



FLAGLER BEACH CITY COMMISSION

Item No. 14

Meeting Date: 10-14-2021

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 2020-34 and Resloution 2021-02. Providing For Conflict and an Effective Date.

From: Kathleen Doyle, Finance Director

Organization: City Staff

RECOMMENDATION: Approve Resolution 2021-29

BACKGROUND: During the Budget Workshop and Budget Hearings, City Commission approved the increase of 1.17% to all billing rates for the **Utility and Sanitation Funds**. City Commission also approved the addition of a \$2 monthly fee for Recycling. The Stormwater Fee will not be increased this year.

Water & Sewer Base Fees

The 5 Year Capital Plan adopted with the 2021/22 Budget shows a 5 year total sum of \$34,759,500 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

- 2021-2022, 1.17% increase to all Service Fees
- 2022-2023 and 2023-2024, 2% increase to Water and Sewer Flows; 8% increase to Water and Sewer Base Fees. 2023-2024 also includes a 10% increase for growth to encompass the new development on Roberts Road.
- 2021-2022, included \$12,000,000 for the SRF Loan and the expense
- 2021-2022, included the \$850,000 Legislative Grant for the WWTP improvements and the \$1,700,000 for the approved sludge removal improvement
- 2022-2023, included \$5,500,000 more for the SRF Loan for Phase 2 improvements listed in the 5 Year Capital Plan
- 2023-2024 added \$350,000 to Debt Service for repayment of the WWTP Loan.

Also shown on Exhibit A, "Three Year Forecast Totals". As you can see, we are scheduled to do \$32.5 million of our capital improvements in the next three years. 65% of this expense will be paid with Loans, Grants and Impact Fees. The balance \$11.4 million, will need to be paid from Water and Sewer Base Fees, the forecast shows a slight shortfall with the projection.

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 1.17% increase over 2020-21 figures. Water and Sewer Flow rates are an established fee to balance the costs of water production. The increase of 1.17% provided by the index is **not sufficient to cover the daily operations** of the Water Plant and the Wastewater Plant for the 2021/22 Budget Year based on our current water and sewer flows. Operations Cost is budgeted at \$3.1 million; Water/Sewer flow revenues are budgeted at \$1.9 million. 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 1.17% to all Residential and Commercial Rates is sufficient to cover the daily operations of the fund. Capital purchases for 2021-2022 include a Glass Crushing Machine which will provide the City with a way to recycle glass. The addition of the \$2 monthly recycle fee will offset the cost of the machine, which was budgeted at \$200,000. The City should also see a decline in Tipping Fees, since the fees are charged by weight and glass makes up a good portion of total refuse collected.

Exhibit B shows the the 3 Year Forecast for Sanitation. The current year shows a pull on reserves to purchase the Glass Crushing Machine and a new truck.

2022-2023 includes a 2% increase to fees, but leaves the Recycle Fee at \$2. These changes will provide sufficient funds to cover daily operations and build the reserves modestly. Capital purchases are low and the Loan for the 2016 purchase of 3 new Sanitation Trucks will be fully paid.

2023-2024 includes the 10% growth anticipated with the new developments on Roberts Road and 1% increase to fees. The Capital expense will be for one new Sanitation Truck and if growth occurs as forecasted, this purchase can be made without pulling from reserves.

Stormwater

Monthly Fee will remain at \$9.50.

As illustrated in Exhibit C, the fees are sufficient to cover operations and debt service.

2021-2022 shows a pull from reserves in the amount of \$264,878. The unaudited Fund Balance at 9/30/21 is \$350,000, so the City would still have a reserve going into 2022-2023.

2022-2023 includes a 5% increase to Stormwater Fees. This will help rebuild reserves after prior year. Capital is budgeted on the availability of Grants.

2023-2024 includes a 5% increase to Stormwater Fees and a lower growth rate, 5%. Stormwater Fees are based on Equivalent Residential Units (ERU) and some of the growth will be high density.

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 2021-29, Exhibit A to Resolution 2021-29 (Utility Forecast), Exhibit B to Resolution 2021-29 (Stormwater Forecast), Exhibit C to Resolution 2021-29 (Water/Sewer Rate Table), Exhibit D to Resolution 2021-29 (Sanitation Forecast), Exhibit E to Resolution 2021-29 (Sanitation Rates)

RESOLUTION 2021-29

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 2020-34 AND REPEALING RESOLUTION 2021-02; 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 current rates are sufficient.

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, 2021 and ending September 30, 2024 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, 2021 and ending September 30, 2024 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 _____, 2021.

CITY OF FLAGLER BEACH, FLORIDA
CITY COMMISSION

ATTEST:

Suzie Johnston, Mayor

Penny Overstreet, City Clerk

Utility Fund Three Year Projected Forecast

Exhibit A to Resolution 2021-29

	FISCAL YEAR 2021-2022	FISCAL YEAR 2022-2023	FISCAL YEAR 2023-2024
Revenue			
WATER SALES	1,000,000	1,020,000	1,142,400
WATER SERVICE BASE CHARGE	1,770,000	1,911,600	2,255,688
SEWAGE SERVICE	950,000	969,000	1,085,280
SEWER BASE FEES	1,140,000	1,231,200	1,452,816
SRF Loan for WWTP	12,000,000	5,500,000	
Legislative Grant WWTP	850,000		
Projects qualified for Restricted Impact Fees	1,200,000	1,515,000	
OTHER REVENUE	2,273,000	2,341,190	2,411,426
Total Revenues	\$ 21,183,000	\$ 14,487,990	\$ 8,347,610
Expense			
Operating Expense	3,175,483	3,270,747	3,368,870
5-Year Capital Plan	17,837,500	11,227,000	3,355,000
Debt Service	514,506	514,600	864,300
Total Expenses	\$ 21,527,489	\$ 15,012,347	\$ 7,588,170
Revenues Less Expenditures	\$ (344,489)	\$ (524,357)	\$ 759,440

THREE YEAR FORECAST TOTALS

Revenue		
WATER SALES	3,162,400	7.18%
WATER SERVICE BASE CHARGE	5,937,288	13.49%
SEWAGE SERVICE	3,004,280	6.83%
SEWER BASE FEES	3,824,016	8.69%
Total Service Fees	15,927,984	36.18%
*Secure Loan for WWTP	17,500,000	39.76%
Legislative Grant WWTP	850,000	1.93%
Projects qualified for Restricted Impact Fees	2,715,000	6.17%
Total Received from Other Sources	21,065,000	47.85%
OTHER REVENUE	7,025,616	15.96%
Total Revenues	\$ 44,018,600	
Expense		
Operating Expense	9,815,100	22.24%
*5-Year Capital Plan	32,419,500	73.47%
Debt Service	1,893,406	4.29%
Total Expenses	\$ 44,128,006	
Revenues Less Expenditures	\$ (109,407)	

Capital Project Expense	32,419,500	
Total from Loans, Grants, Impact Fees	21,065,000	64.98%
Total required from User Fees	11,354,500	35.02%
Forecasted Base Fees	9,761,304	
Shortfall	1,593,196	

Stormwater Fund Three Year Projected Forecast

Exhibit B to Resolution 2021-29

	FISCAL YEAR 2021-2022	FISCAL YEAR 2022-2023	FISCAL YEAR 2023-2024
Revenue			
CHARGES FOR SERVICE	517,940	543,837	598,221
GRANTS		1,200,000	200,000
OTHER REVENUE	800	824	849
Total Revenues	\$ 518,740	\$ 1,744,661	\$ 799,069
Expense			
Operating Expense	251,829	259,384	267,165
5-Year Capital Plan	408,338	1,200,000	200,000
Debt Service	123,451	118,404	119,000
Total Expenses	\$ 783,618	\$ 1,577,788	\$ 586,165
Revenues Less Expenditures	\$ (264,878)	\$ 166,873	\$ 212,904

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.

Exhibit C to Resolution 2021-29

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	33.46	33.85	50.19	50.78
*Gallons 0-2000	5.04	5.10	7.56	7.65
*2001-8001	7.90	7.99	11.85	11.99
*8001-up	9.51	9.62	14.26	14.43

***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	33.79	33.85	50.69	50.78
<i>Plus</i> Flow Charge per 1000 Gallons	10.08	10.20	15.12	15.30

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	33.46	33.85
*Gallons 0-2000	5.04	5.10
*2001-8001	7.86	7.99
*8001-up	9.51	9.62

***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	21.66	21.91	32.49	32.87
<i>Plus</i> Flow Charge per 1000 Gallons	6.70	6.78	10.05	10.17
<u>Multiple Users on Single Meter</u>		-	-	-
Sewer Base	21.55	21.80	32.32	32.70
<i>Plus</i> Flow Charge per 1000 Gallons	6.70	6.78	10.05	10.17
<u>Low Pressure</u>		-	-	-
Sewer Base	36.32	36.74	54.48	55.12
<i>Plus</i> Flow Charge per 1000 Gallons	10.05	10.17	15.07	15.25

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 <i>Plus</i> Flow Charge per 1000 Gallons	52.82 6.70	53.44 6.78
3/4" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	52.82 6.70	53.44 6.78
1" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	76.43 6.70	77.32 6.78
1 1/2" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	150.08 6.70	151.84 6.78
2" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	270.93 6.70	274.10 6.78
3" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	754.38 6.70	763.21 6.78
4" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	996.19 6.70	1,007.85 6.78
6" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	1,080.33 6.70	1,092.97 6.78
8" Sewer Base <i>Plus</i> Flow Charge per 1000 Gallons	1,201.17 6.70	- 6.78

Exhibit C to Resolution 2021-29

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.

STORMWATER FEE SCHEDULE

Fees are based on ERU (Equivalent Residential Unit) of 2,049 square feet

Current Rate per ERU: \$9.50

Proposed Rate per ERU: \$9.50

Sanitation Fund Three Year Projected Forecast

Exhibit D to Resolution 2021-29

	FISCAL YEAR 2021-2022	FISCAL YEAR 2022-2023	FISCAL YEAR 2023-2024
Revenue			
CHARGES FOR SERVICE	1,281,500	1,307,130	1,450,914
RECYCLE FEE	77,200	77,200	84,920
OTHER REVENUE	34,200	35,226	36,283
Total Revenues	\$ 1,392,900	\$ 1,419,556	\$ 1,572,117
Expense			
Operating Expense	1,234,739	1,271,781	1,309,935
5-Year Capital Plan	398,000	20,000	250,000
Debt Service	138,145	103,608	-
Total Expenses	\$ 1,770,884	\$ 1,395,389	\$ 1,559,935
Revenues Less Expenditures	\$ (377,984)	\$ 24,167	\$ 12,182

The Fee Schedule for Solid Waste Collection Shall Be:

Residential Service

Per single family residential unit \$20.39

Customers with LBTR's will follow TOTE SERVICE

Tote Service (Tippy Carts)

Number of Totes (65-gallons)	Weekly Pickup		
	2	3	4
1	31.62	48.40	65.19
2	65.19	98.76	132.32
3	98.76	149.11	199.46
4	132.32	199.45	266.60
5	165.89	249.84	333.73

Additional Tippy Carts will be billed at \$16.69 per cart per pick-up

Commercial Container

Container Sizes (Cubic Yards)	Weekly Pickup					Special Pickup Each
	2	3	4	5	6	
2	136.61	205.89	275.17	344.45	413.73	35.41
4	275.17	426.06	576.88	709.29	884.74	65.76
6	413.73	633.86	854.03	1,074.13	1,294.26	96.11
8	552.25	841.70	1,131.11	1,420.56	1,709.94	126.46

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 \$160 for a full load and \$80 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 monthly. 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.