

# City of Palm Coast, Florida Agenda Item

Agenda Date: May 2, 2023

<b>Department</b>	CONSTRUCTION MANAGEMENT ENGINEERING	<b>Amount</b>
<b>Division</b>	ENGINEERING	<b>Account</b>
<b>Subject</b>	RESOLUTION 2023-XX APPROVING STORMWATER FEE ADJUSTMENTS	
<b>Presenter: Carl Cote, Director of Stormwater &amp; Engineering</b>		
<b>Background:</b>		
<b>Council Priority:</b>		
<b>D. Sustainable Environment and Infrastructure</b>		
<p>City staff and consultant, Raftelis Financial Consultants, Inc., recommend a stormwater fee adjustment based on an updated rate study analysis. This adjustment is necessary to support future needs, stormwater system goals, and level service standards.</p>		
<b><u>UPDATE FROM THE APRIL 11, 2023, WORKSHOP</u></b>		
<p>This item was heard by City Council at their April 11, 2023, workshop. City Council requested the following:</p> <ul style="list-style-type: none"> <li>• Remove Right-of-way mowing costs</li> <li>• Remove Priority 5, 2 additional swale crews and associated staff &amp; equipment</li> <li>• Look into phasing programs and/or projects to reduce overall rate increase</li> <li>• Modify the program to limit the FY24 ERU rate increase to generate an additional four million dollars</li> </ul>		
<b><u>UPDATE FROM THE FEBRUARY 14, 2023, WORKSHOP</u></b>		
<p>This item was heard by City Council at their February 14, 2023, Workshop. City Council requested that staff prepare a cost-benefit analysis of bringing contract services in-house and evaluate the feasibility of a user rate option. Updates to this item were presented during this meeting.</p>		
<b><u>ORIGINAL BACKGROUND FROM THE FEBRUARY 14, 2023, WORKSHOP</u></b>		
<p>In 2018 the city completed, and City Council adopted a comprehensive rate study. This study was to evaluate the adequacy of stormwater rates necessary to pay for system operations, enhanced levels of maintenance, critical capital repairs and upgrades, and ongoing replacement of fleet and equipment. The rate study findings resulted in a recommended rate increase based on enhanced operations and a capital plan. The plan accelerated capital repairs and improvements, as well as maintenance activities for the citywide stormwater system. The adopted rate was phased in incrementally through FY24. Adopted rate increases included 8.2% for FY23 which was implemented on October 1, 2022, and an additional 7.5% scheduled for implementation in FY24. An annual indexing provision was also adopted to increase rates</p>		

beyond FY24 based on the change in the consumer price index (CPI), but not less than 2% annually. Currently, the CPI has increased by 8.2% from October 2021 through September 2022.

In May of 2022, Raftelis Financial Consultants, Inc., was contracted to perform a review of the Stormwater Enterprise Fund and provide a new rate study analysis to support the future needs and level of service of the Stormwater Utility.

**Recommended Action:**

**ADOPT RESOLUTION 2023-XX APPROVING STORMWATER FEE ADJUSTMENTS**

# City of Palm Coast

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## Stormwater Rate Study

City Council Update: May 2, 2023



# Introduction

- On February 14, 2023, City Staff Presented the Stormwater Biannual Update and the Results of a Recent Utility Rate Study and Council Provided the Following Direction/Modifications:
  - › City Council requested that City staff prepare a cost benefit analysis of bringing the contract services inhouse
    - Maintain current program and funding in public works
    - Incorporate costs as part of stormwater rate fee update
  - › City Council requested that City staff also evaluate the feasibility of a user rate option for right-of-mowing costs

# Introduction

- On April 11, 2023, City staff presented an update to the rate study analysis and Council Provided the Following Direction/Modifications:
  - › Remove right-of-way mowing costs from the rate Study Update and Pursue the Following Options and present findings to Council at a Future Meeting
    - Assessment option
    - Adoption of standard requirements for ALL lots enforced through code enforcement
  - › Remove Priority 5 (2 additional swale crews and associated staff)
  - › Look into phasing programs and/or projects to reduce overall rate increase
  - › Modify program to limit FY24 ERU rate increase to generate an additional four million dollars

# Priority 1: Fund Maintenance Needs

- Modifications

- Remove right-of-way mowing costs (Council Direction)
- Modify proposed freshwater canal dredging crew from a 5 man crew with a temporary staff member to a 1 man crew with a large pontoon excavator
  - This will provide ability to address spot locations in our canal system that impede the stormwater function
  - City staff will continue to pursue grants and State Revolving Loan (SRF) funding for large scale freshwater canal dredging projects
  - A freshwater canal dredging crew will be considered as part of a future rate analysis study
  - Original start date of full crew was FY27 new single operator start date of FY25. This change eliminates need for second equipment loan in FY26

# Priority 2: Add Strategic Capital Improvements

- Modifications

- Removed construction funding for Lehigh Canal Capacity Improvement Project
  - Study for Improvements to begin this year
  - Funding for design is included in 5-Year Capital Improvement Program (CIP)
  - Construction to be done in conjunction with roadway/intersection improvements of Old Kings Road, Town Center Boulevard and Royal Palms Parkway. Loan funding (rate increase) will be sought when project timing and costs are known
- Removed construction funding for Expansion of London Waterway 2 Project
  - Currently identifying potential sites for canal expansion
  - Funding for design is included in 5-Year Capital Improvement Program (CIP).
  - Loan funding (rate increase) will be sought when project timing and costs are known
- Increased Loan Funding for Pipe Rehabilitation and Pipe Lining

# Priority 3: Add In-house Freshwater Canal and Weir Maintenance Crew

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- Modifications
  - Phased start date of staff from full year in FY24 to mid-year FY24 start
    - This will provide ability to have all equipment prior to hiring new staff



# Priority 4: Add In-house Concrete and Asphalt Crew

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- Modifications

- Phased start date of staff from FY24 to FY25.
  - This will provide ability to obtain all equipment prior to staff starting and staggers the hiring of new staff

# Priority 5: Add In-house Swale Maintenance / Staffing

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- Modifications
  - Remove the 2 additional swale crews and associated staff (Council Direction)

# Summary of Results

*City Staff seek City Council Direction*



# Revenue – Stormwater Rate

- FY23 Rate Revenues = \$14,685,352
  - › ERU Rate = \$22.27
- FY24 – Previously Adopted Rate Increase Provides Additional Revenue in the Amount of \$1,105,550
  - › ERU Rate = \$23.95 (\$1.68 increase)
- FY24 – Increase FY23 Rate Revenues by \$4,000,000
  - › ERU Rate = \$28.34 (\$6.07 increase over FY23 rate of \$22.27) or (\$4.39 increase over previously approved rate increase of \$23.95)

# Summary of Proposed Stormwater Rates

Description	FY24	FY25	FY26	FY27	FY28
Priority 1: Fund Maintenance Needs					\$9.93
Priority 2: Add Strategic Capital Improvements					\$5.74
Priority 3: Add Freshwater Canal and Weir Crew					\$0.85
Priority 4: Add Concrete and Asphalt Crew					\$0.31
<b>Proposed Residential Bill</b>	<b>\$28.34</b>	<b>\$32.87</b>	<b>\$36.16</b>	<b>\$38.83</b>	<b>\$39.10</b>
<b>(Monthly Rate Increase from Previous Year)</b>	<b>(\$6.07)</b>	<b>(\$4.53)</b>	<b>(\$3.29)</b>	<b>(\$2.17)</b>	<b>(\$0.77)</b>



# Q&A



# Thank you!

**Contact:** Henry Thomas or Murray Hamilton  
407 628 2600



**RESOLUTION 2023-  
STORMWATER UTILITY FEE/CHARGES**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM COAST, FLORIDA AMENDING RESOLUTION 2018-120, SECTION 2(B) STORMWATER UTILITY CHARGES/FEEES; AUTHORIZING THE CITY MANAGER, OR DESIGNEE, TO EXECUTE THE NECESSARY DOCUMENTS; PROVIDING FOR FUTURE AMENDMENTS, PROVIDING FOR SEVERABILITY, PROVIDING FOR CONFLICTS; PROVIDING FOR IMPLEMENTING ACTIONS AND PROVIDING FOR AN EFFECTIVE DATE**

**WHEREAS**, the City Council of the City of Palm Coast is authorized pursuant to Section 403.0893, Florida Statutes, and the Florida Home Rule Powers Act, to create one or more stormwater utilities and adopt stormwater utility fees sufficient to plan, construct, operate, and maintain stormwater management systems; and

**WHEREAS**, the City of Palm Coast is dedicated to maintaining a master stormwater system for the benefit of real property within the municipal boundaries of the City of Palm Coast in order to provide proper drainage infrastructure to mitigate against flooding; provide recharge to the aquifer; provide storage for stormwater runoff so that it does not adversely impact downstream receiving water bodies; and provide other stormwater retention benefits; and

**WHEREAS**, the City of Palm Coast stormwater utility is an enterprise fund which is established to ensure stable funding for operation, maintenance, and capital projects that are necessary for addressing flooding issues and meeting the required level of service adopted by law; and

**WHEREAS**, the City Council hereby acknowledges, and relies, on the Florida Supreme Court's decision in City of Gainesville v. State of Florida, 863 So.2d 138 (Fla. 2003), and the other cases affirmatively stated therein, upholding the propriety of a municipality's power to impose a stormwater user fee; and

**WHEREAS**, the city retained the consulting services of Raftelis to perform a comprehensive rate study to elevate the adequacy of stormwater rates necessary in order to impose stormwater charges based on the beneficiaries relative contribution to the need for the City's stormwater utility; and

**WHEREAS**, the City Council of the City of Palm Coast, Florida, has the authority to establish Stormwater Utility Charges/Fees as set forth in Ordinance Number 2011-1; and

**WHEREAS**, pursuant to the provisions of Ordinance Number 2011-1 the charges/fees rate are to be set by resolution; and

**WHEREAS**, on March 1, 2011, City Council approved Resolution 2011-18 setting the fees for Stormwater Utility Fees/Charges effective on April 1, 2011; and

**WHEREAS**, on December 18, 2012, City Council approved Resolution 2012-101 amending Section 2(B) of Resolution 2011-18 and setting the fees for Stormwater Utility Fees/Charges effective on January 1, 2013; and

**WHEREAS**, on May 21, 2013, City Council approved Resolution 2013-49 amending Section 2(C) of Resolution 2011-18 to establish a service level credit reduction for certain vacant lands; and

**WHEREAS**, on September 18, 2018, City Council approved Resolution 2018-120 amending section(B) of Resolution 2011-18 and setting the fees for Utility Fees/Charges; and

**WHEREAS**, City Council finds and determines that an increase from \$22.27 per ERU to the rates set forth in Exhibit A of this resolution for Stormwater Utility Charges/Fees is rational, reasonable, and equitable.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALM COAST, FLORIDA AS FOLLOWS:**

**SECTION 1. LEGISLATIVE AND ADMINISTRATIVE FINDINGS.** The above recitals (whereas clauses) are hereby adopted as the findings of the City Council of the City of Palm Coast.

**SECTION 2. AMENDING RESOLUTION 2018-120 TO REPLACE SECTION 2 (B) STORMWATER UTILITY FEES/CHARGES AS FOLLOWS:** (b)The fee per ERU, as defined in Ordinance 2011-1, Section 24 132(e) shall be as set forth in Exhibit "A" of this Resolution.

**SECTION 3. AUTHORIZATION TO EXECUTE.** The City Manager, or designee, is hereby authorized to execute the necessary documents.

**SECTION 4. SEVERABILITY.** If any section or portion of a section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the

validity, force, or effect of any other section or part of this Resolution.

**SECTION 5. CONFLICTS.** All resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

**SECTION 6. IMPLEMENTING ACTIONS.** The City Manager is hereby authorized to take any actions necessary to implement the action taken in this Resolution.

**SECTION 7. EFFECTIVE DATE.** This Resolution shall take effect immediately upon adoption by the City Council.

**DULY PASSED AND ADOPTED** by the City Council of the City of Palm Coast, Florida, on this 2<sup>nd</sup> day of May 2023.

*ATTEST:*

**CITY OF PALM COAST**

\_\_\_\_\_  
KALEY COOK, DEPUTY CITY CLERK

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DAVID ALFIN, MAYOR

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
NEYSA BORKERT, CITY ATTORNEY

Attachments: Exhibit ‘A’ - Amended Stormwater Utility Fees/Charges

**EXHIBIT "A"**

**STORMWATER RATES, FEES AND CHARGES**

Effective October 1, 2024	\$28.34/ERU
Effective October 1, 2025	\$32.87/ERU
Effective October 1, 2026	\$36.16/ERU
Effective October 1, 2027	\$38.83/ERU
Effective October 1, 2028	\$39.10/ERU
THEREAFTER	

Annual increase on October 1 of each year, commencing on October 1, 2024, and thereafter, by the Consumer Price Index for All Urban Consumers as of June 30 of each year as published by the United States Department of Labor, Bureau of Labor Statistics or a minimum 2%; whichever is greater.