

STORMWATER PRESENTATIONS

Stormwater System Proposed Plan Update

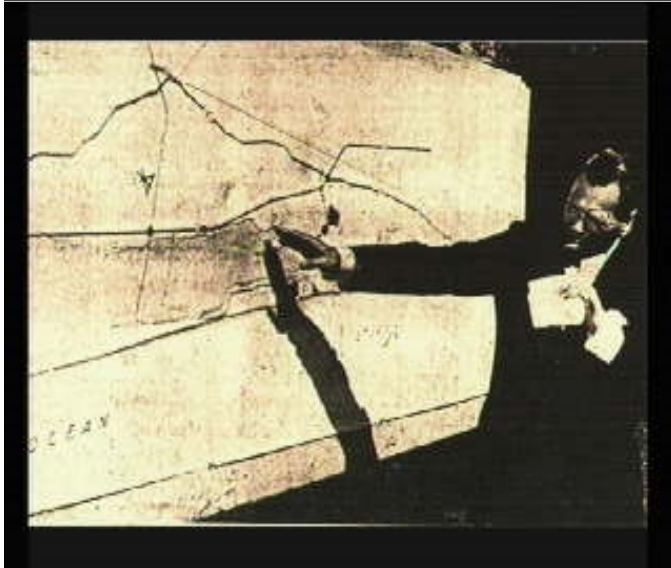
Stormwater Rate Study Analysis Update

Tuesday, September 11, 2018



COPC Stormwater Drainage System Management

Accelerated Plan Comparison



1969 – 1991
ITT Community
Development



1991-2005
Palm Coast
Community Service
Corp.



2005 – Present
City of Palm Coast
Stormwater Department



Stormwater Budget Comparison

CANAL SYSTEM

Item	Current Budget	Accelerated Plan	Revised Accelerated
Pipe Inspections/Linings	\$525,000 FY19-FY23	\$2.56M FY19-FY23	\$2.50M FY19-FY23
Major Pipe Crossings/Replacements	\$15K FY19 (No Budget FY20-FY23)	\$1.7M FY19 \$2.15M FY20-FY23	\$1.7M FY19 \$1.75M FY20-FY23
Stormwater Storage/Detention	\$90,594 FY19-FY20 No Budget FY20-FY23	\$10.92M FY19-FY23 Constr. Start FY20	\$9.36M FY-19-FY23 Constr. Start FY21
Freshwater Canal Maintenance	\$2.81M FY19-FY23 (No Dredging)	\$16.12M FY19-FY23 (10Yr. Dredging Program – Beginning FY20)	\$11.41M FY19-FY23 (12Yr. Dredging Program – Begin FY21)



Stormwater Budget Comparison

STORMWATER DITCHES AND SWALES			
Item	Current Budget	Accelerated Plan	Revised Accelerated
Drainage System Capacity/Conveyance Improvements	No Budget	No Budget FY19 \$1.48M FY20-FY23	No Budget FY19 \$1.73M FY20-FY23
Ditch Maintenance Program	\$1.15M FY19-FY23	\$2.22M FY19-FY23	No Change
Swale & Ditch Pipe Projects	\$2.35M FY19-FY23	\$7.08M FY19-FY23	\$6.42M FY19-FY23
Swale Maintenance R&R	\$905,280 FY19-FY23	\$1.95M FY19-FY23	No Change
Ditch Spray Program	No Budget	\$1.28M FY19-FY23	No Change



Stormwater Budget Comparison

CANAL SYSTEM (Cont'd)			
Item	Current Budget	Accelerated Plan	Revised Accelerated
Water Control Structures	\$426K FY19-FY23	\$3.84M FY19 – FY23	No Change
Pipes Thru Seawalls	2 Replacements/Yr.	18 Replacements/Year	2 Replacements/Yr.
Canal End Seawalls	2/Year	8/Year	2/Year
Lake Maintenance	\$600/Yr.	No Change	No Change





Stormwater Rate Study

Summary of Rate Options



Presented on: September 11, 2018

Presented by: Public Resources Management Group, Inc.

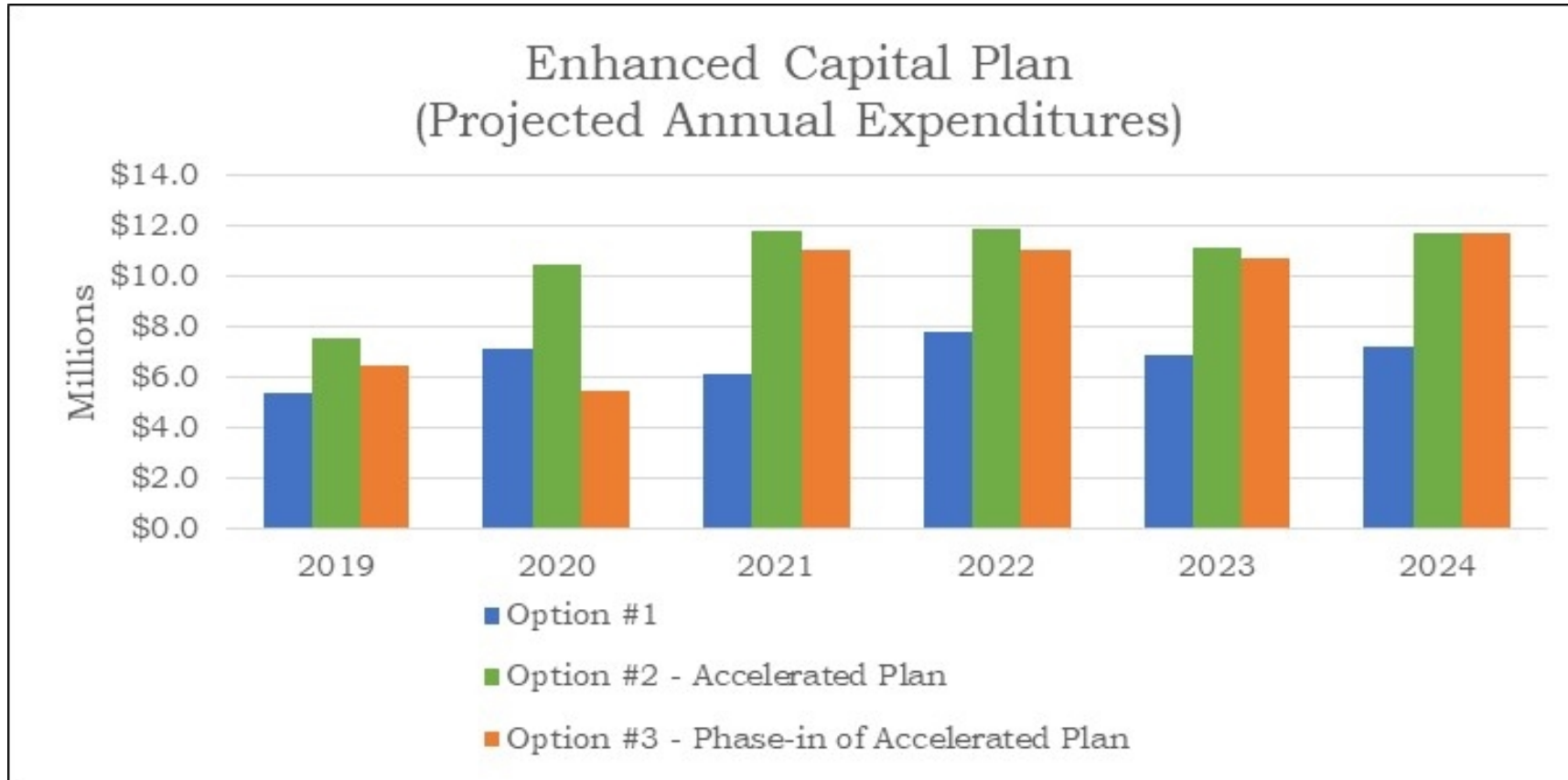
Study Goals & Objectives

- Develop a funding strategy to pay for Stormwater System Operations, R&R and Major Capital Improvements
- Estimate revenue requirements to be recovered from stormwater rates
- Identify the projected rate adjustments necessary to:
 - Maintain adequate cash reserve balances
 - Achieve a positive cash flow over time
 - Meet or exceed the minimum debt service coverage requirements established for existing and future loans
- City staff presented preliminary options on August 14, 2018
- City staff developed a third option to phase-in the enhanced capital projects over time to address system deficiencies

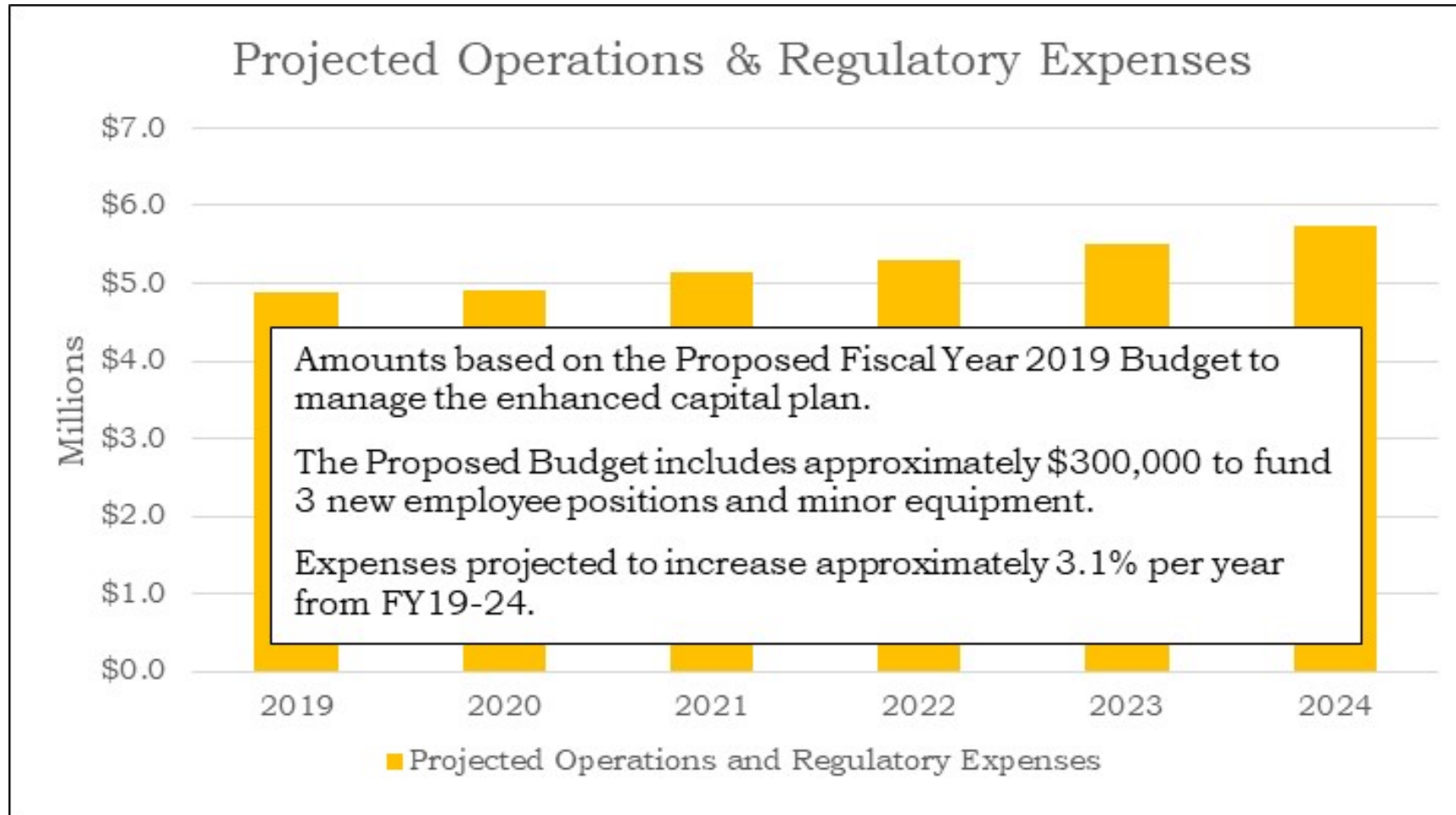
Enhanced Capital Plan Options FY19-24

- City staff developed enhanced capital plan options:
 - Option #1 - \$40.9 million
 - Option #2 (Accelerated Plan) - \$64.8 million
 - Option #2 includes \$23.9 million of additional project costs when compared to Option #1 (58% more)
 - The average increase is approximately \$4.0 million more per year
 - Option #3 (Phase-in of Accelerated Plan) - \$56.6 million
 - Option #3 includes \$15.7 million of additional project costs when compared to Option #1 (38% more)
 - The average increase is approximately \$2.6 million more per year

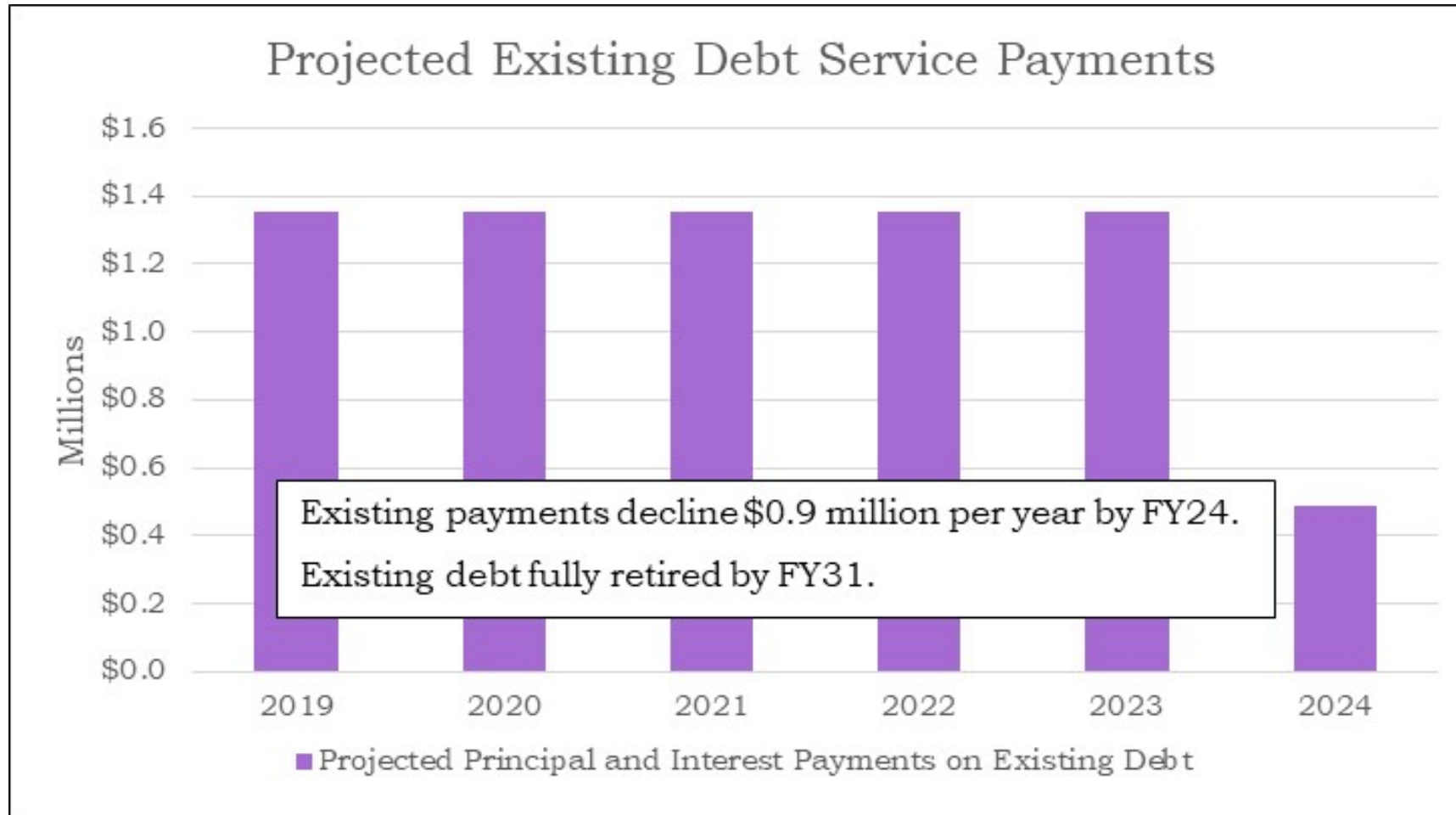
Projected Capital Expenditures



Projected Operations & Regulatory Expenses



Existing Debt Service Payments



Projects Identified for Debt Financing

- Considered one-time Major Capital Improvements:
 - Water Control Structures: L-4 / K-6 / P-1
 - Freshwater Canal Pipe Lining & Replacement: M-2 / I-2 / PA-1 / Sesame Blvd @ Seminole Waterway
 - Concrete Lined Ditch: Section F
- Considered accelerated improvements to normalize pay-go funding for R&R Improvements:
 - Freshwater Canal Dredging - 75% of project costs
 - North Side London Waterway / Storage & Detention - 80% of project costs
 - Future Storage and Detention Projects - 80% of project costs
 - Ditches Maintenance, Rehab and Equipment - 30% of project costs
- Total projects and amounts vary when considering Options #1, #2 and #3

Summary of Capital Plan Options

- Evaluated stormwater rates under a total of six (6) capital plan options as follows:
 - Option #1 - \$40.9 million Capital Plan
 - Option #1A (Pay-go)
 - Option #1B (12% Debt Funded or \$4.9 million)
 - Option #2 (Accelerated Plan) - \$64.8 million Capital Plan
 - Option #2A (Accelerated, but Pay-go)
 - Option #2B (Accelerated with 46% Debt Funded or \$29.7 million)
 - Option #3 (Phase-in of Accelerated Plan) - \$56.6 million Capital Plan
 - Option #3A (Accelerated, but Pay-go)
 - Option #3B (Accelerated with 46% Debt Funded or \$26.1 million)
 - Financing assumptions for Options #1B, #2B & #3B include the following:
 - Senior Lien / Qualified Bank Loans
 - 20-year term with interest rates ranging from 4-5%
 - Capitalized interest assumed for the first 12-months

Other Study Considerations

- Target a minimum cash reserve balance of at least 60 days of annual expenses by FY24 or approximately \$900,000
 - The beginning balance for Fiscal Year 2019 is estimated at approximately \$300,000
 - No reserves are available to help phase-in required rate adjustments early in the study period
- Meet or exceed the minimum senior and junior lien debt service coverage requirements
- Study considers implementing an annual index adjustment similar to the water and wastewater rate index beginning on and after October 1, 2024 (FY25)

Summary of Projected Increases per Month / ERU^[*]

Description	FY19	FY20	FY21	FY22	FY23	FY24
Option #1A - \$40.9 million (Pay-go)	\$17.82	\$20.50	\$20.99	\$21.49	\$22.01	\$22.54
Increase per Monthly ERU	\$6.17	\$2.68	\$0.49	\$0.50	\$0.52	\$0.53
Option #2A - \$64.8 million (Accelerated, but Pay-go)	\$21.20	\$25.87	\$28.20	\$28.87	\$29.57	\$30.27
Increase per Monthly ERU	\$9.55	\$4.67	\$2.33	\$0.67	\$0.70	\$0.70
Option #3A - \$56.6 million (Phase-in, but Pay-go)	\$19.46	\$21.69	\$24.19	\$26.97	\$27.62	\$28.28
Increase per Monthly ERU	\$7.81	\$2.23	\$2.50	\$2.78	\$0.65	\$0.66
Option #1B - \$40.9 million (12% Debt Funded)	\$16.19	\$18.62	\$19.46	\$20.34	\$20.95	\$21.45
Increase per Monthly ERU	\$4.54	\$2.43	\$0.84	\$0.88	\$0.61	\$0.50
Option #2B - \$64.8 million (Accelerated with 46% Debt Funded)	\$17.24	\$19.14	\$20.48	\$21.91	\$23.01	\$23.93
Increase per Monthly ERU	\$5.59	\$1.90	\$1.34	\$1.43	\$1.10	\$0.92
Proposed Option #3B - \$56.6 million (Phase-in with 46% Debt Funded)	\$15.55	\$17.23	\$18.91	\$20.59	\$22.27	\$23.95
Increase per Monthly ERU	\$3.90	\$1.68	\$1.68	\$1.68	\$1.68	\$1.68



Conclusions and Recommendations

- City staff have developed several capital plan options to address system deficiencies including an Accelerated Plan
- The City Council should first consider the options that provide a balanced approach to capital funding using both debt and pay-go funding for the Major Capital and R&R Improvements which will provide benefits over the useful life of the assets
- Options #2B and #3B provide a balanced capital funding plan based on financing approximately 46% of the planned improvements to better match the costs over the benefit period

Conclusions and Recommendations

- ❑ City staff developed Option #3B to phase-in the Accelerated Capital Plan that results in the lowest stormwater rate when compared to any other option for the next three (3) Fiscal Years
- ❑ Option #3B provides approximately \$74.7 million in total revenues from FY19-24 to fund the projected operating, debt service and Major Capital & R&R Improvement funding identified for the accelerated capital plan
- ❑ The City Council should consider adopting the proposed stormwater rates for Option #3B from FY19-24 and implement an annual index beginning on and after October 1, 2024 (FY25)
- ❑ This study should be updated within the next three to five years