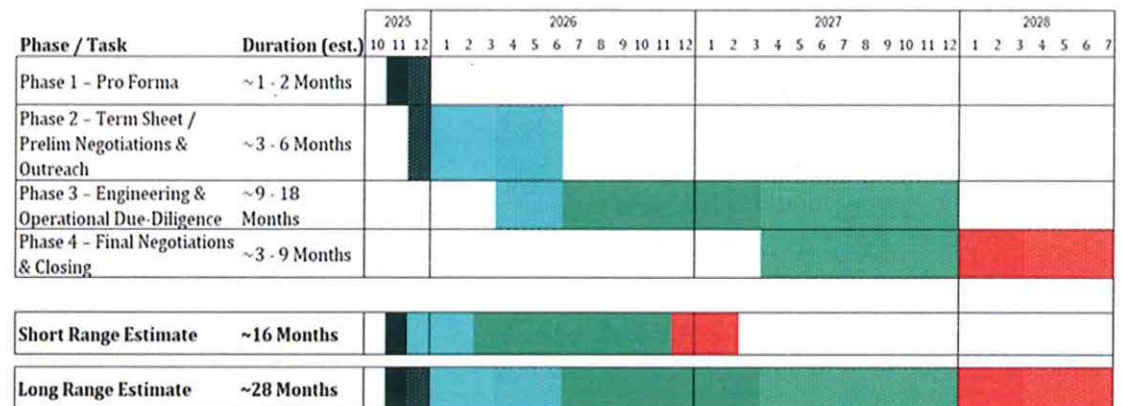
	FY25	FY26	FY27	FY28	FY29	FY30	Total
Neighborhood Utility Improvements	15,275,812	19,933,034	19,700,000	13,750,000	14,000,000	7,500,000	90,158,846
Water Distribution Improvements	2,788,255	3,200,000	5,000,000	5,000,000	3,000,000	3,000,000	21,988,255
Water Supply and Plant Improvements	17,781,296	3,525,000	1,000,000	251,000,000	6,000,000	6,000,000	285,306,296
Wastewater Collection System Improvements	19,328,954	7,150,000	6,100,000	2,600,000	2,600,000	2,600,000	40,378,954
Storm Water Improvements	1,992,298	300,000	10,300,000	1,300,000	5,300,000	300,000	19,492,298
Reuse Distribution Improvements	698,276	50,000	50,000	50,000	50,000	50,000	948,276
Studies/Analyses/Misc.	4,185,581	3,550,000	200,000	200,000	200,000	200,000	8,535,581
	\$62,050,472	\$37,708,034	\$42,350,000	\$273,900,000	\$31,150,000	\$19,650,000	\$466,808,506

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Acquisition Phase Overview

- ☐ Phase 1: Financial Feasibility Consultant
- ☐ Phase 2: Outside Legal Counsel
- ☐ Phase 3: Consulting Engineers and Financial Advisor
- ☐ Phase 4: Final Negotiations and Closing



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Phase 1 – Preliminary Financial/Operational Assessment (~1 - 2 Months)

- ☐ **Task 1.1 Pro Forma Baseline:** Establish baseline cost of service for the acquired utility under current structure.
- ☐ **Task 1.2 Elimination of City Specific Costs:** Identify expenses that would disappear under county ownership (e.g., transfers to general fund, indirect cost allocations, etc.).
- ☐ **Task 1.3 Synergies & LOS adjustments:** Analyze potential operational synergies (e.g., elimination of redundancies, merging systems) to realize cost reductions and adjust for County ownership and appropriate operational levels of service (e.g., maintenance frequency, etc.).
- ☐ **Task 1.4 Capex Needs:** Establish a place holder to input identified capital expenditures for any identified system deficiencies to assess infrastructure condition and potential cost of interconnecting the two utility systems.
- ☐ **Task 1.5 City Debt Retirement:** The County can't assume the City's utility debt so we will need to pay off any outstanding debt at the assumed forward looking date of the transaction.
- ☐ **Task 1.6 Debt Capacity Analysis:** Determine available debt capacity to ensure acquisition value can retire outstanding debt.
- ☐ **Task 1.7 Executive Outreach:** This task is to inform County executives on results of the work effort to determine go / no-go for Phase 2.

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Phase 2 – Legal, Outreach & Valuation Structuring (~3 - 6 months)

- ☐ **Task 2.1 Legal Team On-boarding & Draft Term Sheet:** Identify and select specialized legal counsel and work to develop a high-level term sheet outlining key terms and conditions.
- ☐ **Task 2.2 Executive & BCC Outreach:** Present term sheet to County executives to seek approval to perform 1:1's with BCC and to begin engagement with City representatives on a preliminary deal structure. No formal offer made, but structure agreed to. This task will also seek approval for remaining work / tasks in this Phase.
- ☐ **Task 2.3 Data Request to City & Data Gap Assessment:** This task will be to submit a data request to the City for relevant information to better assess data gaps about the utility infrastructure in advance of Phase 3 due diligence work (e.g., master plan, condition assessment, billing data, rate study reports, etc.).
- ☐ **Task 2.4 Formal Appraisal:** Engage a formal appraisal the utility assets and operations.
- ☐ **Task 2.5 Proforma Updates:** Conduct update to proforma valuation to assess impacts of any known / new updates to rate changes, synergies, infrastructure costs, and / or market value for acquisition.

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Phase 3 – Detailed Engineering, Operational and Financial Due-Diligence (~6–18 months)

- ☐ **Task 3.1 Engineer Onboarding & Engineering Evaluations:** This task will be to identify a consulting engineer / owners advisor representing the County to beginning assessing reasonableness of the City's near-term CIP, risk / data gaps on condition assessment, operational LOS differences, interconnection costs, potential strategies for operational synergies, and recommendations concerning any potential Capex deficiencies.
- ☐ **Task 3.2 Engineering Regulatory, Environmental & Operational Risk Review:** Address permits, staffing transitions, and liabilities.
- ☐ **Task 3.3 Valuation Update & Adjustment:** Adjust valuation and terms based on due-diligence findings.
- ☐ **Task 3.4 Onboarding of the financial Advisor:** This task is focused on-boarding the financial advisor to the County to provide debt structure recommendations and financing runs to the feasibility consultant.
- ☐ **Task 3.5 Detailed Financial Modeling & Customer Impact Due Diligence:** This task will contemplate transitioning from the 1-year proforma to a 20-year cashflow analysis which will allow for testing the financial plan associated with the debt structure, timing of necessary Capex, and evaluation of a detailed customer bill impact analysis of the rate change from the City to the County's rates. This task will also consider effects of a potential surcharge applied to the acquired customers to recover capital deficiencies, which will be a critical term for the acquisition.
- ☐ **Task 3.6 Executive & BCC Outreach:** Present updated valuation and summary of work efforts through Phase 3 to County executives to seek approval of the BCC and to authorize initiating Phase 4 work.

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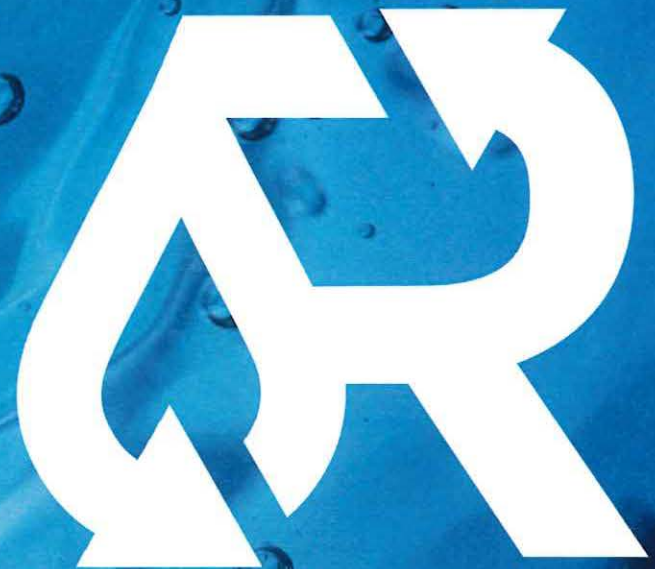
Phase 4 – Final Negotiations and Closing (~3-9 Months)

- ☐ **Task 4.1 Finalize Offer and Negotiate:** This task will be to make an offer to the City administration based on the prior Phase 1 -3 work efforts. The deal could be flexible offering up a range of options to better promote negotiations. It will need to consider more transaction details like timing of transaction, conveyance of receivables net of payables, minimum operating capital, staffing transfer, and other transaction details.
- ☐ **Task 4.2 Regulatory/Board/City Approvals:** Obtain all required legislative, regulatory, and internal approvals. This would also include asset conveyance with easements. Legal counsel can advise on the details of Phase 4 work.
- ☐ **Task 4.3 Closing & Transfer of Operations:** Complete the legal transfer and operational transition.
- ☐ **Task 4.4 Post-Closing Integration Plan:** Manage systems, staffing, and performance post-transfer.

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Thank You



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