

City of Palm Coast, Florida Agenda Item

Agenda Date: February 11, 2025

Department	CONSTRUCTION MANAGEMENT & ENGINEERING	Amount
Division	ENGINEERING	Account #
Subject:	PRESENTATION - GAP ANALYSIS RECOMMENDATIONS FOR UTILITY RATE INCREASES AND ADJUSTMENTS	
Presenter:	Carl Cote, Director of Stormwater & Engineering	
Attachments:	<ol style="list-style-type: none">1. Presentations (2)2. Ordinance	
Background:	Council Priority: D. Sustainable Environment and Infrastructure	
	<p>To ensure revenues are sufficient to support the operation, maintenance and expansion of the water and sewer utility the City periodically conducts a review of the established rates and fees. The city enlisted the services of Stantec Consulting Services Inc., in Florida to conduct a <i>Water and Wastewater Revenue Sufficiency and Capital Facilities Fees Study</i>. Calculations are needed to assess the rates necessary to maintain the infrastructure of the water and sewer system. The consultant will recommend adjustments to various rates including monthly base charges and per gallon charges as well as adjustments to water and sewer capacity fees that are assessed for new construction. Rate studies are performed to assure that the studied entity will be sustainable over time to cover operating costs, capital improvements costs, stay within financial policies and cover debt payments with a reserve for emergencies. Much information must go into this evaluation and ultimately the result that is derived from all the information that goes into the study. These studies are usually performed every 3 to 5 years to keep up with the changes that occur in the operation, growth changes, material cost changes, labor rates, equipment costs as well as maintenance and other factors.</p> <p>Based on the current economic factors changing much of how our economy functions, such as covid impact, supply chain issues, inflation, labor shortages and the fact that our past few studies have not been of the most comprehensive nature, this study is a more thorough dive into our system needs.</p> <p>During the regularly scheduled City Council meeting of November 14, 2023, utility staff and the utility rate consultant presented its initial findings, options for consideration, and recommendations for cost adjustments. This was a presentation only for information and to request council direction with a future rate consideration to come back to council for adoption. City staff and the Consultant have taken the guidance provided by council at the November meeting and included a new water tier, holding the base rates flat for the initial rate adjustment, and moving up the capacity fees adjustment from October to May to coincide with the first monthly rate adjustment.</p>	

City Council heard the first reading of this item at the February 20, 2024, Business Meeting. Per City Council direction an Ordinance was revised to reflect City Council's motion to adjust only the Capital Facility Fee and approval of 2nd reading on March 5, 2024.

On October 15, 2024, City Council approved proceeding with a utility gap analysis to be performed by Raftelis, a rate consultant, to determine the current rate revenue shortfall. This is important because it helps identify and address deficiencies in a utility system's capacity, financial performance, and infrastructure. It provides a clear understanding of current capabilities versus future needs, enabling informed decision-making and strategic planning. Key reasons for conducting a utility gap analysis include; Identifying Capital Needs, Ensure Service Reliability, Support economic development, Update fees for services, and Budgeting and Resource Allocations.

This item is to review the findings of the GAP analysis and proposed recommendations for utility rate increases and adjustments to utility charges.

**Recommended Action:
FOR PRESENTATION AND COUNCIL RECOMMENDATION ONLY**



OVERVIEW OF UTILITY RATES, FEES, & CHARGES

Palm Coast Utilities



Our Mission

The Utility Department provides essential, high-quality water services, meeting community needs while protecting public health and the environment.

Our Vision

Committed to providing safe, reliable water and wastewater services, continuously improving our operations, and protecting water resources while preparing for the future.

Our Values

- Safety
- Stewardship
- Quality
- Education
- Customer Care



Agenda

Utility Overview

- Background
- Infrastructure
- Prior Development & Usage
- Budget

Impact Fees (CIAC)

- Summary

Charges for Services

- Summary
- Proposed Fee Updates

Rates

- Summary
- Utility Bill
- Critical Projects
- Rate Consultant



UTILITY DEPARTMENT

Milestones

- 1973** ●●●●● Constructed a new water softening facility.
- 1977** ●●●●● Wastewater Treatment Plant #1 is expanded to 600,000 GPD.
- 1979** ●●●●● The old water softening facility is dismantled and the first full-scale water treatment plant, Water Treatment Plant (WTP) #1, is constructed as a 2 million gallon per day (MGD) facility.
- 1982** ●●●●● WTP #1 is expanded to 6 MGD.
- 1983** ●●●●● WWTP #1 is expanded to 1.6 MGD.
- 1990** ●●●●● WWTP #1 is expanded to 2.6 MGD.
- 1992** ●●●●● WTP #2 is constructed as a 2 MGD facility.
- 1994** ●●●●● WWTP #1 is expanded to 4.0 MGD.
- 1999** ●●●●● Florida Water Services, Inc., a large multi-system owner operating throughout the State of Florida, purchases the utility from ITT Corporation.
- 2003** ●●●●● The City of Palm Coast purchases the assets of the Palm Coast water and sewer systems for \$83 million and establishes a new City department. Also, WTP#2 is expanded to 3.19 MGD.
- 2004** ●●●●● WTP #2 is expanded to 6.38 MGD. The City also took over operations for Customer Service and Utility Billing.
- 2006** ●●●●● WWTP #1 is expanded to 6.83 MGD.
- 2008** ●●●●● WTP #3 is constructed as a 3 MGD facility.
- 2015** ●●●●● The Zero Liquid Discharge (ZLD) treatment system added to WTP #2 which also expands its capacity to 7.584 MGD.
- 2018** ●●●●● Wastewater Treatment Plant #2 is constructed as a 2.0 MGD facility.

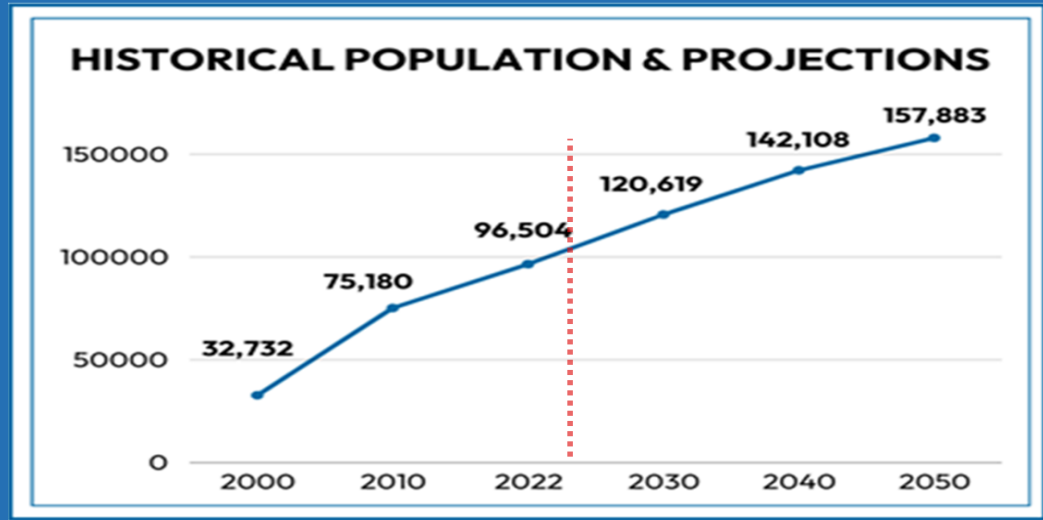


Creation of Palm Coast Utility Corporation

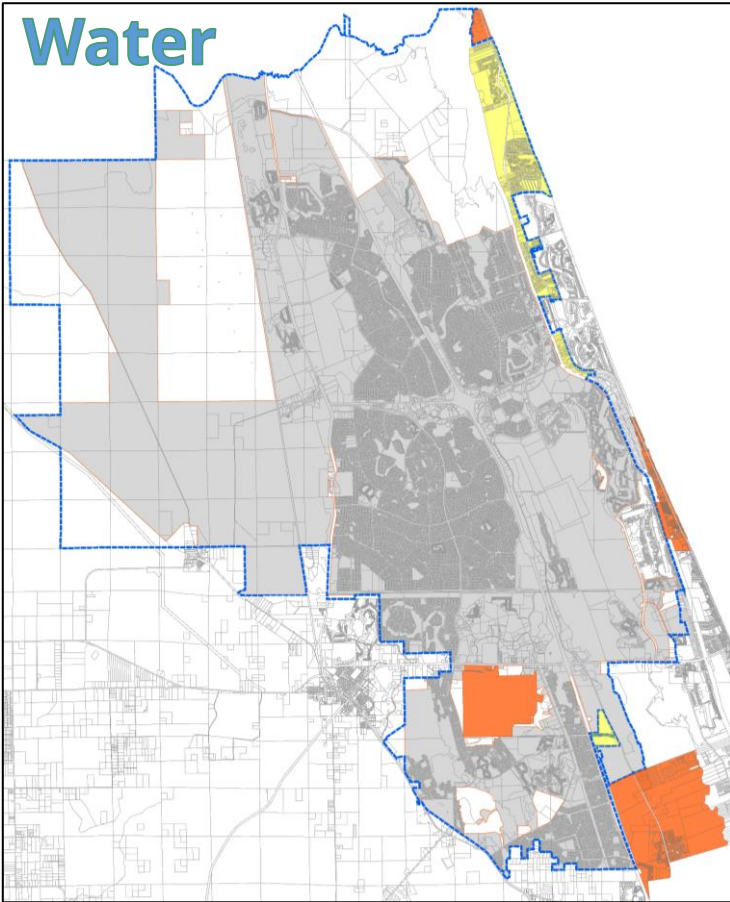
In 1970 the ITT Community Development Corporation (ICDC) created the Palm Coast Utility Corporation with the initial system consisting of:

- **Water:** Wells, a storage tank, chlorination systems and pipelines.
- **Sewer:** A wastewater collection system and a 300,000 gallon per day (GPD) wastewater treatment facility.

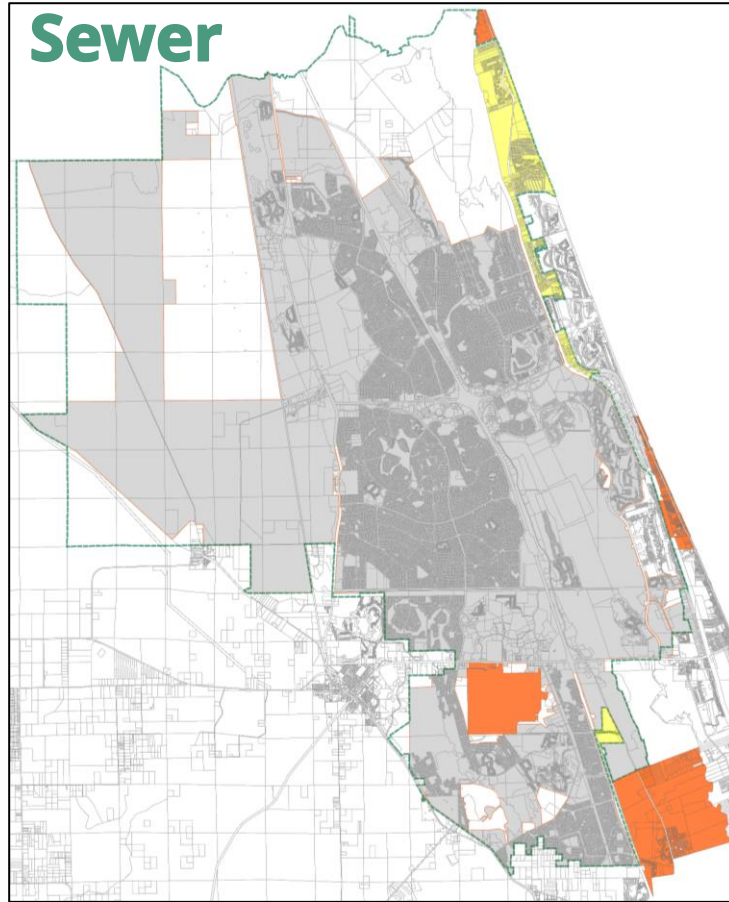
City of Palm Coast Population








Water



Sewer



- Legend**
-  Palm Coast City Limits
 -  Palm Coast Water Service Area
 -  Palm Coast Sewer Service Area
 -  Bulk Services Customer
 -  Areas outside City limits that do not require annexation to receive water and sewer services

Boundary Establishment

- Began with the ITT Development Area, areas were added such as the Hammock to provide future service. Other areas were negotiated thru agreements such as the settlement agreement with Flagler County and others.
- Rates are 25% higher for customers outside of City Limits.
- Bulk customer areas (Marineland, Beverly Beach, FGUA-OKR South, Airport).

Accounts: 52,159 Water Meters

- 92.7% usage within City limits.
 - 6.4% usage outside city limits but within service area.
 - 0.9% bulk customer
- (based on December 2024 Usage)

Wastewater Treatment Facility # 1



Original Construction: 1973
Permitted Capacity: 6.83 MGD

2024 ADT: 6.581 MGD

Rapid Infiltration Basin (RIB) & Spray Field



Original Construction: 1973
97.5 Acres

Wastewater Treatment Facility # 2



Original Construction: 2018
Permitted Capacity: 4.00 MGD*

2024 ADT: 1.404 MGD

*2.00 MGD Expansion of Facility #2 is nearing completion of construction and will be able to accept additional flows in the coming months.

Water Treatment Facility # 1



Original Construction: 1979
Permitted Capacity: 6.00 MGD

Water Treatment Facility # 2



Original Construction: 1992
Permitted Capacity: 7.584 MGD

Water Treatment Facility # 3



Original Construction: 2008
Permitted Capacity: 3.00 MGD

SJRWMD Allocation Usage	Confined Surficial (WTP1 & WTP3)	Floridan Aquifer (WTP2)	Brackish
SJRWMD Allocation Average Per day (11.025 MGD)	6,875,000	4,150,000	N/A
Average Daily Flow Per Allotment	5,443,417	4,021,859	N/A
CUP Allotment being used	79.18%	96.91%	

DEP Allocation Usage	WTP1	WTP2	WTP3
DEP Allocation Average Per day (16.584 MGD)	6,000,000	7,584,000	3,000,000
Average Daily Flow Per Allotment	2,656,236	4,021,859	2,787,181
DEP Allotment being used	44.27%	53.03%	92.91%

DEP ACTION LEVEL - max combined day flow is 75% of total permitted capacity = 12.438 MGD
Max All time high HSP flow: 6/15/2024 = 12,581,218 Total Treated



**67
Production Wells**



**6 Water Storage Tanks
Capacity of 7.5 Million Gallons**



**830+ Miles of Water Main
700+ Miles of Sewer Main
75+ Miles of Reclaimed Main**



**56,480
Revenue Meters**



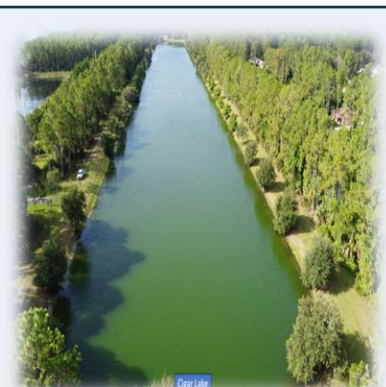
**177 Lift/Pump
Stations**



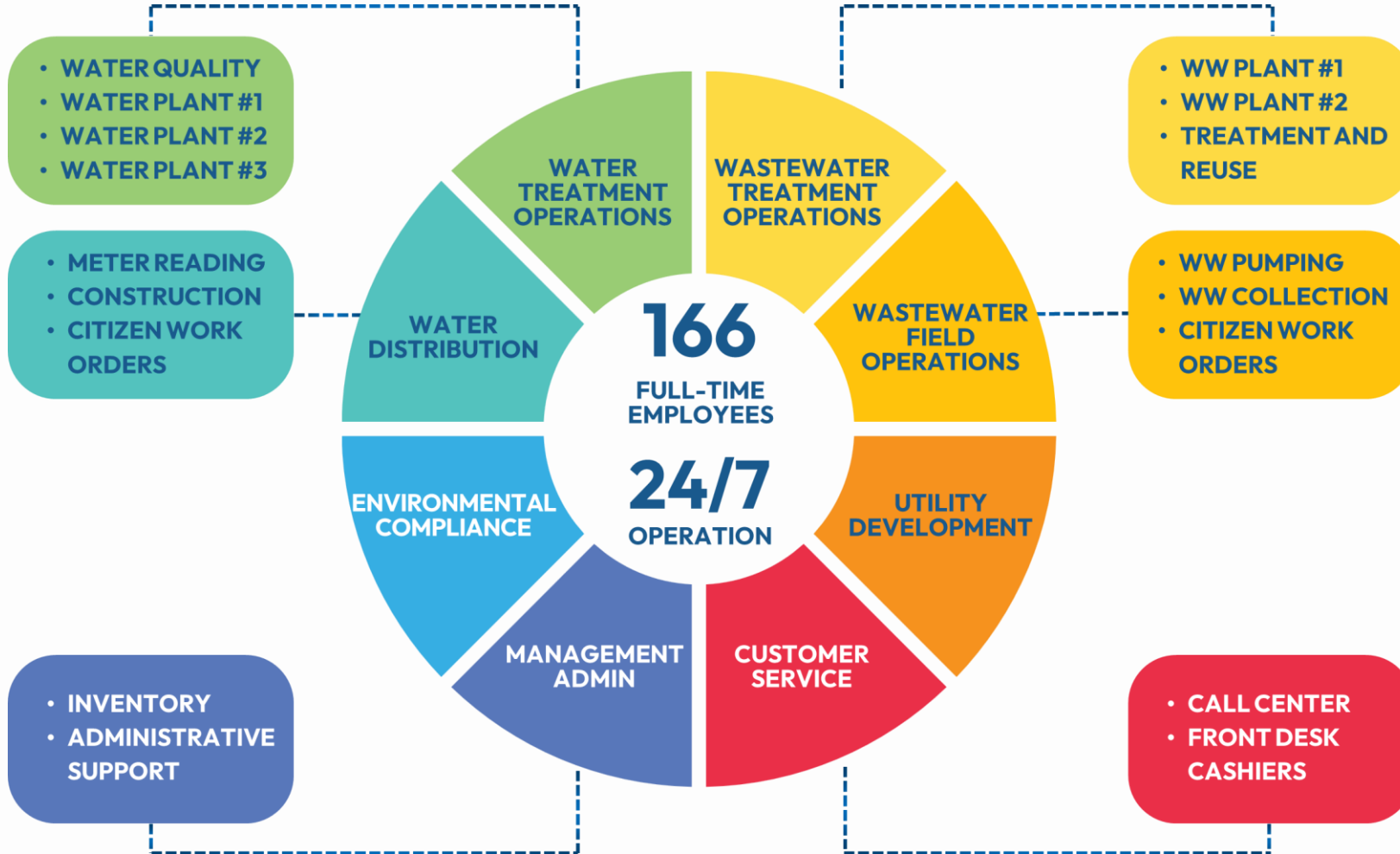
**17,491
PEP Tanks**

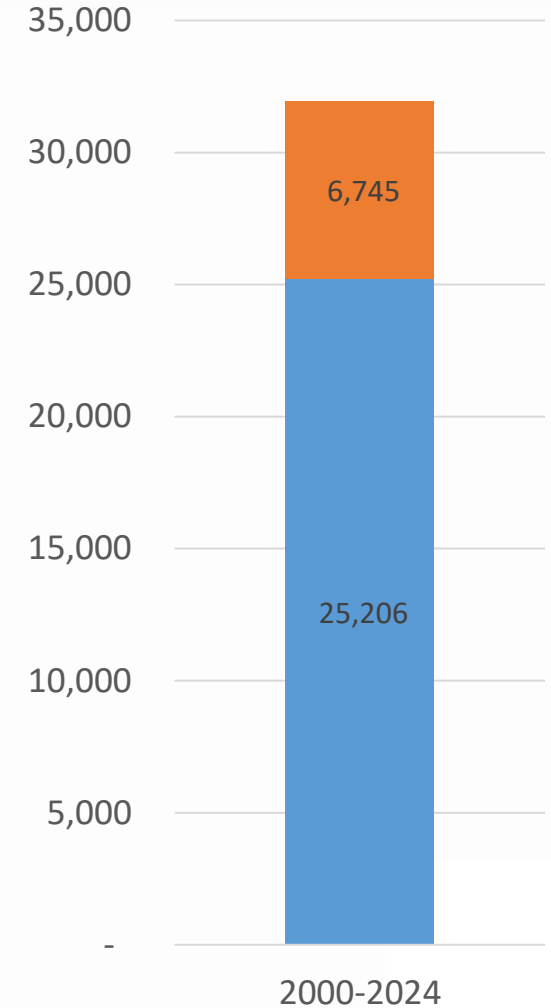
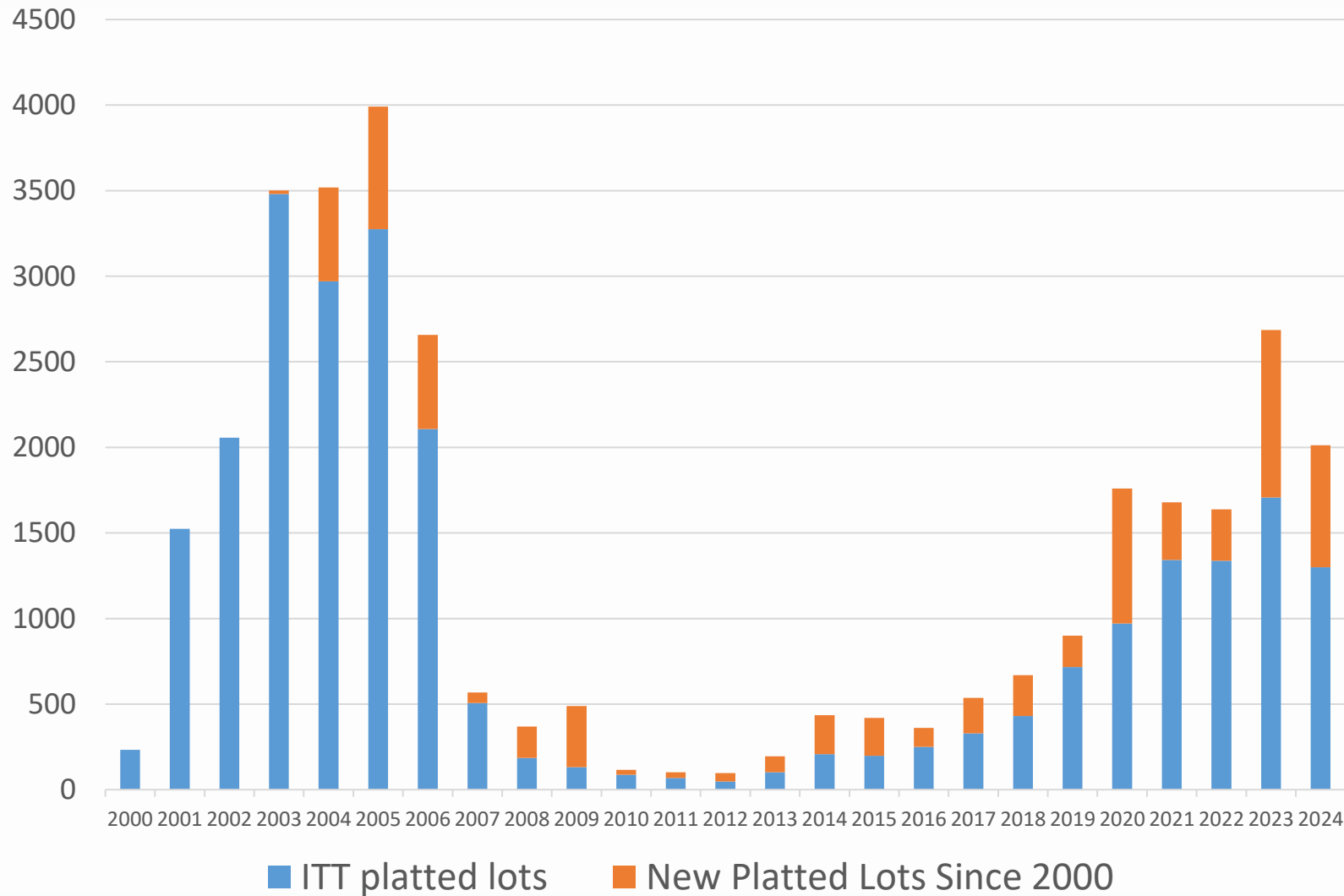


**4,007
Fire Hydrants**



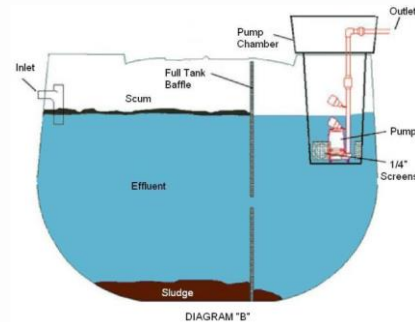
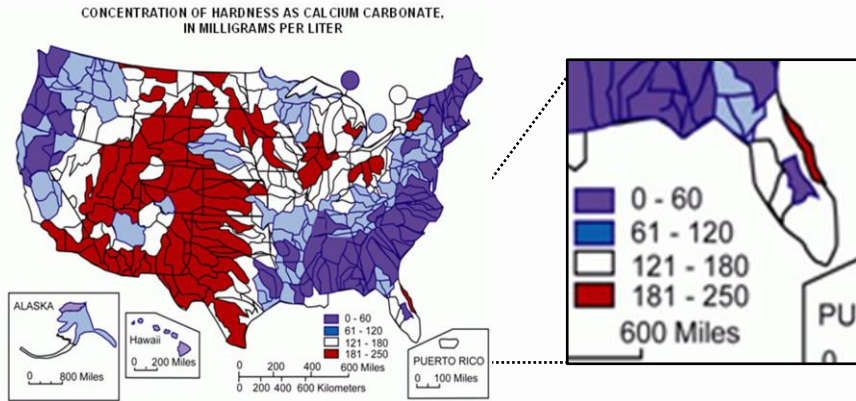
**Cigar Lake &
Pump Station**





These are preliminary numbers.
 Permits from 2000-2004 were managed by a private provider; information is unavailable.

Factors that make City of Palm Coast Utility Unique



- ITT Planned Community of 45,000 residential lots.
- Initial Infrastructure was not and could not be constructed to serve build-out.
- Regulatory changes required upgrades & modifications over the past 50 years.
- Treatment of available water to meet regulatory requirements and level of service expectations is costly because of the complexity of the treatment processes required due to the source water quality in the Palm Coast area.
- A large portion of infrastructure was installed in a short period of time thus requiring replacement & rehabilitation (R&R) to occur over a short period.
- PEP System, 21,766 (17,491 installed). The City's PEP system is the 2nd largest for a community in Florida with Charlotte County having the most at 30,000+/- tanks. PEP tanks are not commonly used as they require ongoing maintenance & costly replacement, 24/7 service calls, and are problematic as they provide opportunity for inflow and infiltration (I&I) into our wastewater system.

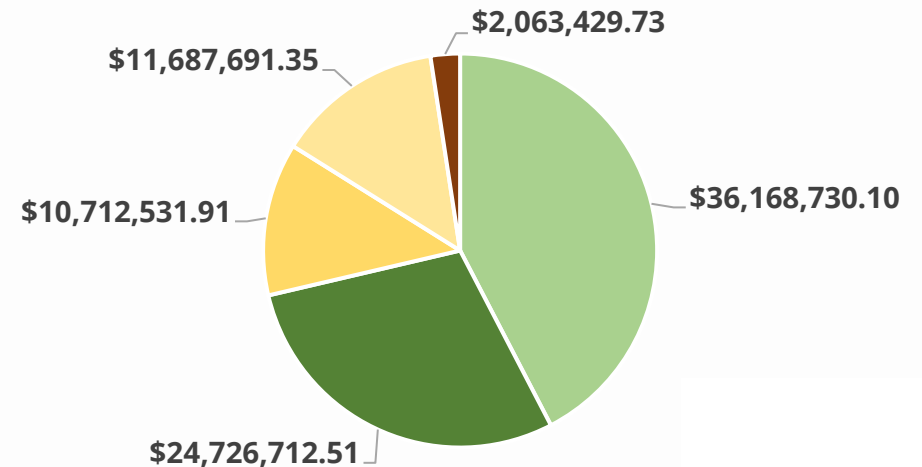
What is an Enterprise Fund



Basis	Enterprise Fund
Nature of Operations:	It offers goods and services to citizens.
Customer Base:	Serves the general public.
Revenue Collection:	Collects user fees.
	Intended to be self-supporting.
	Not intended to be subsidized by tax revenues; this includes transfers from the General Fund.
Debt:	Required for activity financed by debt secured by pledge of revenue from fees and charges for the activity i.e. revenue bonds.
Profit Utilization:	It retains any profits as a surplus for subsequent operations.

Utility Budget* - Enterprise Fund

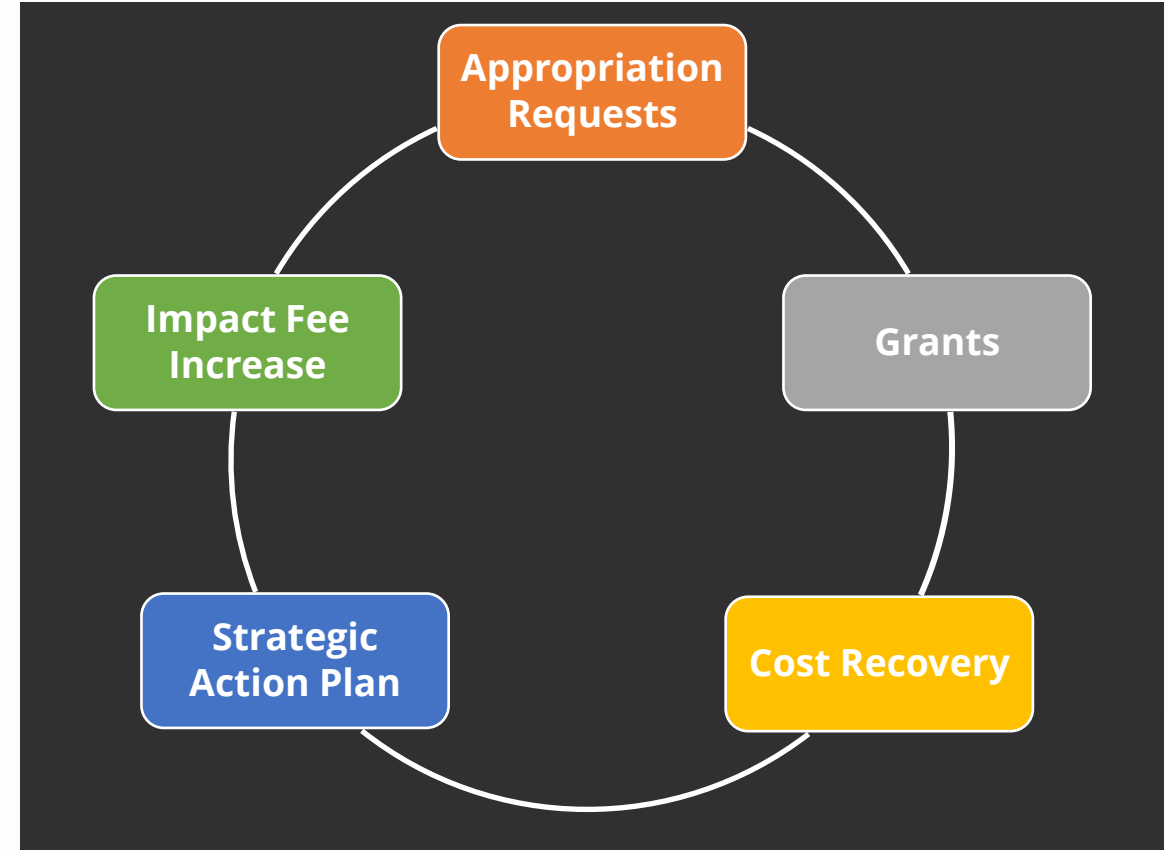
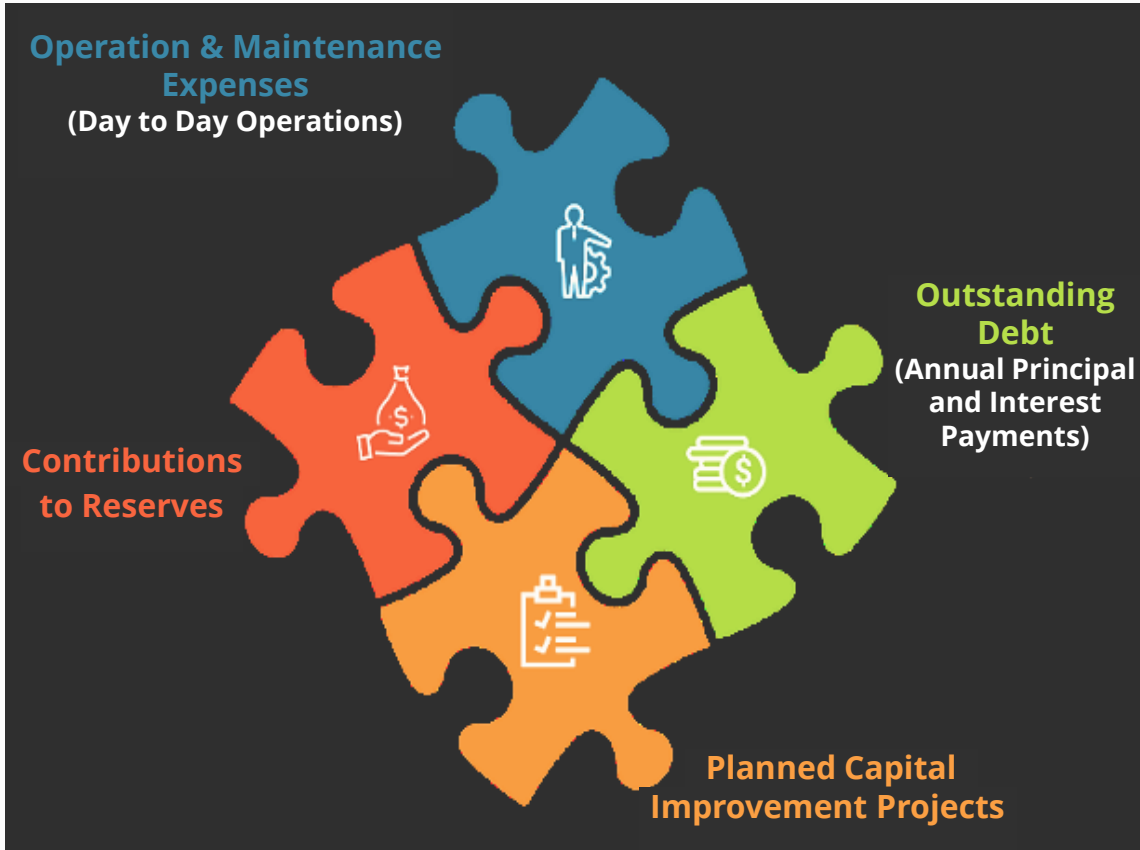
UTILITY REVENUE ITEMS	FY24 Actual
Water Sales	\$36,168,730.10
Wastewater Charges	\$24,726,712.51
Water Impact Fee	\$10,712,531.91
Wastewater Impact Fee	\$11,687,691.35
Charges for Services	\$2,063,429.73
Total Revenues	\$85,359,095.60



- Water Sales
- Wastewater Charges
- Water Impact Fee
- Wastewater Impact Fee
- Charges for Services

* Revenues from Grants, Loans, and Bonds are not Shown for Clarity.

Revenue Versus Expenses Challenges



Impact Fees (CIAC)

'Impact Fees' Contribution in Aid of Construction (CIAC) Fees

CIAC Fees (Impact Fees) are to recover specific costs and to ensure that growth pays for a share of the capital investments to increase capacity.

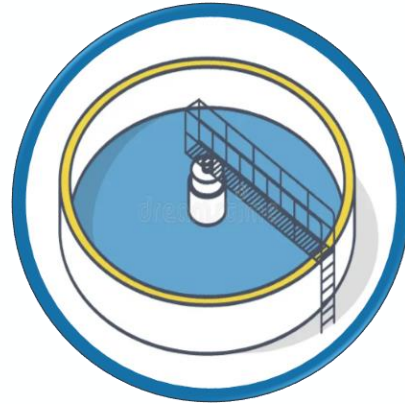
Update every 3 to 5 years based on changes in costs, usage profiles, development patterns, industry practices, legal precedent, technology, etc.

Next available CIAC Fee increases could occur 5/1/2028.



Water CIAC Fee

The CIAC fee is based on the equivalent residential unit (ERU) of **225 gallons per day**, which is the potential average daily quantity of water used by a single-family residence. ERUs are calculated based on the type of property or development based on potential average daily water use.



Wastewater CIAC Fee

The CIAC fee is based on the equivalent residential unit (ERU) of **180 gallons per day**, which is the potential average daily quantity of water used by a single-family residence. ERUs are calculated based on the type of property or development based on potential average daily water use.

State Statute Update

- Caps any one-time total increase to 50.00% of current fee, once every 4 years.
- Increases of 25.00% and greater to be phased-in over 4 equal increases.
- Increases less than 25.00% to be phased-in over 2 equal increases.
- There is an exception provision that requires findings of extra-ordinary circumstances by City Council and two separate workshops dedicated to the special circumstances in addition to the 1st and 2nd readings.

CIAC Fees Update

CIAC Fees were reviewed and incorporated in the Stantec Utility Rate Study. City Council adopted the CIAC Fee increases that were proposed as part of the Stantec Study.

TIMELINE

Approval of Piggyback Contract and Work Order with Stantec for a Utility Rate Study

2/15/2022

Update of Utility Charges for Services, Rates, and CIAC Fees

**11/14/2023 (workshop)
2/13/2024 (workshop)
2/20/2024 (1st reading)*
3/5/2024 (2nd reading)***

Implementation date of Initial CIAC Fees Update

5/1/2024

***City Council Adoption Only Increased CIAC Fees**

Impact Fees (CIAC) Fees Update

Adopted CIAC Rate Increase:

- Water Fee to be increased 35.71% over a 4-Year period to comply with State Statute.
- Wastewater to be increased 24.98% over a 2-Year period to comply with State Statute.

Water Capital Facility Fee Calculation		
Plant in Service - Reconst. Cost New	\$	256,845,227
Expansion-Related Capital Costs	\$	102,823,402
Less: Outstanding Debt	\$	(49,155,406)
Less: Grants & Contributed Capital	\$	(1,673,458)
Net System Investment	\$	308,839,766
Net System Capacity (mgd)		13.20
Level of Service (gpd)		225
Equivalent Residential Connections		58,667
Full Cost Recovery Fee per ERC	\$	5,264
Cost Recovery %		100.0%
Escalation to Effective Year		3.00%
Calculated Fee per ERC	\$	5,421
Current Fee	\$	3,995
Dollar Change	\$	1,426
Percent Change		35.71%

Wastewater Capital Facility Fee Calculation		
Plant in Service - Reconst. Cost New	\$	285,025,220
Expansion-Related Capital Costs	\$	143,979,857
Less: Outstanding Debt	\$	(49,155,406)
Less: Grants & Contributed Capital	\$	(10,784,427)
Net System Investment	\$	369,065,244
Net System Capacity (mgd)		10.10
Level of Service (gpd)		180
Equivalent Residential Connections		56,111
Full Cost Recovery Fee per ERC	\$	6,605
Cost Recovery %		100.0%
Escalation to Effective Year		3.00%
Calculated Fee per ERC	\$	6,800
Current Fee	\$	5,441
Dollar Change	\$	1,359
Percent Change		24.98%

	Water \$	Cumulative %	Wastewater \$	Cumulative %	Total \$
Previous	\$ 3,994.51		\$ 5,441.03		\$ 9,435.54
May 1, 2024	\$ 4,351.13	8.93%	\$ 6,120.52	12.49%	\$ 10,471.65
May 1, 2025	\$ 4,707.76	17.86%	\$ 6,800.00	24.98%	\$ 11,507.76
May 1, 2026	\$ 5,064.38	26.78%	\$ 6,800.00		\$ 11,864.38
May 1, 2027	\$ 5,421.00	35.71%	\$ 6,800.00		\$ 12,221.00

Charges for Services

Charges for Services

These are costs charged to provide specific services and violations such as:

Turn On/Reconnect

Turn Off/Disconnect

Fire Flow Test

Back-Flow Preventer Annual Inspection

Water Tap Charge

Meter Installation

Cost Recovery

Maintaining cost recovery is critical for sustainable operations; however, many “miscellaneous fees” have remained unchanged and unreviewed for over 15 years. The existing fees are no longer aligned with the increasing costs of materials and labor, leading to financial deficits for the utility when factoring in the accumulated expenses of materials and workforce operations.

Labor

- How much time does each role spend to perform this service?

Equipment/Vehicles

- What pieces of equipment or vehicles are utilized to perform the service?

Labor

- What materials are used as a part of this service?



$$\left(\begin{array}{l} \text{Hours Spent} \\ \text{(Customer Service,} \\ \text{Utility Tech)} \end{array} \right) \times \left(\begin{array}{l} \text{Cost per Hour} \\ \text{(Labor, vehicles \&} \\ \text{equipment)} \end{array} \right) + \left(\begin{array}{l} \text{Unit Costs} \\ \text{(Materials)} \end{array} \right) = \text{Cost of Service}$$



Meter Installation Fee

The current rate for a meter installation is **\$514.49**, but modern meter technology requires additional features for compatibility with our towers. The cost of the meter, transmitter, backflow preventer, meter pit, and piping alone is \$752.21, with total expenses, including equipment and labor, reaching **\$1,424.21**.



Water Tap Fee

The current rate for water tap installation is **\$672.77**, but the actual cost of supplies alone, including items like a tapping saddle, brass components, polytube, and PVC casing, total \$1477.49. Factoring in equipment and labor, the total cost rises to **\$2,880.27**.



Turn On/Off Fees

Processing a typical turn-on or turn-off request involves multiple divisions, including customer service, finance, and field technicians, incurring costs for labor, overtime, and administrative tasks. The current **\$25.00** fee does not cover these expenses; a **\$50.00** fee would ensure full cost recovery.

New Charges for Services Items

PEP Tank Installation and Connection to the sewer force main has historically been funded and a part of the CIAC budget.

Upon review it has been determined that some expenses associated with PEP tank installations should be charged to cover these costs.



PEP Tank Connection Fee

The cost of the PEP Tank, control panel, tubing, saddles; with total expenses, including equipment and labor, reaching \$7,225.71. Currently there are approximately 17,491 PEP tanks with an additional estimated amount of 4,275 vacant ITT platted lots that will require a PEP tank. The majority of the expenses have been and are a part of the approved CIAC capital plan. There are some costs with tapping connection that should be added and included in the charges for services in the amount of **\$841.49**. The costs for PEP Tank and Contractors to Install PEP tank & panel in the amount of **\$6,384.22** is funded by the wastewater CIAC fees.

Gravity Sewer Tap Fee

Gravity sewer connections are the responsibility of the builder, the city assists in rare cases where a service either does not exist or cannot be found, therefore no gravity sewer tap fee is proposed.

Utility Service Agreement Charges

A review of charges for new utility agreements (new development) has been completed to verify the Utility was recovering its costs. A modification is proposed to simplify the process and so that the developer can determine these fees early on in their process. The new system will utilize a cost for each Equivalent Residential Units (ERU's).



Utility Service Agreement

The cost to account for City expenses including but not limited to administrative and inspection of new utilities associated with new development shall be **\$75.00** per ERU for each of the following categories; Water & Sewer. There will be a minimum charge of **\$3,500.00**.

Comparison of Current Method and New Method (ERU) for Flagler Village Project

ITEM	DESCRIPTION	QUANTITY		UNIT PRICE	EXTENSION
1	Gravity Sewer	7,000	LF	\$0.60	\$4,200.00
2	Sewer Force Mains and Reuse Mains (10" & under)	8,000	LF	\$0.30	\$2,400.00
3	Sewer Force Mains and Reuse Mains (12" & larger)		LF	\$0.40	\$0.00
4	Water Mains (10" & under)	7,000	LF	\$0.30	\$2,100.00
5	Water Mains (12" & larger)		LF	\$0.40	\$0.00
6	Pump Stations	1	EA	\$1,000.00	\$1,000.00
7	Base Fee	1	LS	\$500.00	\$500.00
	TOTAL				\$10,200.00

ITEM	DESCRIPTION	ERU's	COST PER ERU	EXTENSION
1	Water	200	\$75.00	\$15,000.00
2	Sewer	200	\$75.00	\$15,000.00
	TOTAL			\$30,000.00

Charges for Services Council Action

Adopt Resolution Updating Charges for Service; to become Effective April 1, 2025.

Listing of Fee Changes and New Fees

WATER SERVICE RATES, FEES AND CHARGES			
	Current Rates		Effective April 2025
Hydrant Meter:			
Customer Deposit	\$	560.00	\$ 2,150.00
Installation Fee	\$	-	\$ 130.00
Meter Test:			
5/8", 3/4", & 1" Meter	\$	40.00	\$ 225.00
Turn On / Reconnect:	\$	25.00	\$ 50.00
Turn Off / Disconnect:	\$	25.00	\$ 50.00
Reconnect / Premise Visit (after hours):	\$	35.00	\$ 100.00
Violation Connection:	\$	-	\$ 1,000.00
Meter Tampering Fee:			
First Occurrence	\$	125.00	\$ 250.00
Second Occurrence	\$	-	\$ 500.00
Third and Subsequent Occurrences	\$	-	\$ 750.00
Premise Visit (per visit):	\$	25.00	\$ 50.00
Late Payment:		1.5% of bill with \$5 Min.	1.5% of bill with \$10 Min.
Fire Flow Test:	\$	85.00	\$ 250.00
Back-flow Preventer Annual Inspection Commerical/Industrial:	\$	-	\$ 100.00
Water Tap Charge:			
5/8" & 3/4" Meter	\$	672.77	\$ 2,880.27
Water Meter Installation:			
5/8" & 3/4" Meter	\$	514.49	\$ 1,424.21
Irrigation Meter Installation:	\$	514.49	\$ 1,424.21
Permit Reviews:	\$	-	\$ 25.00
Permit Inspections/Reinspections:	\$	25.00	\$ 40.00

Charges for Services Council Action

Adopt Resolution Updating Charges for Service; to become Effective April 1, 2025.

Administer a Consumer Price Index (CPI) adjustment of up to 3% if the City Manager or designee, determines that an increase in fees is necessary based on the cost increase to the City for materials, equipment and services.

Fees to be reviewed no less than every 5-Years.

Listing of Fee Changes and New Fees

WASTEWATER SERVICE RATES, FEES AND CHARGES			
	Current Rates		Effective April 2025
Premise visit:	\$	25.00	\$ 50.00
After Hour Premise visit:	\$	25.00	\$ 100.00
Late payment:		1.5% of bill with \$5 Min.	1.5% of bill with \$10 Min.
PEP Tank Connection:	\$	-	\$ 841.49
Wastewater Pressure Test:	\$	60.00	\$ 250.00
Permit Reviews:	\$	-	\$ 25.00
Permit Inspections/Reinspections:	\$	25.00	\$ 40.00

RECLAIMED WATER SERVICES RATES, FEES AND CHARGES			
	Current Rates		Effective April 2025
Turn on/Reconnect:	\$	25.00	\$ 50.00
Turn off/Disconnect:	\$	25.00	\$ 50.00
Reconnect / Premise Visit (after hours):	\$	25.00	\$ 100.00
Violation Connection (Plus Full City Cost):	\$	125.00	\$ 250.00
Premise Visit:	\$	25.00	\$ 50.00
Late Payment:		1.5% of bill with \$5 Min.	1.5% of bill with \$10 Min.
Meter Installation: 5/8" & 3/4" Meter	\$	427.42	\$ 1,065.34
Permit Reviews:	\$	-	\$ 25.00
Permit Inspections/Reinspections:	\$	25.00	\$ 40.00

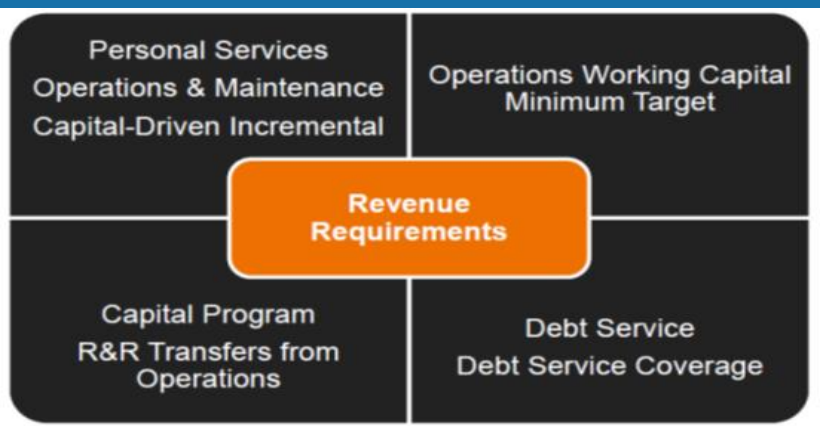
INDUSTRIAL WASTEWATER PRETREATMENT RATES, FEES AND CHARGES			
	Current Rates		Effective April 2025
Annual Surveillance Fee: Inspection, Administrative Fees and Equipment	\$	70.00	\$ 200.00
Inspection for Noncompliance: Inspection due to Noncompliance, Admin Fees, Sampling and Equipment	\$	80.00	\$ 250.00
Administrative Penalty for Continued Noncompliance:	\$	125.00	\$ 250.00

Rates

Utility Rates

Utility Rates are used to Maintain Services and to Ensure there are Revenues to Satisfy and Support the Operation, Maintenance, Regulatory & Compliance Requirements, and to provide upgrades of the Utility.

Review every 3 to 5 Years.



Infrastructure Costs

Items include the construction, maintenance, and repair of treatment facilities, pipelines, pumping stations, and building and site components. It's important to note that some of these elements can be substantial expenses, requiring thoughtful, long-term planning.

Operational Costs

Day-to-day costs, such as labor, energy, chemicals, and equipment maintenance. These costs can fluctuate based on changes in the demand, flow or loading. Energy and chemicals will vary as the flow or loading to the system changes, inflationary costs, and supply and demand for items.

Regulatory & Compliance Costs

Entails testing, monitoring, and reporting to ensure treated water or wastewater adheres to environmental and regulatory standards. It's also vital to anticipate future changes in the treatment process such as PFA and PFOS, seek alternative water supplies, and future shifts in waste streams.

Replacement & Rehabilitation (R&R)

Replacement or upgrades of equipment, typically on a longer-term cycle. It is critical to place or rehabilitate our vital assets by evaluating the physical condition and functionality of its remaining service life. Original infrastructure was put in over 50 years ago.

Utility Rate Gap Analysis

Utility Rates were reviewed and incorporated in the Stantec Utility Rate Study. City Council did not adopt the rate increase that was proposed as part of the Stantec Study.

A Gap Analysis was initiated on 10/15/2024.

Timeline

Approval of Piggyback Contract and Work Order with Stantec for a Utility Rate Study

2/15/2022

Update of Utility Charges for Services, Rates, and CIAC Fees

11/14/2023 (workshop)
2/13/2024 (workshop)
2/20/2024 (1st reading)*
3/5/2024 (2nd reading)*

Approval of Utility Rate Gap Analysis

10/15/2024

***Proposed Utility Rate Increase was not Approved by Council**

Utility Rate Gap Analysis - Why

This was necessary to review and update the Stantec Rate Study to account for the following:

- Reduced Revenue.
- Unfunded Needs.
- Staffing Needs.
- Project Cost Increases.
- Operating Cost Increases.
- Consent order requirements.

Reduced Revenue

- Reduced revenue due to rate increase delay.
- Reduction in anticipated state appropriations; only received \$2.0 million of the \$46.4 million requested.
- Not awarded a \$10 million grant for gravity sewer pipelining.

Unfunded Needs (5-Year CIP)

- Current Rates will not support being able to obtain new loans/bonds.
- Current Rates will not fund capital projects and Rehabilitation & Renovation (R&R) needs.
 - WWTP#1 Expansion: \$180,000,000
 - WWTP#1 Update & Conversion: \$90,000,000
 - Water Treatment Plant Expansions, Ground Storage Tanks, Ozone+GAC: \$55,000,000
 - Wellfield Expansion: \$25,000,000
 - PEP System & Reclaimed System Upgrades: \$34,500,000
 - Sewer Pipe & Manhole Lining: \$20,000,000
 - Water Meter Change Outs and Meter Transmitter Battery Replacements.
 - Wellfield, Wells, Lift/Pump Station R&R.

Utility Rate Gap Analysis - Why

- **Increased Service Demand:** Growing need for services requires additional resources to maintain quality and efficiency.
- **Regulatory Compliance:** Essential to keep up with day-to-day operations that adhere to regulatory requirements.
- **Grant Management:** Dedicated support needed to identify and manage grants, enabling cost-saving opportunities.
- **Infrastructure Repairs:** Rising infrastructure failures necessitate immediate staffing for timely repairs.
- **Workload Management:** Excessive overtime due to workload is leading to staff burnout, impacting morale and productivity.

Staffing Needs: FY26-FY30

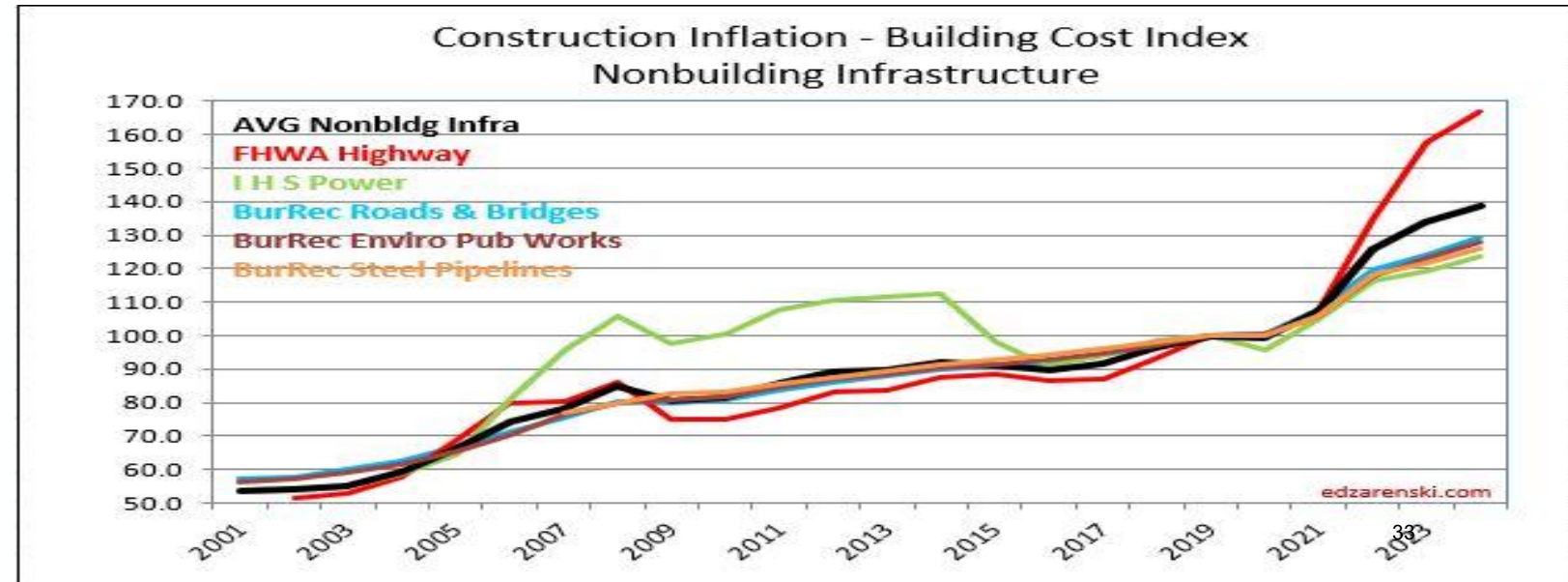
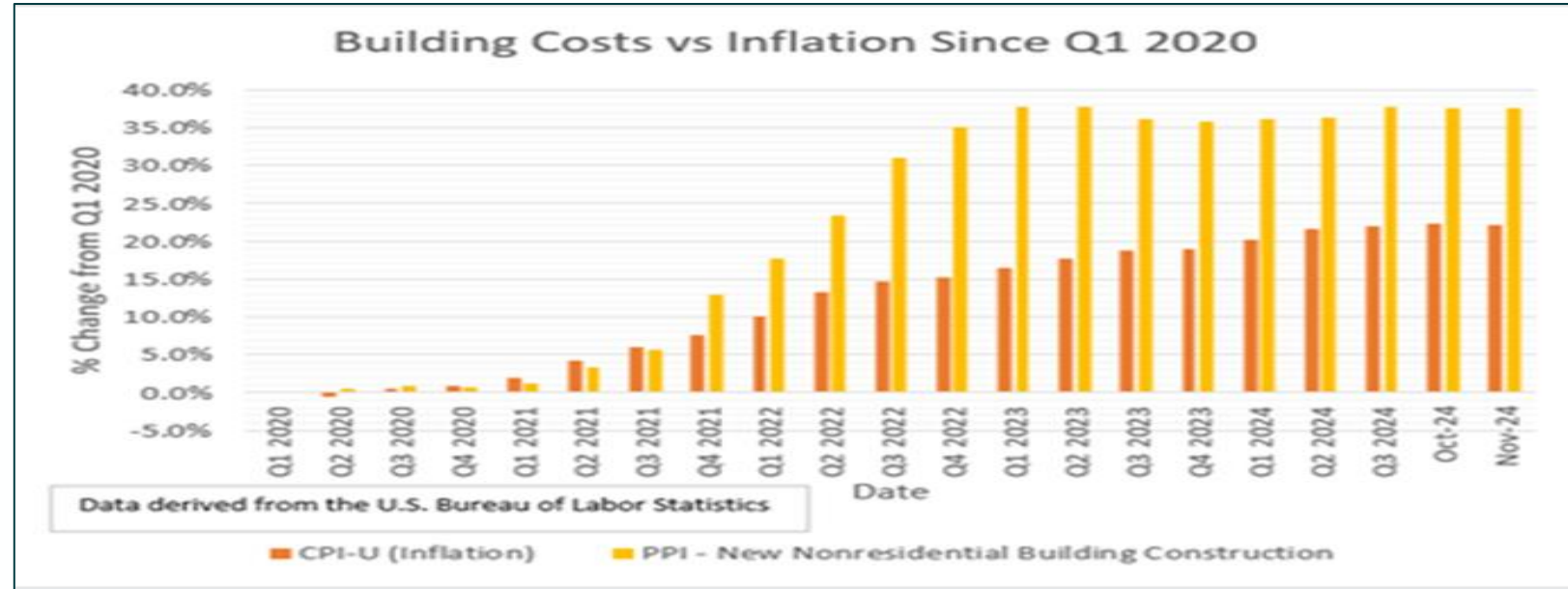
NEW POSITION	NEW FLEET
Customer Service	
Customer Service Rep I (PG 08)	No Fleet Needed
Customer Service Rep I (PG 08)	No Fleet Needed
Water Meter/Distribution	
Backflow Technician (PG 07)	Ford F-150 Pick Up
Utility Tech 1 (PG 07)	Ford F-150 Pick Up
Backflow Technician (PG 07)	Ford F-150 Pick Up
Meter Coordinator (PG 15)	No Fleet Needed
Water Distribution Manager (PG 20)	No Fleet Needed
Water Quality & Treatment	
Water Treatment Trainees (PG 05)	No Fleet Needed
Mechanical Tech. (PG 08/09)	Ford F-250 Utility Body / Pipe Rack
Water Treatment Trainees (PG 05)	No Fleet Needed
Water Quality Tech. 1 (PG 07)	Ford F-250 Utility Body / Pipe Rack
SCADA Analyst (PG 18)	Ford Transit Van
Water Treatment Trainees (PG 05)	No Fleet Needed
Utility Construction	
Utility Tech 1 (PG 07)	
Utility Tech 1 (PG 07)	Ford F-450 Super Crew Utility / Pipe Rack
Utility Tech 1 (PG 07)	Ford F-150 Pick Up
Utility Foreman (PG 13)	Ford F-150 Pick Up
Wastewater Collections	
Utility Tech 1 (PG 07)	Ford F-250 Utility Body / Pipe Rack
Utility Tech 1 (PG 07)	Ford F-250 Utility Body / Pipe Rack
Utility Tech 1 (PG 07)	Ford F-250 Utility Body / Pipe Rack
Utility Tech 1 (PG 07)	Ford F-250 Utility Body / Pipe Rack
Utility Tech Lead I & I (PG 10)	Ford F-250 Utility Body / Pipe Rack
Utility Tech 1 or 2 (PG 07/08)	Ford F-250 Utility Body / Pipe Rack
Utility Tech 1 or 2 (PG 07/08)	Ford F-250 Utility Body / Pipe Rack
Utility Tech 1 or 2 (PG 07/08)	Ford F-250 Utility Body / Pipe Rack

NEW POSITION	NEW FLEET
Wastewater Pumping	
Mechanical Tech 1 or 2 (PG 08/09)	Ford F-550 Crane Truck
Mechanical Tech Lead Generators (PG 13)	Ford F-250 Utility Body With fuel Tank
Mechanical Tech 1 or 2 (PG 08/09)	Ford F-550 Crane Truck
Wastewater Treatment & Reuse	
Mechanical Tech 2 WWTP#1 (PG 09)	Ford F-550 Crane Truck
Mechanical Tech 1 (PG 08)	Ford F-250 Utility Body Truck
Operator Trainee for WWTP #2 (PG 06)	No Fleet Needed
Operator Trainee for WWTP #1 (PG 06)	No Fleet Needed
Utility Development	
No Positions to be Added	
Admin	
Grant Coordinator (PG 15)	No Fleet Needed
Utility Finance	
Finance Tech' (PG 09)	No Fleet Needed
Utility Engineering	
Inspector (PG 12)	Ford F-150 Pick Up
Project Manager (PG 16)	No Fleet Needed
Inspector (PG 12)	Ford F-150 Pick Up
Additional Positions	
New Staff 'TBD'	TBD
New Staff 'TBD'	TBD

Utility Rate Gap Analysis - Why

- **Building Costs:** Over the past 5-Years the increase in building costs was nearly double the increase of inflation.
- **Nonbuilding Infrastructure:** The cost of nonbuilding infrastructure rose drastically over the past 5-Years.

Project Cost Increases



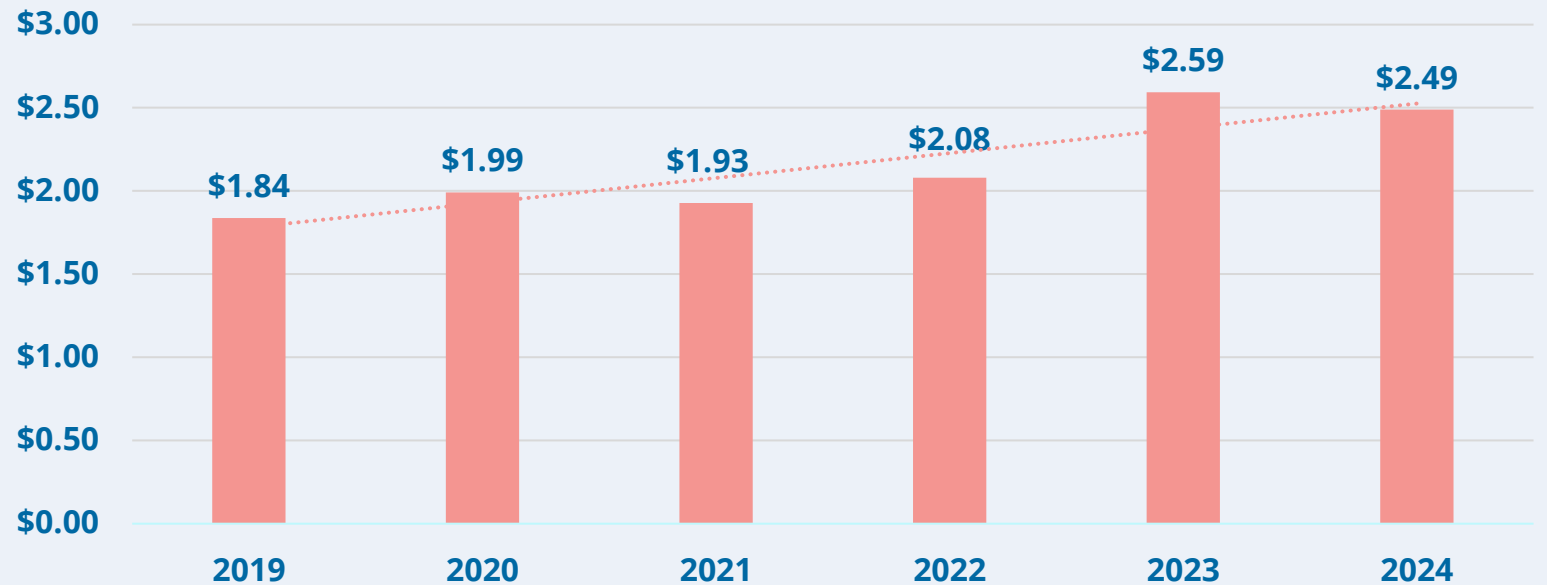
Utility Rate Gap Analysis - Why

- **Material & Equipment:** Costs have increased from 4% to 114% from FY23 to FY24.
- **Water Treatment:** The cost to treat a gallon of water has increased 35.33% over the past 5-Years.

Operating Cost Increases

WASTEWATER PUMPING	FY 2023	FY 2024	% Change	WATER DISTRIBUTION	FY 2023	FY 2024	% Change
# 4 Stranded Wire (1,000 ft.)	\$ 1,060.00	\$ 1,789.93	69%	Double Check Backflow Preventer 1"	\$ 124.74	\$ 267.00	114%
# 4 Solid Wire (1,000 ft.)	\$ 1,412.00	\$ 1,475.52	4%	Corp Stop 1" MIP X PJ Brass	\$ 50.00	\$ 57.95	16%
40 Foot Float Switch	\$ 43.00	\$ 64.00	49%	Corp Stop 1" FIP X 3/4 x 5/8" MN	\$ 50.50	\$ 80.48	59%
3127 XYLEM FLYGT Wastewater Pump	\$ 11,299.00	\$ 12,946.00	15%	Tapping Saddle Brass Class Pipe (6"x 1")	\$ 43.00	\$ 46.50	8%
3" Stainless Steel Pole Straps	\$ 21.23	\$ 30.33	43%	Meter Box Large - Without reader lid	\$ 107.99	\$ 116.29	8%

Average Cost to Treat 1,000 Gallons of Water



Utility Rate Gap Analysis - Why



FLORIDA DEPARTMENT OF Environmental Protection

Northeast District
8800 Baymeadows Way West, Suite 100
Jacksonville, Florida 32256

Ron DeSantis
Governor

Jeanette Nuñez
Lt. Governor

Alexis A. Lambert
Secretary

December 12, 2024

Sent electronically to: LJohnston@palmcoastgov.com

Lauren Johnston, Acting City Manager
City of Palm Coast
2 Utility Drive
Palm Coast, Florida 32137

SUBJECT: Department of Environmental Protection v. City of Palm Coast
OGC File No. 24-2146
Facility ID: FL0116009 - Flagler County

Dear Ms. Johnston:

Enclosed is a copy of the executed Consent Order to resolve Case Number 24-2146. The effective date of this Order is December 12, 2024 and all timeframes will be referenced from this date.

As a reminder, a Consent Order is a binding legal document and was voluntarily entered into by both parties.

Should you have any questions concerning the Consent Order, please contact Abhi Maturi, at (904) 256-1584, or at Abhi.Maturi@floridaden.gov. Your continued cooperation in the matter is appreciated.

Sincerely,

Thomas G. Kallemeyn
Assistant Director

Enclosure: Executed Consent Order #24-2146

ec: FDEP-OGC: Lea Crandall
FDEP-NED: Joni Petry, Herndon Sims, Thomas Kallemeyn
WCAPHQ@dep.state.fl.us
Jason DeLorenzo/ jdelorenzo@palmcoastgov.com
Peter Rousell/ prousell@palmcoastgov.com
Stephen Flanagan/ sflanagan@palmcoastgov.com

Consent Decree

What is the Palm Coast Consent Decree?

- Legal document formalizing a Utility Action Plan and schedule to increase wastewater system capacity and performance.

Who Issues the Consent Decree?

- The Florida Department of Environmental Protection

Why did Palm Coast receive a Consent Decree?

- The wastewater treatment facility #1 operated over the permitted annual average flow of 6.83 MGD four months during the previous twelve months.
- Sanitary Sewer Overflows occurred from the wastewater collection system.
- Some samples at Wastewater Plant #1 failed to meet parameters

Major Items to be Completed in Utility Action Plan

- Complete the WWTP # 1 Rehabilitation (Conversion) & Expansion by December 2028.
- Reduce wastewater spills in the community.
- Eliminate wastewater sampling exceedances.

Utility Billing Residential



City of Palm Coast
Utility Department
160 Lake Avenue
Palm Coast, FL 32164

UTILITY BILL
CUSTOMER COPY
Tel. (386) 986-2360
palmcoast.gov

CUSTOMER NAME	CUSTOMER # - ACCOUNT #	PARCEL ID	SERVICE LOCATION
D	673122 - 14103	0711317022002000060	118 WESTLEE LN

BILL NUMBER	BILL DATE	ACCOUNT TYPE	DUE DATE
21540663	12/06/2024	SINGLE FAMILY - RESIDENTIAL	12/30/2024

DESCRIPTION	METER NUMBER	PREVIOUS READ DATE	CURRENT READ DATE	PREVIOUS READING	CURRENT READING	USAGE	UOM	CHARGE AMOUNT
WATER BASE								\$22.22
WATER USE	64743110	10/24/2024	11/25/2024	508140	510870	2730	GAL	\$16.44
SEWER BASE								\$21.83
SEWER USE		10/24/2024	11/25/2024					\$15.43
IRRIG BASE								\$11.09
IRRIG USE	63973593	10/24/2024	11/25/2024	260070	260070	0	GAL	\$0.00
GARBAGE								\$33.30
STORM WTR								\$32.87

If your bill reflects a previous balance and it remains unpaid, your service will be subject to disconnection after the due date.

IF YOU HAVE SET UP AUTOMATIC DEDUCTION, PAYMENT WILL BE DRAFTED ON THE DUE DATE PRIOR TO ANY LATE FEES BEING ASSESSED.

Water & Sewer = \$75.92 (50% of bill)

Irrigation = \$11.09 (7% of bill)

Trash = \$33.20 (22% of bill)

Stormwater = \$32.87 (21% of bill)

Previous Balance	\$149.55
Total Current Billing	\$153.18
Less Deposit	\$0.00
Less Payments Received	\$149.55
Penalties	\$0.00
Total Amount Due	\$153.18



Water

There is a fixed charge called 'Water Base' and a 'Water Use' charge for each 10 gallons of water used.



Sewer

There is a fixed charge called 'Sewer Base' and a 'Sewer Use' charge for each 10 gallons of water used. Based on Sample Bill the cost is **\$0.013** cents per gallon.



Irrigation

Only residents that have an Irrigation (potable) or Reclaimed Meter will see this on their bill. There is an 'Irrigation Base' and an 'Irrigation Use' charge.



Garbage

Charge to provide trash, recycling, and yard waste collection is currently **\$33.30** per month with an annual 10/1 CPI adjustment on the collection portion of the fee.



Stormwater

A fee to fund the maintenance and construction of the City's stormwater system. Reduced fee if served by a private stormwater system. ITT lots **\$32.87** per month.



City of Palm Coast

Water & Wastewater Revenue Sufficiency and GAP Analysis

Prepared on: February 6, 2025



Background

- In 2024, the City completed a water, wastewater and reclaimed water rate study
 - › City staff wanted to ensure that new development and redevelopment were paying their proportionate share of the capital costs to serve new customers
 - The City adopted a schedule of new capital facility fees (impact fees) and main extension charges consistent with Florida Statutes to be implemented each year through May 2027
 - In 3-years, the City will be able to revisit the fee levels for FY2028

Background (cont.)

- At the conclusion of the rate study, the City Council requested additional information about utility needs
 - › City implemented its annual index (3%) effective October 1, 2024
 - › City staff updated and prioritized the operating and capital needs
 - › City staff initiated an evaluation of utility service charges

Current Operating Conditions

- Operating cost increases resulting from prolonged inflation
- Increased costs to add additional personnel to maintain existing service levels and to meet the needs of serving new customers
- Lost revenues due to reductions in state appropriations, delays in implementing rate adjustments, and lost grant opportunities

Critical Projects Identified by City Staff

- Include but not limited to:
 - › WWTF#1 Expansion and Rehabilitation - \$265.0 million
 - › WTF#1 and WTF#3 Plant Expansion - \$57.9 million
 - › WTF#2 and WTF#3 Wellfield Expansion - \$26.9 million
 - › PEP System Upgrades and Improvements - \$25.6 million
 - › WTF#1 Basin and Lime Sludge Thickener - \$15.2 million
 - › WWTF#1 and WWTF#2 Reclaimed Water Storage Tanks - \$8.2 million
 - › Reclaimed Water Wet Weather Discharge Study - \$5.5 million
 - › Reclaimed Water Extension to Future WWTF#3 - \$4.6 million
 - › WTF#2 and WTF#3 Electrical Upgrades and Replacements - \$4.2 million
 - › WTF#3 Ground Storage Tank - \$2.6 million

Study Objective

- As shown on the prior slide, City staff have identified several capital improvements that will provide long-term benefits to existing and future customers
 - › After exhausting other revenue sources, like capital facility fees (impact fees), the use of revenue bonds is an appropriate means to recover those costs from customers who will benefit from the improvements
- *Raftelis was hired to update the utility financial forecast and work with the City's financial advisor to examine financing strategies*

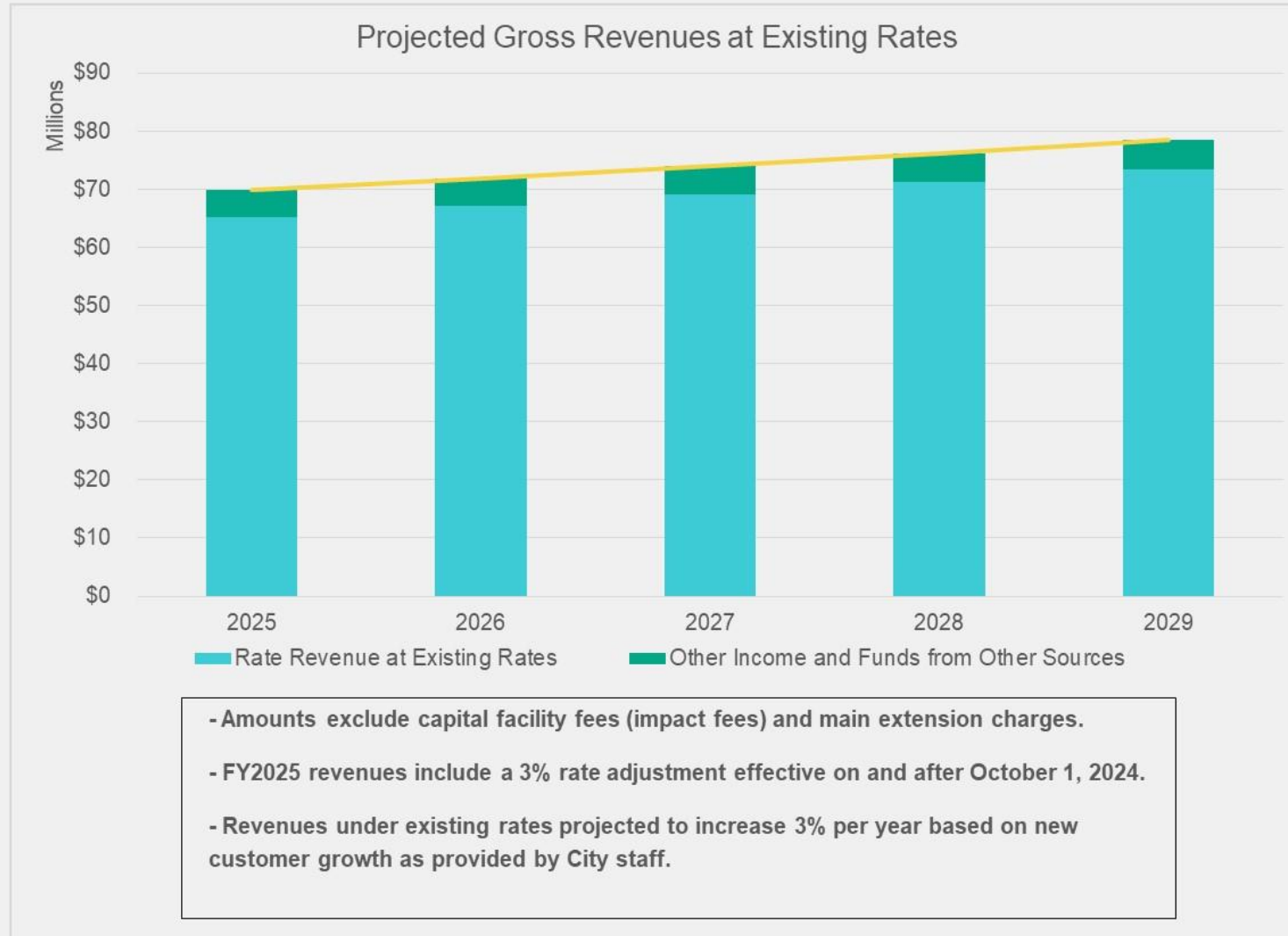
Study Tasks

- Development of projected cashflows based on estimates of:
 - › Customers and revenues
 - › Operating expenses
 - › Capital improvement requirements and funding
 - › Existing and future debt service payments and required transfers
- Preparation of a flow of funds analysis
 - › Examine the availability of unrestricted and restricted reserves
- Evaluation of revenue sufficiency / adequacy of rates
- Ensure compliance with loan agreements and ability to maintain adequate working capital reserves

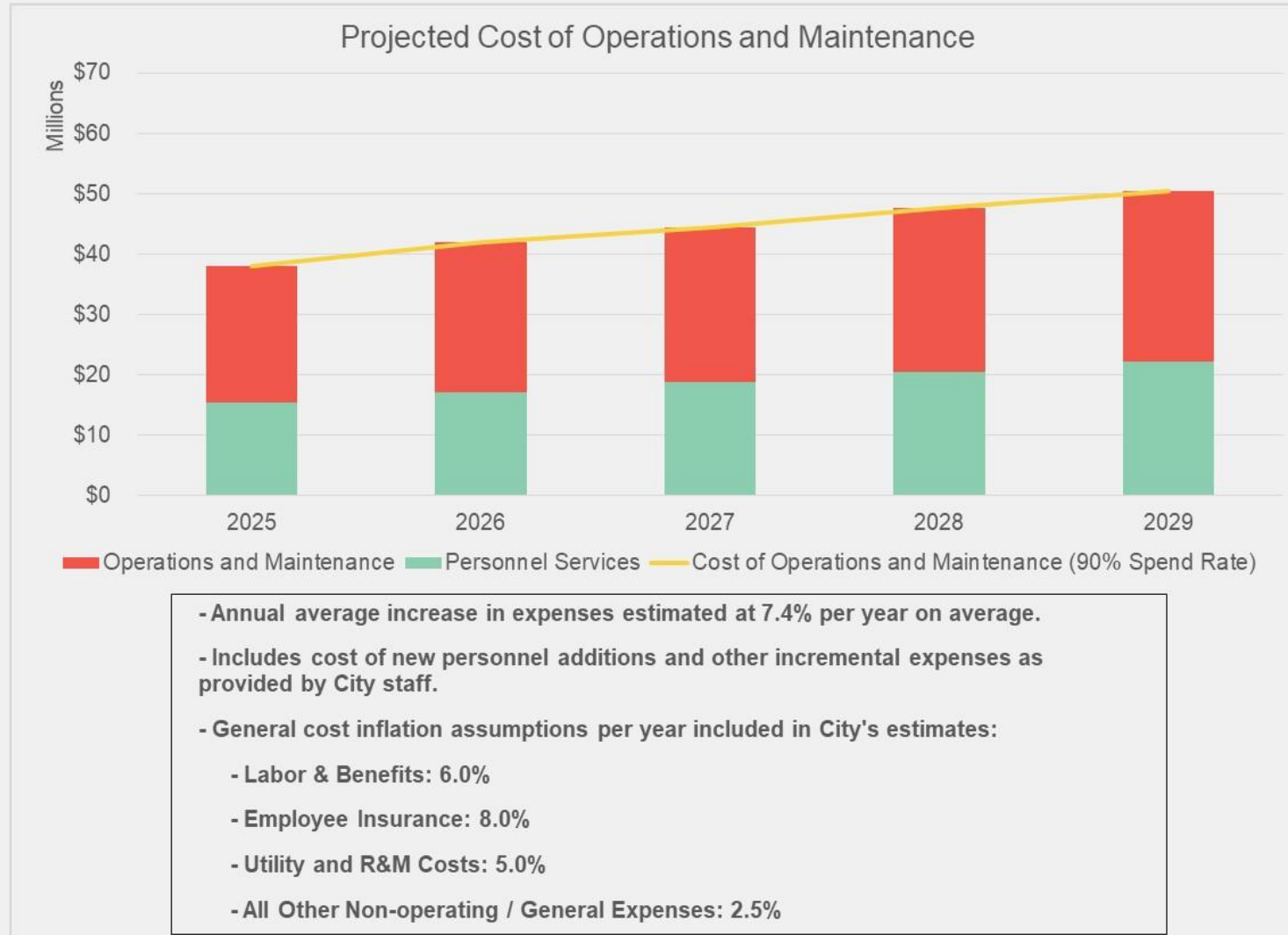
Summary of Major Assumptions



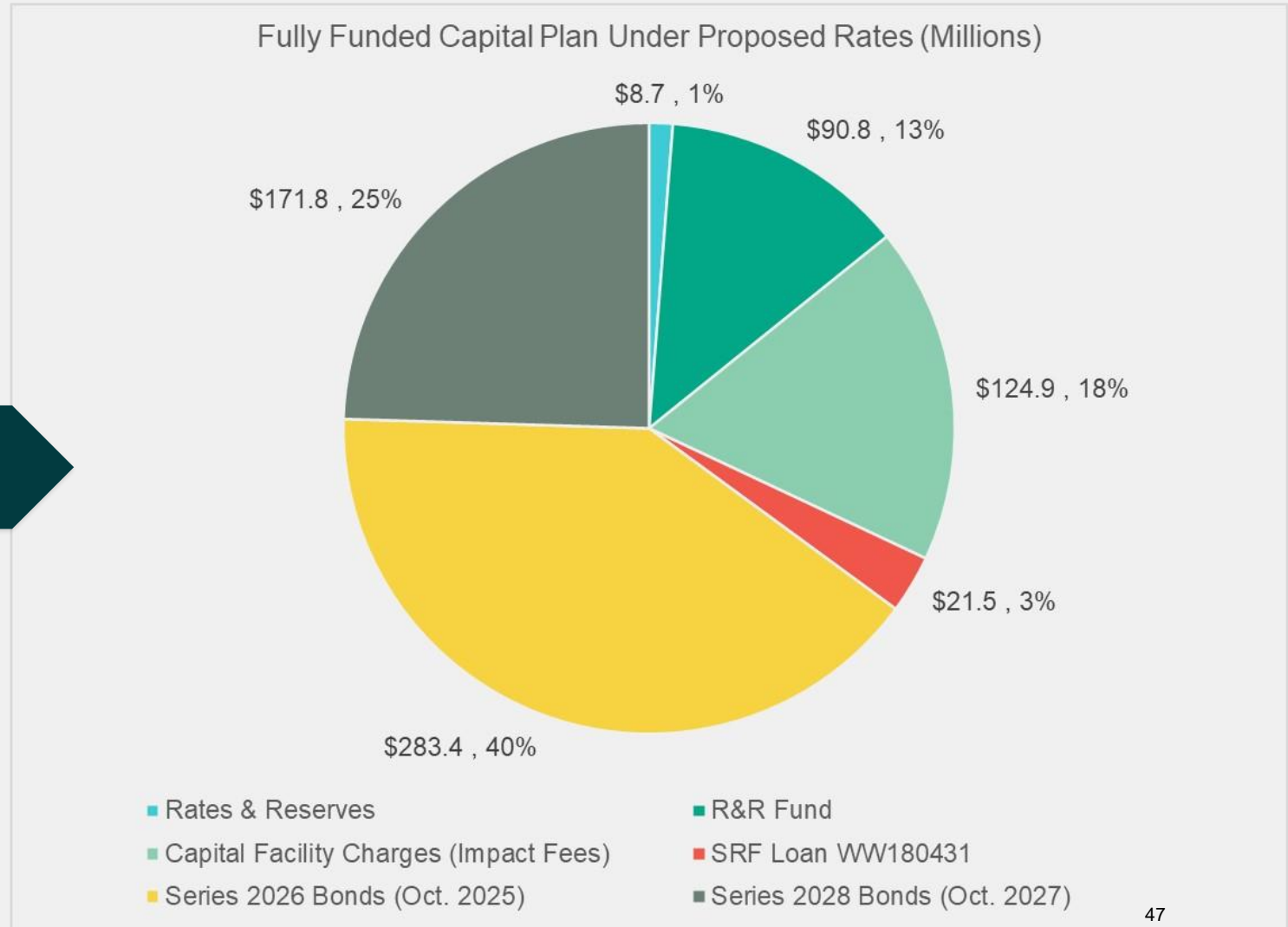
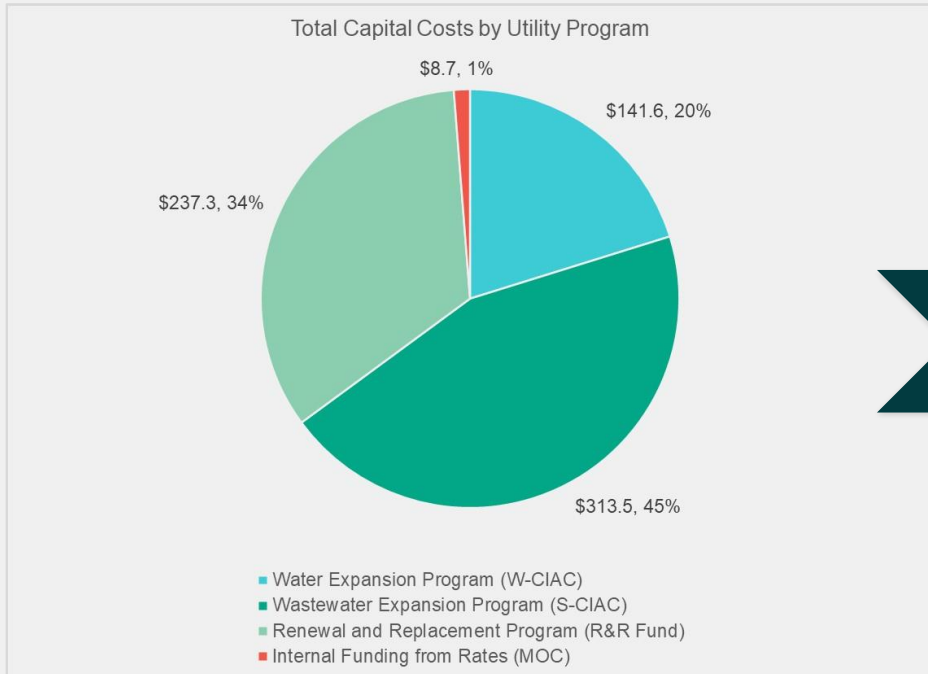
Gross Revenues



Cost of Operations and Maintenance



Proposed Funding Program - \$701 million



Study Goals and Other Considerations

- The proposed rates should meet the following criteria:
 - › Fully fund the operating and capital requirements of the system over the study period
 - › Demonstrate that the City meets the minimum operating reserve fund requirement of 20% of annual operating expenses, operating transfers and debt service payments
 - › Strive to maintain total unrestricted reserves of approximately 120 days of gross revenues to promote the credit worthiness of the utility by providing:
 - Adequate working capital to meet the operating needs of the system
 - A contingency to respond to unforeseen events
 - › Provide net revenues sufficient to maintain a strong debt service coverage margin

Utility Bond Credit Ratings

- Bond credit ratings are opinions of the relative creditworthiness and likelihood of repayment of principal and interest on the bonds
- Bond credit ratings are assigned by nationally recognized statistical rating organizations (NRSROs) such as Moody's Investors Service, S&P Global Ratings, and Fitch Ratings among others
- Generally, the higher the credit rating(s) assigned to the bonds the lower the interest rate on the bonds due to lower risk, all else being equal

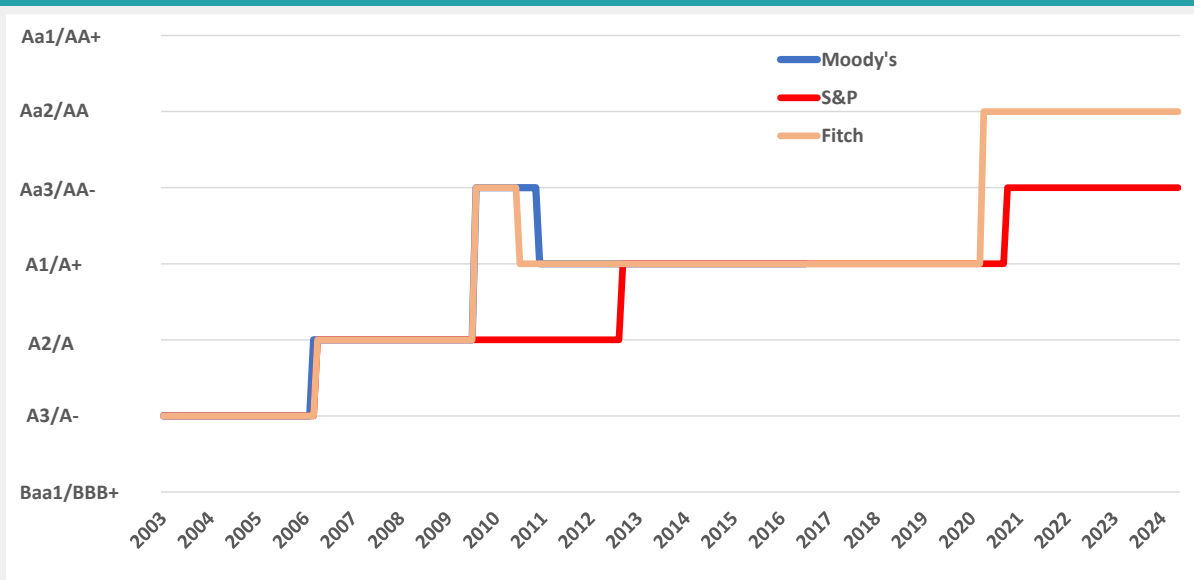
Current Palm Coast Utility (Water & Sewer) Bond Ratings

Rating Agency	Underlying LT Rating	Outlook
S&P Global Ratings	AA-	Stable
Fitch Ratings	AA	Stable

Long-term Credit Rating Categories

Moody's	S&P	Fitch
Aaa (highest)	AAA (highest)	AAA (highest)
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-
Below Investment Grade Ratings (Ba1 to C)	Below Investment Grade Ratings (BB+ to D)	Below Investment Grade Ratings (BB+ to D)

Palm Coast Utility (Water & Sewer) Bond Underlying Long-term Rating History



Evaluation of Financing Scenarios for: Series 2026 Bonds (Oct. 2025) \$284 million Series 2028 Bonds (Oct. 2027) \$172 million



Summary of Financing Scenarios [*]

1) Level annual debt service

- a. No deferred principal
- b. No capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

2) Level annual debt service with use of capitalized interest

- a. 3-years deferred principal
- b. 18-months capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

[] Prepared by the City's financial advisor.*

Summary of Financing Scenarios (cont.) [*]

3) Wraparound debt service

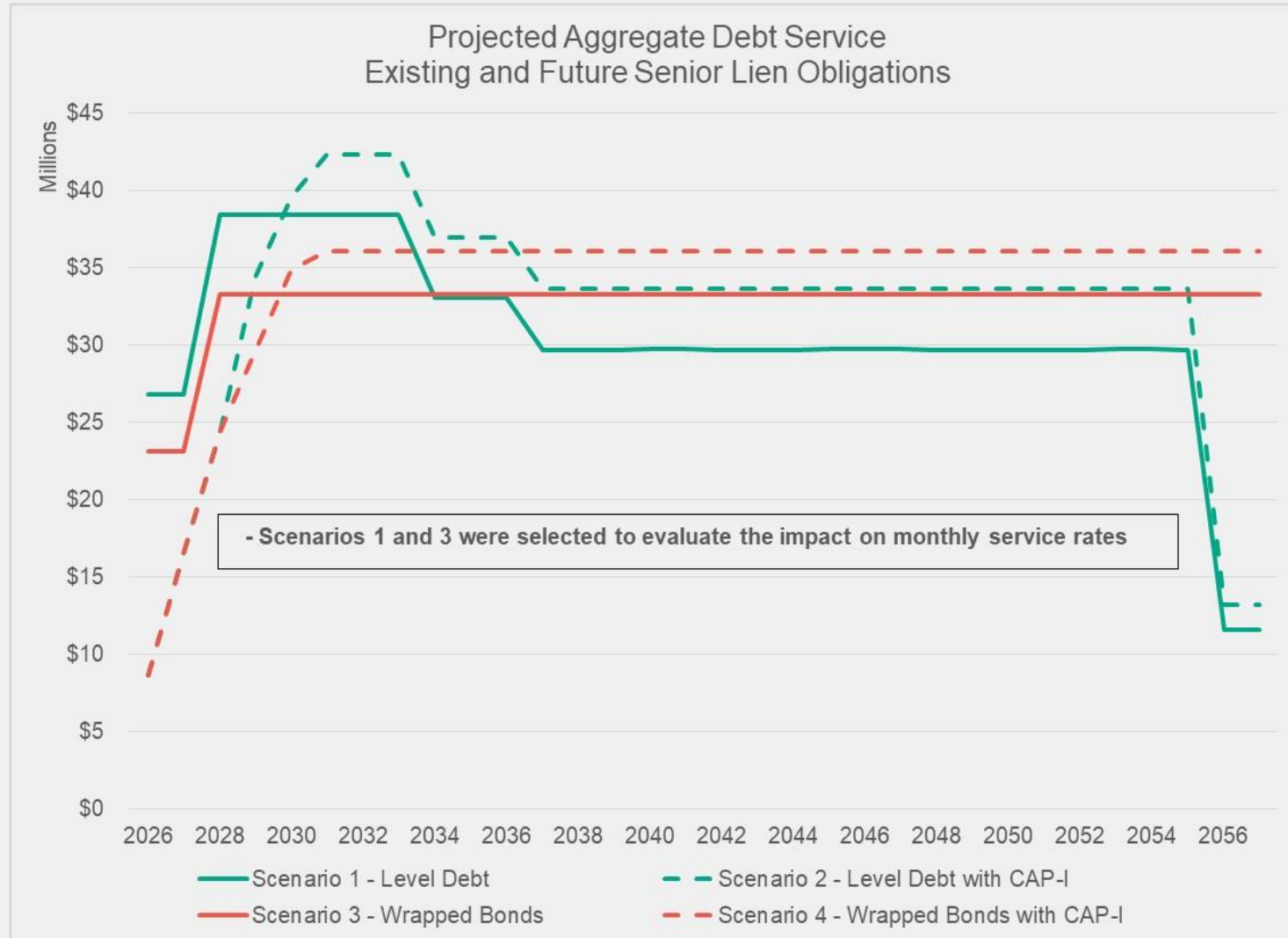
- a. Debt service wrapped around parity obligations (Series 2016 and Series 2021) including deferred principal
- b. No capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

4) Wraparound debt service with use of capitalized interest

- a. Debt service wrapped around parity obligations (Series 2016 and Series 2021) including deferred principal
- b. 18-months capitalized interest
- c. Series 2026 assumes estimated rates as of 12/12/2024 + 0.50% (coupons and yield), and Series 2028 assumes estimates rates as of 12/12/2024 +1.00% (coupons and yields)

[] Prepared by the City's financial advisor.*

Comparison of Financing Scenarios



Summary of Scenario Results

Description	Interim 10/01/2024	FY25 04/01/2025	FY26 10/01/2025	FY27 10/01/2026	FY28 10/01/2027	FY29 10/01/2028
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Scenario 1 – Level Debt Service (No CAP-I)

Percent Rate Increase		9.5%	9.5%	9.5%	9.5%	CPI - 4.0% [1]
Projected Residential Monthly Bill (2,500 Gallons)	\$73.23	\$80.19	\$87.81	\$96.15	\$105.28	\$109.49
Projected Residential Monthly Bill (4,000 Gallons)	\$90.73	\$99.35	\$108.79	\$119.13	\$130.45	\$135.67
Unrestricted Funds – Days of Gross Revenues		224	158	146	132	138
Test A – Net Revenue Test (110%)		402%	162%	192%	156%	167%
Test C – All-in Required Transfers (100%)		220%	122%	143%	125%	135%

Description	Interim 10/01/2024	FY25 04/01/2025	FY26 10/01/2025	FY27 10/01/2026	FY28 10/01/2027	FY29 10/01/2028
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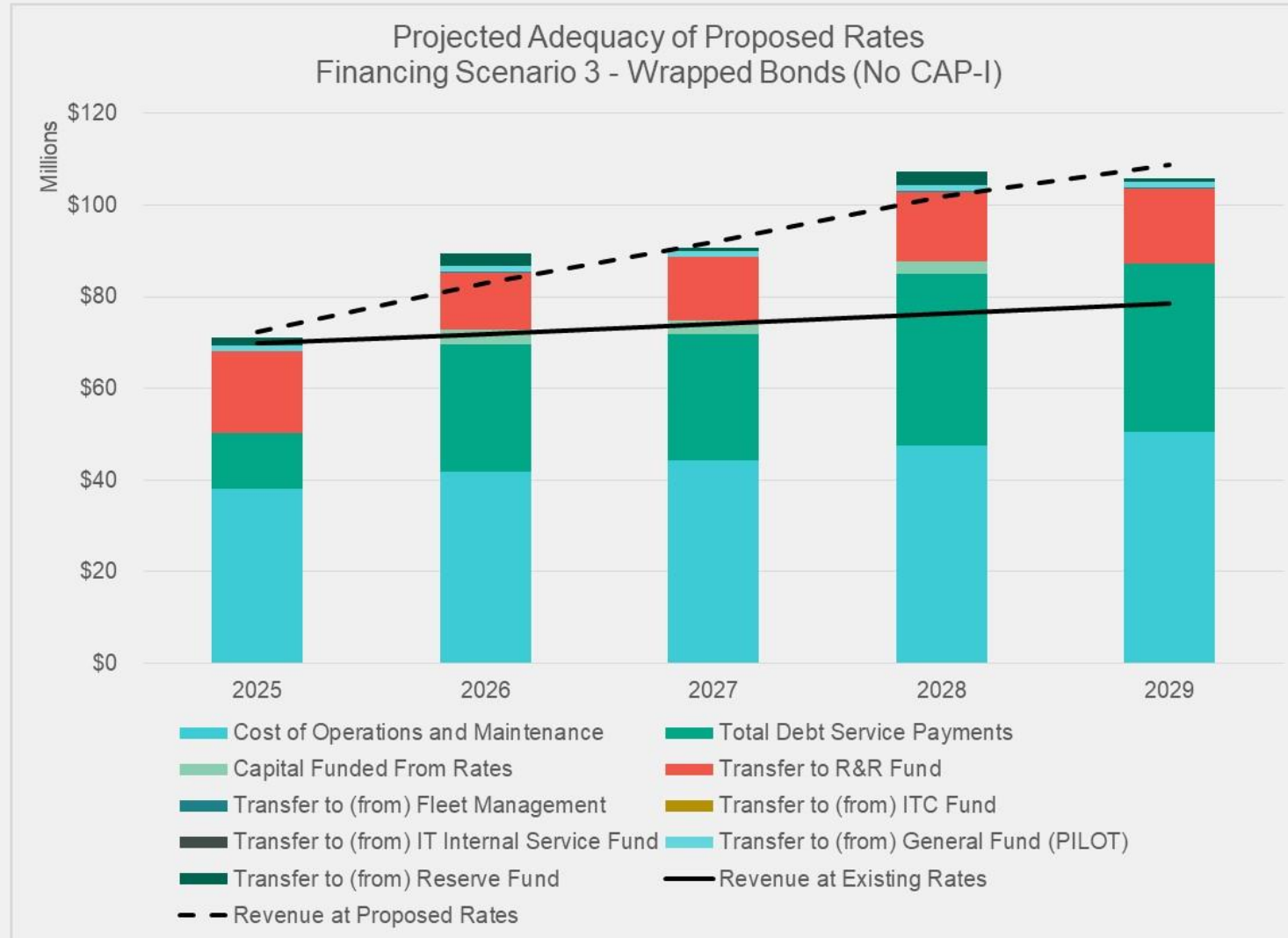
Scenario 3 – Wrapped Bonds (No CAP-I) [2]

Percent Rate Increase		8.0%	8.0%	8.0%	8.0%	CPI - 4.0% [1]
Projected Residential Monthly Bill (2,500 Gallons)	\$73.23	\$79.08	\$85.42	\$92.25	\$99.64	\$103.64
Projected Residential Monthly Bill (4,000 Gallons)	\$90.73	\$97.98	\$105.83	\$114.30	\$123.46	\$128.42
Unrestricted Funds – Days of Gross Revenues		223	166	155	141	144
Test A – Net Revenue Test (110%)		397%	178%	206%	163%	175%
Test C – All-in Required Transfers (100%)		217%	129%	149%	127%	138%

[1] Beginning October 1, 2028, an annual index is proposed based on the annual change in the US-CPI Water and Sewerage Maintenance Services Index or 4.0%, which ever is greater.

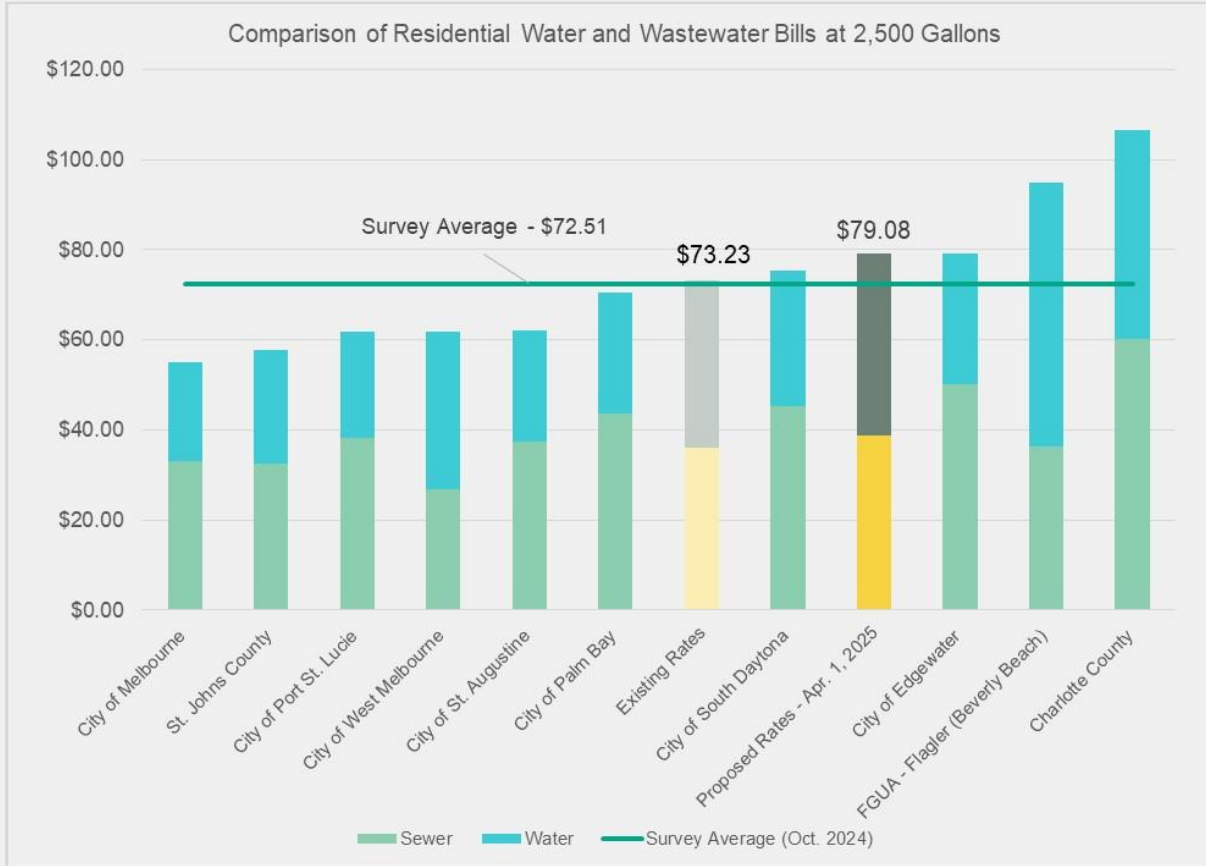
[2] While Scenario 3 has a higher net present value cost of \$21.8 million over the repayment of the bonds when compared to Scenario 1, the customer bill impact is about 8% less.

Adequacy of Proposed Rates

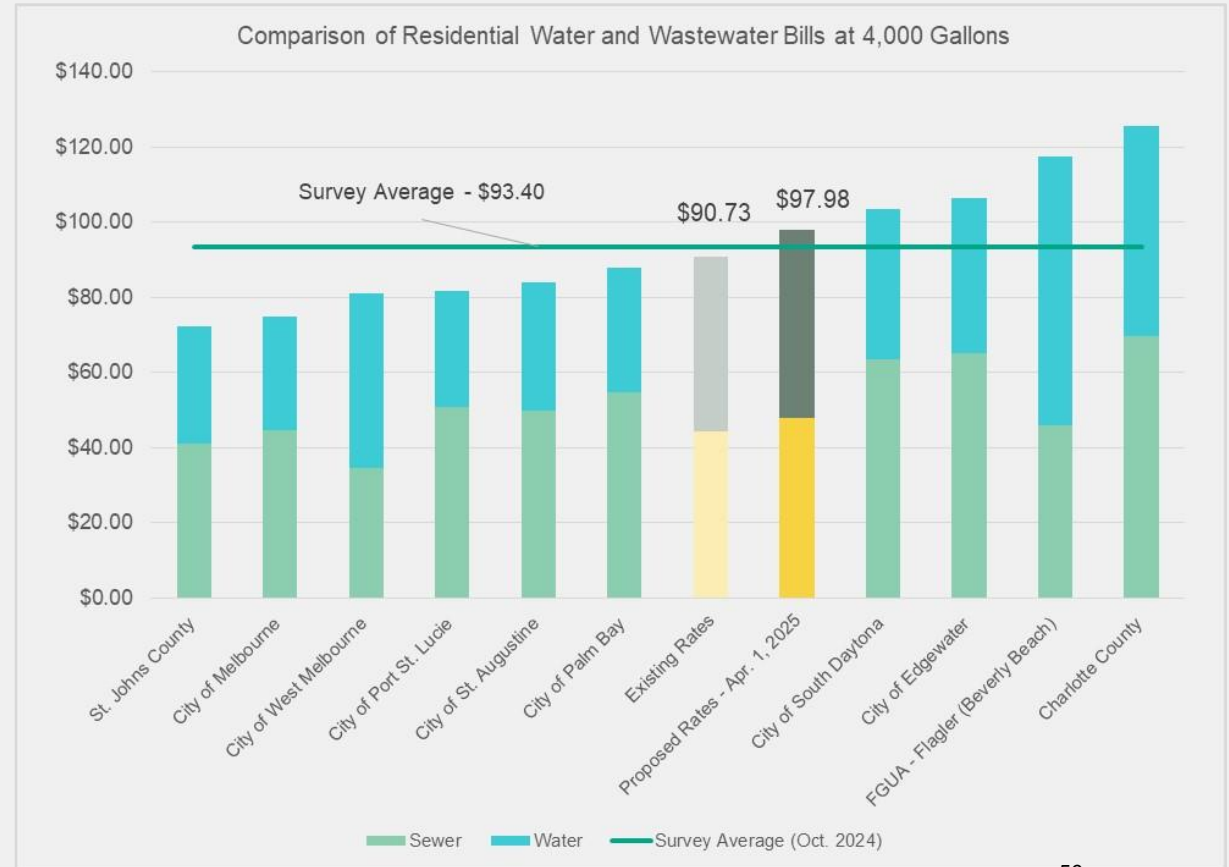


Residential Rate Comparisons

Small Water User



Moderate Water User



Observations / Conclusions

- The City's existing rates are not adequate to fully fund the projected revenue requirements of the System
- The City's financial advisor prepared several financing scenarios that provide strategies to phase-in rate adjustments over time
 - › Scenario 3 that is based on a wrapped bonding structure without the use of capitalized interest provides:
 - A balance between the City's phased rate strategy and a level repayment schedule over the financing term
 - A customer bill that is 8% lower when compared to Scenario 1

Observations / Conclusions (cont.)

- Raftelis recommends that the City implement the proposed rate adjustments identified for Scenario 3 beginning with bills rendered on and after April 1, 2025, and each October 1st through and including October 1, 2027
- Beginning on and after October 1, 2028, the City should continue to increase the monthly rates for water, wastewater and reclaimed water service based on the annual change in the US-CPI Water and Sewerage Maintenance Services Index as published on June 30 of each year or 4.0%, which ever is greater

Next Steps

- March 4, 2025: 1st Reading of Rate Ordinance
- March 18, 2025: 2nd Reading of Rate Ordinance ^[*]
- April 1, 2025: Effective Date of Rate Adjustments

[] Notice of the 2nd Reading was included with each monthly bill beginning January 31, 2025.*

Next Steps (cont.)

- Preliminary schedule to provide bond proceeds by October 2025:
 - › May / June 2025: Financing Team begins drafting financing documents, including but not limited to:
 - Authorizing Bond Resolution - Bond Counsel
 - Preliminary Official Statement - Disclosure Counsel
 - Consulting Engineering Report - Consulting Engineer
 - Bond Feasibility Study - Feasibility Consultant
 - › August 2025: Bond Resolution Presented for Approval
 - › August 2025: Posting of 2025 Bonds Preliminary Official Statement
 - › September 2025: Sale of 2025 Bonds
 - › October 2025: Closing of 2025 Bonds

Q&A

ORDINANCE 2025-____
UTILITY RATE AMENDMENT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM COAST, FLAGLER COUNTY, FLORIDA, REVISING THE RATES AND CHARGES OF THE CITY'S UTILITY SYSTEMS; PROVIDING FOR ANNUAL ADJUSTMENTS OF ALL UTILITY RATES AND CHARGES TO ACCOUNT FOR INFLATION; PROVIDING FOR ADMINISTRATIVE AND LEGISLATIVE FINDINGS AND INTENT; PROVIDING FOR THE OPERATION OF THE CITY OF PALM COAST UTILITY SYSTEMS; PROVIDING FOR THE ADOPTION OF ADMINISTRATIVE RULES AND IMPLEMENTING ACTIONS; PROVIDING FOR EXHIBITS; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

WHEREAS, the City of Palm Coast is the owner and operator of the City of Palm Coast Water, Reclaimed Water and Wastewater Systems (Systems); and

WHEREAS, the City Council of the City of Palm Coast has previously established the rates, fees and charges pertaining to the Systems; and

WHEREAS, pursuant to the provisions of applicable law, it is incumbent upon, and fiscally responsible for, the City Council to set rates, fees and charges for services furnished by the Systems that are just and equitable to all classes of consumers served and properties benefited by the Systems; and

WHEREAS, numerous studies have been performed for the City of Palm Coast and said reports have been evaluated and analyzed resulting in a determination of the rates, fees and charges that will be necessary to assess in order for the City reasonably recover the costs of the City associated with serving the various classes of consumers and properties benefited by the Systems as well as to meet the maintenance, regulatory and fiscal obligations of the City; and

WHEREAS, included in the studies evaluated and considered by the City Council is the "Water and Wastewater Revenue Sufficiency and Capital Facilities Fees Study," promulgated by the firm of Stantec Consulting Services, Inc., which includes a study of the Capital Facilities (Connection), which are impact fees, and which forms the basis of the proposed rate amendments in this Ordinance, and is hereby adopted by the Council; and

WHEREAS, the Stantec Study and revised fee schedules relied upon the best available technical data at the time the study was prepared and the use of sophisticated methodology to establish an appropriate level of utility fees and charges based on the most recent localized data; and

WHEREAS, Raftelis was hired to update the utility financial forecast and to work with the City’s financial advisor to examine financing strategies and to perform an evaluation of revenue sufficiency & adequacy of rates as well as to review the proposed changes to utility charges, and

WHEREAS, to ensure revenues are sufficient to support the operation, maintenance and expansion of the water and sewer utility, on **March 4, 2025 and March 18, 2025**, Raftelis presented to City Council its Water & Wastewater Revenue Sufficiency and GAP Analysis, which was accepted by Council. After a discussion on the history of rate adjustments and the calculations needed to assess the rates necessary operate the utility system, to maintain the infrastructure of the water and sewer system, and to enhance and expand the utility system, Stantec recommended adjustments to various rates, including monthly base charges and per gallon charges, as well as adjustments utility charges; and

WHEREAS, adequately maintaining and improving the Systems results in the ability for the City to economically develop and engage in sound growth management activities, programs and projects; and

WHEREAS, at the Council Meeting on **March 4, 2025**, during the First Reading of this Ordinance, the City Council decided to move forward with the adoption of the proposed increase in utility rates as well as utility charges, and

WHEREAS, the City Council has enacted Ordinance Number 2003-23 (the “City of Palm Coast Water System, Reclaimed Water System and Wastewater System Utilities Ordinance”, as codified in the *Code of Ordinances of the City of Palm Coast* in Chapter 49, Article II, Sections 49-51 through 49-78) which Ordinance provides that the City Council may, from time-to-time, establish such rates, fees and charges pertaining to the Systems as shall be necessary to meet the City’s obligations relating to the operation of the Systems as well as to comply with the regulatory agencies’ requirements relating to the operation of the Systems in addition to all other obligations of the City relating to the Systems; and

WHEREAS, the City Council has maintained its commitments to its citizens and the purchasers of bonds since the acquisition of the Systems; and

WHEREAS, the City Council shall continue to maintain its commitments to its citizens and the covenants undertaken for the benefit of the purchasers of bonds relating to the Systems; and

WHEREAS, the City Council desires to continue to maintain fair, just, equitable and appropriate rates, fees and charges including, but not limited to, an effort involving the consideration of the types and methods of services to customers; and

WHEREAS, the City Council finds that it is necessary, desirable and fiscally prudent for the Systems to adopt this Ordinance to amend the rates, fees and charges established in Resolution Number 2013-10, to include all rates and charges imposed, at this time, pursuant to the City of Palm Coast Water System, Reclaimed Water System and Wastewater System Utilities Ordinance as codified in Article II, Chapter 49 of the *Code of Ordinances of the City of Palm Coast*; and

WHEREAS, the City Council finds that the Capital Facilities (Connection) Fees, which are impact fees will be increased and adjusted as codified in Ordinance 2024-10, and

WHEREAS, the City Council hereby ratifies and affirms all prior actions taken by the City with regard to the acquisition of the Systems and the implementation and management of the Systems since acquisition.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALM COAST THAT:

SECTION 1. ADMINISTRATIVE AND LEGISLATIVE FINDINGS/INTENT.

The provisions set forth in the recitals to this Ordinance (whereas clauses) are hereby adopted by the City Council of the City of Palm Coast as the administrative and legislative findings and intent pertaining to this Ordinance. The prior and current reports, evaluations and studies relating to the fees, rates and charges pertaining to the Systems are hereby ratified, adopted and approved. The recommendations made by the City Manager in the City Council agenda item pertaining to this Ordinance are hereby approved and adopted.

SECTION 2. UTILITY SERVICE RATES. Rates for the provision of water, reclaimed water, and wastewater services are hereby established in accordance with the provisions of this Ordinance. As set forth in Chapter 49, *Code of Ordinances of the City of Palm Coast*, water, reclaimed water, or wastewater services shall not be furnished or rendered free of charge to any person, firm or corporation whatsoever; and the City, including each of its agencies, departments or instrumentalities which uses water service, reclaimed water service or wastewater service, shall pay the applicable rates for such services.

SECTION 3. UTILITY SERVICE RATES. for the provision of water, reclaimed water, and wastewater services are as set forth in Exhibit “A” to this Ordinance. Increases are shown in bold.

SECTION 4. CHARGES. The charges for violations and the provision of utility services by the City are as set forth in Exhibit “B” to this Ordinance. Increases are shown in bold.

SECTION 5. OTHER REIMBURSED EXPENSES. In cases where customers request City utility personnel to perform specific utility services which are not the obligation of the City to perform, a fee shall be charged to recover those costs incurred by the City in performing such services when the City deems it appropriate to perform such services in order to protect the Systems or otherwise ensure the proper maintenance and control of the Systems. The fees for such services shall be assessed on a case-by-case basis and, in no event, shall be more or less than the costs to or incurred by the City (to include any and all administrative costs reasonably associated with the service). Such matters may be addressed as set forth in a revised ordinance amending the provisions of this Ordinance or on an *ad hoc* basis as determined by the City Manager or designee.

SECTION 6. ADMINISTRATIVE RULES/IMPLEMENTING ACTIONS. The City Manager or designee is hereby authorized to adopt administrative rules that are deemed necessary and appropriate to implement the provisions of this Ordinance to include, but not be limited to, rules relating to administrative and contractual issues that do not relate to rates, but may relate to administrative charges and procedures. The City Manager is authorized and directed to take any and all necessary actions, as deemed reasonably necessary, in order to implement the provisions of this Ordinance.

SECTION 7. ADJUSTMENT IN UTILITY SERVICE RATES FOR 2025 THRU 2027, AND METHOD OF ANNUAL ADJUSTMENTS THEREAFTER.

(a). The rates involving monthly base and usage charges and bulk rates relating to the Systems of the City, as set forth herein, shall be adjusted effective April 1, 2025, October 1, 2025, October 1, 2026, October 1, 2027, with annual automatic adjustments beginning effective October 1, 2028, as shown in bold in Exhibit A.

(b). The rates involving monthly base and usage charges and bulk rates relating to the Systems of the City as set forth herein shall be adjusted annually on October 1st of each year, commencing on October 1, 2028, and thereafter, by the higher rate of 4.0% or the June US-CPI Water and Sewerage Maintenance Services Index.

(c). The City Manager is hereby authorized and directed to calculate and implement said revised rates on an annual basis, based on the rate study. Notwithstanding the foregoing, at any time that it elects to do so, the City Council may adopt an (resolution in lieu of ordinance?) ordinance establishing rates, and such ordinance shall take precedence over the previously established rates then in effect.

SECTION 8. INITIAL ADJUSTMENT IN CHARGES & OTHER REIMBURSED EXPENSES FOR 2025, AND METHOD OF ANNUAL ADJUSTMENTS THEREAFTER.

(a). The charges for violations and the provision of utility services relating to the Systems of the City, as set forth herein, shall be adjusted effective April 1, 2025 with automatic adjustments effective October 1, 2025, as shown in bold in Exhibits B.

(b). The charges for violations and the provision of utility services relating to the Systems of the City as set forth herein shall be adjusted annually on October 1st of each year, commencing on October 1, 2025, and thereafter, by the higher rate of 4.0% or the June US-CPI Water and Sewerage Maintenance Services Index.

(c.) The increase will only be implemented if the City Manager or designee determines that an increase in fees is necessary based on the cost increase to the City for materials, equipment, and services.

(d). Fees shall be reviewed periodically but no less than every 5-years to determine if any changes are necessary.

(e). The City Manager is hereby authorized and directed to calculate and implement said revised charges on an annual basis. Notwithstanding the foregoing, at any time that it elects to do so, the City Council may adopt an **(resolution in lieu of ordinance?) ordinance** establishing charges, and such **ordinance** shall take precedence over the previously established charges then in effect.

SECTION 9. CAPACITY FACILITY (CONNECTION) FEE (aka IMPACT FEES). The City Council finds that the Capital Facility (Connection) Fees, which are impact fees will be increased and adjusted as codified in Ordinance 2024-10.

SECTION 10. EXHIBITS. The exhibits (A & B) to this are hereby adopted and attached to the text of this Ordinance as if fully set forth herein verbatim.

SECTION 11. SEVERABILITY. If any section, sentence, phrase, word or portion of this Ordinance is determined to be invalid, unlawful or unconstitutional, said determination shall not be held to invalidate or impair the validity, force or effect of any other section, sentence, phrase, word or portion of this Ordinance not otherwise determined to be invalid, unlawful or unconstitutional.

SECTION 12. CONFLICTS. All resolutions and ordinances or part of resolutions or ordinances in conflict with this Ordinance are hereby repealed.

SECTION 13. EFFECTIVE DATE/DATES OF IMPLEMENTATION. This Ordinance shall take effect immediately upon adoption; provided, however, the utility rate adjustments adopted in this Ordinance shall take effect as expressly provided in schedule set forth in Section 7(a) & 8(a) of this Ordinance.

APPROVED on first reading after due public notice and hearing this 4th day of March 2025.

ADOPTED on the second reading after due public notice and hearing this 18th day of March 2025.

ATTEST:

CITY OF PALM COAST

Kaley Cook, City Clerk

Michael Norris, Mayor

**APPROVED AS TO FORM
AND LEGALITY:**

Marcus Duffy, City Attorney

**EXHIBIT A
UTILITY SERVICE RATES**

	Current Rates	Effective 04.01.25	Effective 10.01.25	Effective 10-1-2026	Effective 10-1-2027
		8.00%	8.00%	8.00%	8.00%
<u>WATER SYSTEM</u>					
Monthly Private Fire Protection Service:					
Meter Size 5/8"	\$ 1.85	\$ 2.00	\$ 2.16	\$ 2.33	\$ 2.52
3/4"	\$ 1.85	\$ 2.00	\$ 2.16	\$ 2.33	\$ 2.52
1"	\$ 4.60	\$ 4.97	\$ 5.37	\$ 5.79	\$ 6.26
1-1/2"	\$ 9.27	\$ 10.01	\$ 10.81	\$ 11.68	\$ 12.61
2"	\$ 14.78	\$ 15.96	\$ 17.24	\$ 18.62	\$ 20.11
3"	\$ 29.63	\$ 32.00	\$ 34.56	\$ 37.33	\$ 40.31
4"	\$ 46.34	\$ 50.05	\$ 54.05	\$ 58.38	\$ 63.05
6"	\$ 92.64	\$ 100.05	\$ 108.06	\$ 116.70	\$ 126.04
8"	\$ 148.21	\$ 160.07	\$ 172.87	\$ 186.70	\$ 201.64
10"	\$ 213.06	\$ 230.10	\$ 248.51	\$ 268.39	\$ 289.87
12"	\$ 398.33	\$ 430.20	\$ 464.61	\$ 501.78	\$ 541.92
Monthly Base Charge:					
Residential, Commercial and Multi-Family Service					
Meter Size 5/8", 3/4", 3/4"	\$ 22.22	\$ 24.00	\$ 25.92	\$ 27.99	\$ 30.23
1"	\$ 55.54	\$ 59.98	\$ 64.78	\$ 69.96	\$ 75.56
1-1/2"	\$ 111.08	\$ 119.97	\$ 129.56	\$ 139.93	\$ 151.12
2"	\$ 177.74	\$ 191.96	\$ 207.32	\$ 223.90	\$ 241.81
3"	\$ 355.42	\$ 383.85	\$ 414.56	\$ 447.73	\$ 483.54
4"	\$ 555.33	\$ 599.76	\$ 647.74	\$ 699.56	\$ 755.52
6"	\$ 1,110.71	\$ 1,199.57	\$ 1,295.53	\$ 1,399.17	\$ 1,511.11
8"	\$ 1,777.16	\$ 1,919.33	\$ 2,072.88	\$ 2,238.71	\$ 2,417.81
10"	\$ 2,554.65	\$ 2,759.02	\$ 2,979.74	\$ 3,218.12	\$ 3,475.57
Irrigation Service					
Meter Size 5/8", 3/4", 3/4"	\$ 11.09	\$ 11.98	\$ 12.94	\$ 13.97	\$ 15.09
1"	\$ 55.54	\$ 59.98	\$ 64.78	\$ 69.96	\$ 75.56
1-1/2"	\$ 111.08	\$ 119.97	\$ 129.56	\$ 139.93	\$ 151.12
2"	\$ 177.74	\$ 191.96	\$ 207.32	\$ 223.90	\$ 241.81
3"	\$ 355.42	\$ 383.85	\$ 414.56	\$ 447.73	\$ 483.54
4"	\$ 555.33	\$ 599.76	\$ 647.74	\$ 699.56	\$ 755.52
6"	\$ 1,110.71	\$ 1,199.57	\$ 1,295.53	\$ 1,399.17	\$ 1,511.11
Monthly Usage per 1,000 Gallons:					
Single-Family and Duplex					
0 - 5,000 gallons	\$ 6.02	\$ 6.50	\$ 7.02	\$ 7.58	\$ 8.19
5,001-10,000 gallons	\$ 6.62	\$ 7.15	\$ 7.72	\$ 8.34	\$ 9.01
10,001-20,000 gallons	\$ 8.44	\$ 9.12	\$ 9.84	\$ 10.63	\$ 11.48
Above 20,000 gallons	\$ 10.83	\$ 11.70	\$ 12.63	\$ 13.64	\$ 14.73
General and Multi-Family	\$ 6.90	\$ 7.45	\$ 8.05	\$ 8.69	\$ 9.39
Irrigation					
0 - 5,000 gallons	\$ 6.62	\$ 7.15	\$ 7.72	\$ 8.34	\$ 9.01
5,001-10,000 gallons	\$ 6.62	\$ 7.15	\$ 7.72	\$ 8.34	\$ 9.01
10,001-20,000 gallons	\$ 8.44	\$ 9.12	\$ 9.84	\$ 10.63	\$ 11.48
Above 20,000 gallons	\$ 10.83	\$ 11.70	\$ 12.63	\$ 13.64	\$ 14.73
		\$ -			
Bulk Water:	\$ 6.24	\$ 6.74	\$ 7.28	\$ 7.86	\$ 8.49

**EXHIBIT A
UTILITY SERVICE RATES**

	Current Rates	Effective 04.01.25	Effective 10.01.25	Effective 10-1-2026	Effective 10-1-2027
<u>WASTEWATER SYSTEM</u>					
Monthly Base Charge:					
Residential, Commercial and Multi-Family Service:					
Meter Size 5/8 x 3/4", 3/4"	\$ 21.83	\$ 23.58	\$ 25.46	\$ 27.50	\$ 29.70
1"	\$ 54.51	\$ 58.87	\$ 63.58	\$ 68.67	\$ 74.16
1-1/2"	\$ 108.99	\$ 117.71	\$ 127.13	\$ 137.30	\$ 148.28
2"	\$ 174.39	\$ 188.34	\$ 203.41	\$ 219.68	\$ 237.26
3"	\$ 348.83	\$ 376.74	\$ 406.88	\$ 439.43	\$ 474.58
4"	\$ 544.99	\$ 588.59	\$ 635.68	\$ 686.53	\$ 741.45
6"	\$ 1,090.03	\$ 1,177.23	\$ 1,271.41	\$ 1,373.12	\$ 1,482.97
8"	\$ 1,744.08	\$ 1,883.61	\$ 2,034.29	\$ 2,197.04	\$ 2,372.80
10"	\$ 2,507.09	\$ 2,707.66	\$ 2,924.27	\$ 3,158.21	\$ 3,410.87
Monthly Usage per 1,000 Gallons:					
Single-Family and Duplex	\$ 5.65	\$ 6.10	\$ 6.59	\$ 7.12	\$ 7.69
General and Multi-Family	\$ 6.79	\$ 7.33	\$ 7.92	\$ 8.55	\$ 9.24
Bulk Wastewater	\$ 5.44	\$ 5.88	\$ 6.35	\$ 6.85	\$ 7.40
<u>RECLAIMED WATER SYSTEM</u>					
Monthly Base Charge:					
Wholesale (Secondary Treatment Only)	N/A	N/A	N/A	N/a	N/A
Retail					
Monthly base charge	\$ 8.70	\$ 9.40	\$ 10.15	\$ 10.96	\$ 11.84
Monthly Usage per 1,000 Gallons:					
Wholesale (Secondary Treatment Only)					
Dunes CDD per 1,000 gallons (Low Pressure)	\$ 0.36	\$ 0.39	\$ 0.42	\$ 0.45	\$ 0.49
Grand Haven CDD per 1,000 gallons (Low Pressure)	\$ 0.50	\$ 0.54	\$ 0.58	\$ 0.63	\$ 0.68
All Other Wholesale per 1,000 gallons (Low Pressure)	\$ 0.84	\$ 0.91	\$ 0.98	\$ 1.06	\$ 1.14
Retail					
0-10,000 gallons	\$ 1.31	\$ 1.41	\$ 1.53	\$ 1.65	\$ 1.78
10,001-20,000 gallons:	\$ 1.93	\$ 2.08	\$ 2.25	\$ 2.43	\$ 2.63
over 20,000 gallons	\$ 2.62	\$ 2.83	\$ 3.06	\$ 3.30	\$ 3.56
<u>SURCHARGE FOR OUTSIDE CITY LIMITS</u>					
(Excluding Wholesale Customers)					
All Rates:	25%	25%	25%	25%	25%
NOTES:					
1. All rates shall be adjusted annually on October 1st of each year, commencing on October 1, 2028, and thereafter, by the higher rate of 4.0% or the June US-CPI Water and Sewerage Maintenance Services Index.					

EXHIBIT B CHARGES

WATER SYSTEM	Current Rates		Effective 04.01.25	
Customer Deposit, Domestic:				
5/8" & 3/4" Meter (Owner)	\$	60.00	\$	60.00
5/8" & 3/4" Meter (Renter)	\$	110.00	\$	110.00
1"	\$	150.00	\$	150.00
1-1/2"	\$	300.00	\$	300.00
2"	\$	480.00	\$	480.00
3"	\$	900.00	\$	900.00
4"	\$	1,500.00	\$	1,500.00
6"	\$	3,000.00	\$	3,000.00
8"	\$	4,800.00	\$	4,800.00
10"	\$	6,900.00	\$	6,900.00
Customer Deposit, Irrigation:				
5/8" & 3/4" Meter	\$	60.00	\$	60.00
1"	\$	150.00	\$	150.00
1-1/2"	\$	300.00	\$	300.00
2"	\$	480.00	\$	480.00
3"	\$	900.00	\$	900.00
4"	\$	1,500.00	\$	1,500.00
6"	\$	3,000.00	\$	3,000.00
8"	\$	4,800.00	\$	4,800.00
10"	\$	6,900.00	\$	6,900.00
Hydrant Meter:				
Customer Deposit	\$	560.00	\$	2,150.00
Installation Fee	\$	-	\$	130.00
Meter Test:				
5/8", 3/4", 1" Meter	\$	40.00	\$	225.00
Over Compound and Over 1 1/2"		Full City Costs		Full City Costs
Turn On or Reconnect:	\$	25.00	\$	50.00
Turn Off or Disconnect:	\$	25.00	\$	50.00
Transfer Service:	\$	25.00	\$	25.00
Premise Visit (per visit):	\$	25.00	\$	50.00
Reconnect or Premise Visit (after hours):	\$	35.00	\$	100.00
Violation Connection:	\$	-	\$	1,000.00
Meter Tampering:				
First Occurrence	\$	125.00	\$	250.00
Second Occurrence	\$	-	\$	500.00
Third and Subsequent Occurrences	\$	-	\$	750.00
Late Payment:		1.5% of bill with \$5.00 Minimum		1.5% of bill with \$10.00 Minimum
Returned Check:		Maximum Amount Allowed by Law		Maximum Amount Allowed by Law
Account Suspension:	\$	25.00	\$	25.00
Fire Flow Test:	\$	85.00	\$	250.00
Back-flow Preventer Annual Inspection:				
Residential	\$	50.00	\$	50.00
Commercial/Industrial	\$	-	\$	100.00
Fire System Maintenance (annual):	\$	145.00	\$	145.00
Water Tap Charge:				
5/8" & 3/4" Meter	\$	672.77	\$	2,880.27
Any Other Size Meter		Full City Cost		Full City Cost
Meter Installation:				
5/8" & 3/4" Meter	\$	514.49	\$	1,424.21
Any Other Size Meter		Full City Cost		Full City Cost
Irrigation Meter Installation:	\$	514.49	\$	1,424.21
Permit Review	\$	-	\$	25.00
Permit Inspection/Reinspection	\$	25.00	\$	40.00
Any and All Other Work:		Full City Costs		Full City Costs

City of Palm Coast, Florida Agenda Item

Agenda Date: February 11, 2025

Department FINANCIAL SERVICES Division	Amount Account #
Subject: RFP FOR AN ENTITY WIDE RISK ASSESSMENT	
Presenter: Helena Alves, Director of Financial Services	
Attachments: 1. Presentation 2. RFP	
Background: During the council meeting on September 10, 2024, City Council requested that staff prepare an RFP for an entity wide risk assessment to be completed of City operations. Joel Knopp from MSL CPA's and Advisors presented to Council on the topic of Forensic Audits and Other Government Engagements. This presentation is intended to outline the scope of services, the potential outcomes, and next steps should City Council desire to proceed.	
Recommended Action: FOR PRESENTATION ONLY	



Entity Wide Risk Assessment

Helena P. Alves, CGFO, CIA, MBA
Director of Financial Services

Request : During the council meeting on September 10, 2024, council requested an entity wide risk assessment be completed of City operations.

Definition of an Entity Wide Risk Assessment:

- Risk assessment provides a way for City leadership to measure uncertainty related to the organization's ability to achieve defined strategic objectives and operate effectively. Risks are identified, analyzed, and measured by the level of inherent vulnerability, the level of preparedness to mitigate them, and the impact such negative events could have on the City should they occur.



Purpose: To identify, analyze, and prioritize risks across our organizational structure, including our municipal functions and procedures to enable effective risk mitigation strategies.

Potential Outcomes:

- Improved decision-making by understanding full risk profile
- Enhanced risk management practices by proactively addressing potential risks
- More informed planning and mitigation strategies to safeguard assets
- Potential for improved compliance of various regulations
- Evaluation or estimate of potential risk impacts on the municipality and residents



1. Conduct an initial Entity Wide Risk Assessment
2. Provide the City with a program priority area based on the initial Entity Wide Risk Assessment
3. Assess the City's current capabilities and develop a matrix to be used by the City when assessing risk
4. Facilitate workshops and interviews with key stakeholders to identify strategic, operational, financial, and compliance risks
5. Provide guidance on prioritizing risks and designing mitigation strategies aligned with City objectives



Procedure	Date
Submit advertisement with 7 days lead time for Wednesday publication	Wednesday March 19, 2025
Bid Opens on at 8:00 a.m.	Wednesday March 26, 2025
Questions Deadline at 2:00 p.m.	Thursday April 3, 2025
Opening of Bids at 2:00 p.m.	Thursday April 10, 2025
Proposals Evaluation Deadline	Thursday April 17, 2025

