



FLAGLER BEACH CITY COMMISSION

Item No. 10

Meeting Date: 10-13-2022

Issue: A Resolution by The City Commission Of The City Of Flagler Beach, For Water, Sewer, Sanitation and Stormwater Fee Increases To Provide Revenues That Will Be Sufficient To Operate Financially Self Supporting Utilities; Repealing Resolution 2021-29. Providing For Conflict and an Effective Date.

From: Rhonda Allen, Interim Finance Director

Organization: City Staff

RECOMMENDATION: Approve Resolution 2022-18

BACKGROUND: During the Budget Workshop and Budget Hearings, City Commission approved the increases to the Utilities

- **Water and Sewer, base fees 1.72% flow rates 1.72%**
- **Sanitation Rates, residential and commercial 7%**
- **Stormwater Fees 42% increase (\$4 per month increase; \$9.50 to \$13.50)**

A residential bill within the city limits will increase a total of \$6.58 per month.

Water and Sewer

The 5 Year Capital Plan adopted with the 2022-2023 Budget shows a 5 year total sum of \$31,504,000 for the Utility Fund.

Exhibit A is a three year forecast of anticipated revenues and expenses. It was created with the following assumptions based on current data

- 2022-2023, 1.72% increase to all Service Fees, this increase is 62% less than the 4.53% increase which was recommended by the Public Service Commission.
- 2023-2024 and 2024-2025, a 10% increase to revenues for growth to encompass the new development on Roberts Road and upcoming development along the John Anderson corridor. Another 5% increase to all Utility Fees both Flows and Base Fees. A total of 15% increase to revenues for each year. For the two year forecasted period this equates to approximately \$1.7 million in increased User Fees.
- An assumption for the two future years is the ability to use \$3 Million from Water and Sewer Impact Fees on projects that qualify, such as new wells. City Staff will also continue to apply for and obtain grant funding for eligible projects, estimation for future years is \$1.2 million.
- Increases to Operation costs over the past few years have maintained a steady 3% increase. However, with the upcoming growth to the water district, a more reasonable increase would be 7.5%. The city may need additional staff for billing, public works and operations at the plants. Increases to production to accommodate the growth will result in increased expenses as well.
- Comparing Capital Costs to Revenues Collected from Water/Sewer Base Fees over the 3 year period; resident paid base fees support the capital costs at 33%. Grants, Loans and Impact Fees support the expense at 67%. Base Fees are Unrestricted Utility Funds, but should support capital improvements. As illustrated in "Exhibit A", for the 3 Year Forecast we have a surplus of base fees in the amount of \$1.1 million. The one time ARPA Fund revenue of \$1.4 million is the reason for the surplus.
- Comparing Flow Fees (Actual Water and Sewer Usage) to Operations, we see a \$1.8 million shortfall. One of the reasons is the high costs of repairs to our infrastructure. Repairs are at times very costly, but are reconsidered part of operations. As we complete many of the Capital

Improvements to our infrastructure and plant, repairs should decrease and the revenues for water production and operating costs will level out.

- Overall for the 3 year period the projected increases to revenues still produce a \$700,000 loss to reserves.

Water & Sewer Flow Rates

Ordinance 2008-01 provides for water and sewer rate increases based on the percentage change in the Gross Domestic Product Implicit Price Deflator as adopted by the Florida Public Service Commission. This information can be found at www.psc.state.fl.us. The result of their analysis is a 4.53% increase over 2021-22 figures. Water and Sewer Flow rates are an established fee to balance the costs of water production. City Staff lowered the amount of the increase to 1.72%. The increase of 1.72% **is not sufficient to cover the daily operations** of the Water Plant and the Wastewater Plant for the 2022/23 Budget Year based on our current water and sewer flows. Operations Cost is budgeted at \$3.2 million; Water/Sewer flow revenues are budgeted at \$2.2million. City Staff will monitor expenses for operations closely.

Sanitation

Ordinance 2008-03 provides for solid waste collection fees to be adjusted annually based on the percentage change in the Gross Domestic Product Implicit Price Deflator as adopted by the Florida Public Service Commission.

The increase of 7% to all Residential and Commercial Rates is NOT sufficient to cover the daily operations of the fund. Exhibit D shows the the 3 Year Forecast for Sanitation. Capital purchases for the 3 year forecast are \$355,000 for equipment, improvements to the building and a new Sanitation Truck.

- Revenues for the future two years of the forecast are shown with a 10% increase. With the added growth on Roberts Road, we should be able to keep the increase at 7% to residents and businesses in YE 24 and YE 25..
- Expenses are increased by 5% in upcoming years. Current budget year we are showing a pull on reserves \$100,000 of the increase to operations is a result of fuel, temporary labor and tipping fee increases **due to the volume of refuse we are handling compared to prior years.**

Stormwater

Monthly Fee will increase to \$13.50. Total cost of the 5 Year Capital Improvement Plan is estimated at \$3,947,311. **The 42% increase is sufficient to cover the current year projects and operations for the current budget year.**

- In Budget Year 21-22, the city did not increase Stormwater Fees. During the Budget Cycle for 22-23 City Commission approved a \$4 monthly increase. This increase is necessary to provide funds for \$406,000 worth of Stormwater Improvements in the City. Including a 100% Grant for a \$100,000 Florida Resilient Study.
- In the following two future Budget years "Exhibit B" shows a \$3 monthly increase (22%) each year to provide City Match for \$1.4 million of Grant Revenue to complete projects throughout the City. Factoring in an additional revenue from apartments and housing on Roberts Road, this amount should keep enough money in reserves for possible future Grant Matches.
- Operating Expenses were increased 5% over the forecast.

BUDGETARY IMPACT: Utility increases are necessary to maintain normal operations, provide for capital improvements, debt service and maintain an adequate reserve balance.

LEGAL CONSIDERATIONS/SIGN-OFF: N/A

PERSONNEL: N/A

POLICY/REQUIREMENT FOR BOARD ACTION: N/A

IMPLEMENTATION/COORDINATION: New rates if adopted will begin with the November 30th Billing.

Attachments: Resolution 2022-18, Exhibit A to Resolution 2022-18 (Utility Forecast), Exhibit B to Resolution 2022-18(Stormwater Forecast), Exhibit C to Resolution 2022-18 (Water/Sewer Rate Table), Exhibit D to Resolution 2022-18 (Sanitation Forcast), Exhibit E to Resolution 2022-18
(Sanitation Rates)

RESOLUTION 2022-18

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FOR WATER & SEWER, STORMWATER AND SANITATION FEE INCREASES TO PROVIDE REVENUES THAT WILL BE SUFFICIENT TO OPERATE FINANCIALLY SELF SUPPORTING UTILITIES; REPEALING RESOLUTION 2021-29; PROVIDING FOR CONFLICT; PROVIDING AN EFFECTIVE DATE HEREOF.

WHEREAS, Section 5.03.39 and 5.03.56 of the Land Development Regulations require the rate schedules for Water and Sewer Services be adopted by resolution.

WHEREAS, Chapter 11, Section 11-13 requires the fees for solid waste collection be adopted by resolution of the City Commission.

WHEREAS, Section 5.03.123 (8) of the Land Development Regulations directs the city to analyze the Stormwater Fund for the cost of services and benefits provided, and the system and structure of fees, charges, fines and other revenues of the utility annually to ensure an equitable, adequate and stable utility rate and fee structure and to achieve a stable financial position for the utility.

WHEREAS, Section 5.03.126 of the Land Development Regulations set the initial fee for the Stormwater Rate at \$4.00 in budget year 2004/05.

NOW THEREFORE BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, AS FOLLOWS:

SECTION 1. The Water and Sewer Base Fees should support the Capital Expenditures and Debt Service for the Utility Fund; the current rates are insufficient. The Water and Sewer Flows should support the operations of the Water and Wastewater Plants; the current rates are insufficient.

The Revenues that need to be generated for the operation and maintenance, replacement, capital expenditures and debt service of the Water and Sewer System for the budget years beginning October 1, 2021 and ending September 30, 2024 are shown in "Exhibit A" attached hereto and made a part hereof

SECTION 2. The Stormwater Fees should support the expenses of the utility and provide for future infrastructure.

The Revenues needed to be generated for the operation and maintenance, replacement, capital expenditures and debt service of the Stormwater Fund for the budget years beginning October 1, 2022 and ending September 30, 2025 are shown in "Exhibit B" hereto and made a part hereof

SECTION 3 That the rates to be paid for Water and Sewer Services and Stormwater Fees shall be

in accordance with "Exhibit C", attached hereto and made a part hereof.

SECTION 4 The Sanitation Fees should support the expenses of the utility and provide for capital purchases; the current rates are insufficient.

The Revenues needed to be generated for the operation and maintenance and capital replacement expenditures of the Sanitation Fund for the budget years beginning October 1, 2022 and ending September 30, 2025 are shown in "Exhibit D" hereto and made a part hereof

SECTION 5 That the rates to be paid for Sanitation shall be in accordance with Exhibit E, attached hereto and made a part hereof.

SECTION 6 All Resolutions or parts thereof in conflict herewith be and the same are hereby repealed.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2022.

CITY OF FLAGLER BEACH, FLORIDA
CITY COMMISSION

ATTEST:

Suzie Johnston, Mayor

Penny Overstreet, City Clerk

Utility Fund Three Year Forecast

Exhibit A to Resolution 2022-18

	FISCAL YEAR 2022-2023	FISCAL YEAR 2023-2024	FISCAL YEAR 2024-2025
Revenue			
WATER SALES	1,300,000	1,495,000	1,719,250
WATER SERVICE BASE CHARGE	1,840,000	2,116,000	2,433,400
SEWAGE SERVICE	970,000	1,115,500	1,282,825
SEWER BASE FEES	1,263,400	1,452,910	1,670,847
SRF Loan for WWTP	8,200,000	4,800,000	
ARPA Funds for Qualified Projects	1,417,500		
SJRWMD Grant	500,000		
Projects qualified for Restricted Impact Fees	265,000	1,500,000	1,500,000
Future Grants		500,000	750,000
OTHER REVENUE	240,000	276,000	317,400
Total Revenues	\$ 15,995,900	\$ 13,255,410	\$ 9,673,722
Expense			
Operating Expense	3,265,973	3,510,921	3,774,240
5-Year Capital Plan	11,674,200	9,772,000	5,372,000
Debt Service	524,602	864,600	864,600
Total Expenses	\$ 15,464,775	\$ 14,147,521	\$ 10,010,840
Revenues Less Expenditures	\$ 531,125	\$ (892,111)	\$ (337,119)

Utility Fund Three Year Forecast

THREE YEAR FORECAST TOTALS

Revenue		
WATER SALES	4,514,250	11.60%
WATER SERVICE BASE CHARGE	6,389,400	16.41%
SEWAGE SERVICE	3,368,325	8.65%
SEWER BASE FEES	4,387,157	11.27%
Total Service Fees	18,659,132	47.94%
*Secure Loan for WWTP	13,000,000	33.40%
Grant Revenues	3,167,500	8.14%
Projects qualified for Restricted Impact Fees	3,265,000	8.39%
Total Received from Other Sources	19,432,500	49.92%
OTHER REVENUE	833,400	2.14%

Total Revenues \$ 38,925,032

Expense		
Operating Expense	10,551,134	26.63%
*5-Year Capital Plan	26,818,200	67.68%
Debt Service	2,253,802	5.69%

Total Expenses \$ 39,623,136

Revenues Less Expenditures \$ (698,105)

Capital Project Expense	26,818,200	
Debt Service Expense	2,253,802	
ARPA Funds	1,417,500	4.88%
Total from Loans, Grants, Impact Fees	18,015,000	61.97%
Total required from User Fees	9,639,502	33.16%
Forecasted Base Fees	10,776,557	
Used to offset Operations	1,137,055	

Operating Expenses	10,551,134
Forecasted Water and Sewer Flow Fees	7,882,575
Other Revenues	833,400
Shortfall	(1,835,159)

Stormwater Fund Three Year Forecast

Exhibit B to Resolution 2022-18

	FISCAL YEAR 2022-2023	FISCAL YEAR 2023-2024	FISCAL YEAR 2024-2025
Revenue			
CHARGES FOR SERVICE	735,000	1,002,222.22	1,224,938.27
GRANTS	100,000	1,479,000	200,000
OTHER REVENUE	4,500	4,635	4,774
Total Revenues	\$ 839,500	\$ 2,485,857	\$ 1,429,712
Expense			
Operating Expense	304,400	319,620	335,601
5-Year Capital Plan	406,760	2,540,551	500,000
Debt Service	118,404	119,000	120,000
Total Expenses	\$ 829,564	\$ 2,979,171	\$ 955,601
Revenues Less Expenditures	\$ 9,936	\$ (493,314)	\$ 474,111

Rate schedules for water as required by Appendix “A” Land Development Regulations, Section 5.03.39 shall be as follows:

SCHEDULE W1. CONNECTION CHARGES

Meter Size (inches)	Charge Inside City Limits	Charge when Developer-Installed Tap/Connection*	Charge Outside City Limits
5/8× 3/4	\$ 615.00	\$ 399.75	\$ 922.50
3/4	\$ 670.00	\$ 435.50	\$ 1,005.00
1	\$ 765.00	\$ 497.25	\$ 1,147.50
1 1/2	\$ 950.00	Determined at time of connection	Determined at time of connection
2	\$ 1,985.00	Determined at time of connection	Determined at time of connection
3	\$ 4,475.00	Determined at time of connection	Determined at time of connection
4	\$ 7,920.00	Determined at time of connection	Determined at time of connection
6	\$ 12,075.00	Determined at time of connection	Determined at time of connection
8	\$ 18,015.00	Determined at time of connection	Determined at time of connection

* For property in Rio Mar, Pebble Beach, Custers Palm Harbor Subdivision and Palma Vista Subdivision only on N. 12th Street, Water Connection =\$265.00, as per development agreement. For property in Cedar Island Subdivision there are no water connection charges.

SCHEDULE W2. METER DEPOSITS

Meter Size (inches)	Owner's Deposit	Tenant's Deposit
5/8 x 3/4	\$35.00	\$150.00
3/4	\$35.00	200.00
1	\$45.00	200.00
1 1/2	\$75.00	200.00
2	\$125.00	200.00
3	\$325.00	200.00
4	\$425.00	200.00
6	\$460.00	200.00
8	\$510.00	200.00

SCHEDULE W3. MONTHLY CHARGES FOR WATER--RESIDENTIAL GALLONS USED

Charge	Charges Inside City Limits		Charges Outside the City Limits	
	Current Rate	Proposed Rate	Current Rate	Proposed Rate
Water Base	33.85	34.43	50.78	51.65
*Gallons 0-2000	5.10	5.19	7.65	7.78
*2001-8001	7.99	8.13	11.99	12.19
*8001-up	9.62	9.79	14.43	14.68

***Note:** Rates are per 1000 gallons with first rate increase at 2001 gallons, second rate increase at 8001 gallons.

In circumstances whereby one water meter serves both residential and commercial activities, that meter shall be charged at the COMMERCIAL rate detailed below.

SCHEDULE W4. MONTHLY CHARGES FOR WATER--COMMERCIAL WITH VALID LOCAL BUSINESS TAX RECEIPT

Charge with LBTR	Charges Inside City Limits		Charges Outside the City Limits	
	Current Rate	Proposed Rate	Current Rate	Proposed Rate
Water Base	33.85	34.43	50.78	51.65
Plus Flow Charge per 1000 Gallons	10.20	10.38	15.30	15.56

A base unit is defined as a distinct assigned space whose primary function is to provide income to the business owner. In motels, hotels, and/or bed and breakfast facilities, each room designed to be available for rent and/or the business office associated with that activity is considered a base unit.

SCHEDULE W5. MONTHLY CHARGES FOR IRRIGATION METERS

Charge	Charges Inside City Limits	
	Current Rate	Proposed Rate
Water Base	33.85	34.43
*Gallons 0-2000	5.10	5.19
*2001-8001	7.99	8.13
*8001-up	9.62	9.79

***Note:** Rates are per 1000 gallons with first rate increase at 2001 gallons, second rate increase at 8001 gallons

SCHEDULE W6. RESERVED

SCHEDULE W7. MONTHLY PRIVATE FIRE PROTECTION (FIRE SPRINKLER SYSTEM) CHARGE PER CONNECTION TO CITY SYSTEM

Fire Line Size (inches)	Rate
4..	\$42.00
6..	\$84.00
8.	\$135.00
10....	\$194.00
12....	\$363.00

SCHEDULE W8. CHARGES AND FEES

Account maintenance fee....	\$15.00
Service turn-on....	\$25.00
Service turnoff....	\$25.00
Service turn-on before 7 a.m. or after 4 p.m. M-F or on Sat. or Sun.	\$35.00
Remove meter....	\$50.00
Reconnect charge....	\$100.00
Meter exchange (customer request) ¾"	\$50 + Cost of meter
Meter exchange (customer request) 1"	\$50 + Cost of meter
Meter exchange (customer request) Larger than 1"	\$50 + Cost of meter
Return check fee....	In accordance with FSS
Clearing around water meters	\$25.00
Meter Re-Read Service Charge	\$10.00

SCHEDULE W9. INTEREST

Compounded monthly....	1.5% per month
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SCHEDULE W10. DELINQUENT BILLS AND PENALTIES

These fees are a part of a consolidated statement for utility customers, which is generally paid by a single payment. If a partial payment is received, the payment shall be applied pro rata to each account billed on the consolidated statement in the proportion that an individual account bears to the total consolidated statement of all current charges for all accounts. Section 5.03.35 of the Land Development Regulations shall apply to all charges on this rate schedule.

Rate schedules for sewer as required by Appendix “A” Land Development Regulations, Section 5.03.56 shall be as follows:

SCHEDULE S1. CONNECTION CHARGES

System Type	Charge Inside City Limits	Charge when Developer-Installed Tap/Connection*	Charge Outside City Limits
Gravity	\$950.00	\$950.00	\$1425.00
Low Pressure	\$950.00	\$950.00	\$1425.00
Low Pressure Lambert Avenue	\$950.00	N/A	\$1625.00

* For property in Cedar Island and Palma Vista Subdivision only on N. 12th Street, there is no sewer connection fee.

SCHEDULE S2. MONTHLY CHARGES FOR SEWER--RESIDENTIAL

System Type	Charges Inside City Limits		Charges Outside the City Limits	
	Current Rate	Proposed Rate	Current Rate	Proposed Rate
<u>Single Meter</u>				
Sewer Base	21.91	22.29	32.87	33.43
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90	10.17	10.34
<u>Multiple Users on Single Meter</u>		-	-	-
Sewer Base	21.91	22.29	32.87	33.43
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90	10.17	10.34
<u>Low Pressure</u>		-		-
Sewer Base	36.74	37.37	55.11	56.06
<i>Plus</i> Flow Charge per 1000 Gallons	10.17	10.34	15.26	15.52

In circumstances whereby one water meter serves both residential and commercial activities, that meter shall be charged at the COMMERCIAL rate detailed below.

*Utility Agreements for Cedar Island and Stonebridge Subdivisions require maintenance by home owners. Charges will be single meter rate.

SCHEDULE S3. MONTHLY CHARGES FOR SEWER—COMMERCIAL

The minimum monthly charge detailed immediately above applies to each water meter connection.

Meter Size (Inches)	Current Rate	Proposed Rate
5/8"		
Sewer Base	53.44	54.36
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90
3/4"	-	-
Sewer Base	53.44	54.36
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90
1"	-	-
Sewer Base	77.32	78.65
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90
1 1/2"	-	-
Sewer Base	151.84	154.45
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90
2"	-	-
Sewer Base	274.10	278.81
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90
3"	-	-
Sewer Base	763.21	776.33
	6.78	6.90

Exhibit C to Resolution 2022-18

4"	-	-
Sewer Base	1,007.85	1,025.18
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90
6"	-	-
Sewer Base	1,092.97	1,111.77
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90
8"	-	-
Sewer Base	1,215.22	1,236.13
<i>Plus</i> Flow Charge per 1000 Gallons	6.78	6.90

SCHEDULE S4. INTEREST

Compounded monthly....	1.5% per month
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SCHEDULE S5. DELINQUENT BILLS AND PENALTIES

These fees are a part of a consolidated statement for utility customers, which is generally paid by a single payment. If a partial payment is received, the payment shall be applied pro rata to each account billed on the consolidated statement in the proportion that an individual account bears to the total consolidated statement of all current charges for all accounts. Sections 5.03.35 and 5.03.64 of the Land Development Regulations shall apply to all charges on this rate schedule.

<p>STORMWATER FEE SCHEDULE</p> <p>Fees are based on ERU (Equivalent Residential Unit) of 2,049 square feet</p> <p>Current Rate per ERU: \$9.50</p> <p>Proposed Rate per ERU: \$13.50</p>

Sanitation Fund Three Year Forecast

Exhibit D to Resolution 2022-18

	FISCAL YEAR 2022-2023	FISCAL YEAR 2023-2024	FISCAL YEAR 2024-2025
Revenue			
CHARGES FOR SERVICE	1,234,576	1,358,034	1,493,837
RECYCLE FEE	110,424	121,466	133,613
OTHER REVENUE	63,300	69,630	76,593
Total Revenues	\$ 1,408,300	\$ 1,549,130	\$ 1,704,043
Expense			
Operating Expense	1,480,128	1,554,134	1,600,758
5-Year Capital Plan	30,000	325,000	-
Debt Service	103,608	-	-
Total Expenses	\$ 1,613,736	\$ 1,879,134	\$ 1,600,758
Revenues Less Expenditures	\$ (205,436)	\$ (330,004)	\$ 103,285

The Fee Schedule for Solid Waste Collection Shall Be:

Residential Service

Per single family residential unit \$21.81

Residential Recycle Fee \$2.14

Customers with LBTR's will follow TOTE SERVICE

Tote Service (Tippy Carts)

Number of Totes (65-gallons)	Weekly Pickup		
	2	3	4
1	33.83	51.79	69.76
2	69.76	105.67	141.58
3	105.67	159.54	213.42
4	141.58	213.41	285.26
5	177.51	267.33	357.10

Additional Tippy Carts will be billed at \$17.86 per cart per pick-up

Commercial Container

Container Sizes (Cubic Yards)	Weekly Pickup					Special Pickup Each
	2	3	4	5	6	
2	146.17	220.30	294.43	368.56	442.69	37.89
4	294.43	455.88	617.26	758.94	946.67	70.36
6	442.69	678.23	913.81	1,149.32	1,384.86	102.84
8	590.90	900.61	1,210.29	1,520.00	1,829.63	135.31

Special Pickup Service

The cost for a special pickup service for garbage or recycling shall be in accordance with the commercial container special pickup fee schedule.

The cost for a special pickup service for yard waste shall be \$171.20 for a full load and \$85.60 for a partial load, per pick up.

Applying to all Service

1. In the event of vacancies or nonpayment of fees, rules and policies existing for nonpayment of water or sewer bills will apply.
2. All fees due the city shall be included in the city utility bill which is rendered montly. No discounts shall be allowed for prompt payment thereof.
3. The fact that any place of abode or any place of business is occupied shall be prima facie evidence that garbage, yard waste, or recycling is being produced and accumulated upon such premises, and the fees for collection and disposal thereof are due to the City. No credit shall be given when a home or business is vacant
4. All solid waste collection fees shall constitute, and are hereby imposed as a special assessment lien against the real property aforesaid; and, until fully paid and discharged, shall remain liens equally in rank and dignity with city ad valorem taxes, and superior in rank and dignity to all other liens, encumbrances, titles and claims in, to or against the real property involved. Such special assessment liens for service charges shall be enforced by any of the methods provided for by law.
5. There shall be an annual adjustment of solid waste collection fees. Such adjustment shall be calculated by using the annual indexing factor based on the Public Service Commission published percentage change in the Gross Domestic Product Implicit Price Deflator. The resulting fee will become effective each October 1, Starting October 1, 2007 and will be valid for the new fiscal year.