



City of Eustis

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TO: EUSTIS CITY COMMISSION

FROM: TOM CARRINO, CITY MANAGER

DATE: SEPTEMBER 29, 2025

RE: **SECOND READING**

ORDINANCE NUMBER 25-27 AMENDING AND UPDATING THE CITY'S MUNICIPAL AND UTILITY IMPACT FEES FOR POLICE, FIRE, PARKS AND RECREATION, LIBRARY, WATER AND SEWER BASED ON THE 2025 IMPACT FEE STUDY PREPARED BY RAFTELIS FINANCIAL CONSULTANTS, INC.

Introduction:

On September 18th, 2025 the City Commission held a workshop to review the 2025 Municipal Impact Fee Study and the 2025 Water and Wastewater Capacity Impact Fee Study reports prepared and presented by Raftelis Financial Consultants, Inc. (Raftelis). At the regular City Commission meeting on September 18th, the City Commission considered and approved the first reading of Ordinance Number 25-27. The purpose of Ordinance Number 25-27 is to approve impact fees for Police, Fire, Parks and Recreation, Library, Water and Sewer services as recommended by Raftelis and to direct staff to implement such fees.

Background:

Impact fees are one-time fees charged on new development within the City. The intent behind impact fees is that the fees are used to fund expansion of infrastructure and services necessitated by that growth. By imposing impact fees, the costs of the growth-related infrastructure and services needed is moved from existing taxpayers to those creating the growth. This approach helps maintain levels of service without economically harming existing taxpayers. Impact fees can only be used for growth and expansion related projects. Impact fees cannot pay for additional staffing but can pay for additional infrastructure, such as a new fire station.

The most recent study for Police, Fire, Parks and Recreation and Library impact fees was conducted by Tindale-Oliver and Associates in 2004 at which time new rates were implemented.

The most recent study for Water and Wastewater impact fees was conducted in 2006 by Public Resources Management Group, Inc.

Due to the length of time since the last impact fee studies, staff determined there was a need for an updated study.

On March 20, 2025 City Commission approved an agreement with Raftelis to perform a study for municipal impact fees to include Police, Fire, Parks and Recreation, Library, Water and Wastewater impact fees. The study took into account economic factors that have occurred since the last fee study to include population growth, inflation, developer agreements, capital projects (5–10-year plan) as well as other economic factors. Raftelis has worked with City staff to produce the report presented on September 18, 2025.

On September 18, 2025, the results of the studies were presented to the City Commission at both a workshop and at the regularly scheduled City Commission meeting. At that meeting, the City Commission considered and approved the first reading of Ordinance Number 25-27.

Florida Statutes 163.31801 states that “The Legislature finds that impact fees are an important source of revenue for a local government to use in funding the infrastructure necessitated by new growth.”

Florida Statutes dictate that government:

- Calculates the fee based on the most recent and localized data;
- Provide for accounting of revenues and expenditures in a separate accounting fund;
- Limit administrative charges for the collection of impact fees to actual costs;
- Provide notice at least 90 days before the effective date of an increased impact fee;
- Not apply fee increases to current or pending permit applications submitted before the effective date of the fee increase;
- Ensure the fee is proportional and reasonably connected to the need for additional capital facilities and the increased impact generated by new construction;
- Earmark impact fee funds collected for use in acquiring, constructing, or improving capital facilities to benefit new users;
- Does not use fees collected to pay existing debt or for previously approved projects unless the expenditure is reasonably connected to the increased impact generated by new construction.

Per Florida Statutes, there are two different processes for increasing impact fee rates.

Phase-in

Outside of the extraordinary circumstances process, impact fee increases can be no higher than 50%. Increases up to 25% are to be phased-in and implemented in two equal installments over two years. Increases from 25% up to 50% are to be phased-in and implemented in four equal installments over four years. Phased-in increases require a majority (3) vote.

Extraordinary Circumstance

Impact fee increases beyond the phased in amounts can be approved if certain requirements are met. These requirements are:

- A demonstrated need study has been conducted within the 12 months prior to the increase adoption that expressly demonstrates an extraordinary circumstance necessitating the need to exceed the phase-in limitations;
- The City has held at least two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need to exceed the phase-in limitations;
- The impact fee increase is approved by a super-majority (4) vote.

Impact Fee Analysis and Increase Recommendations

Based on the results of the study, Raftelis has recommended a combination of the Phase-in and Extraordinary Circumstance processes for implementing impact fee increases.

Please see attached impact fee studies for recommended impact fee increases for all impact fees.

Police and Fire

Raftelis has recommended the Extraordinary Circumstance increase (more than 50%) for Police and Fire. Taking into account estimated population growth, it has been determined that a Public Safety building will be needed in the not-too-distant future. Based on projected growth, and in order to keep up with current levels of service, it is anticipated that both Police and Fire will have significant capital expenditures and require additional staff by 2035. Additionally, Fire will need at least one additional station strategically located in a geographic area currently underserved.

Parks and Recreation

Raftelis has recommended a four-year phase-in increase for Parks and Recreation. These services do have some future capital investment needs but not enough to warrant them to be considered an Extraordinary Circumstance. Once the Parks and Recreation Master Plan is complete, the impact fees may be re-evaluated at that time.

Library

Raftelis has recommended a two-year phase-in increase for Library impact fees. Given that the library expansion is already in the design phase, it is not anticipated that the Library will need any significant additional capital investment. Library impact fees apply only to residential new construction.

Water and Wastewater Capacity Impact Fees

Raftelis has recommended four-year phase-in increases for Water and Wastewater Capacity Impact Fees. There are currently three separate capacity fees for three different services areas. Raftelis has recommended that these fees be combined into one capacity fee for each service. These services do have some future capital investment needs but not enough to warrant them to be considered an Extraordinary Circumstance. There are potential large developments not contiguous to the City's existing service area that are not considered in the current analysis. Should they be developed, it is likely the developer agreement will dictate that the cost of expanding the

existing system will fall on the developer. If the property should become annexed prior to development, the City can review the fees again at that time.

Summary:

Municipal impact fees have not been increased for approximately two decades, leaving a large portion of the economic burden of growth on City taxpayers. Ordinance 25-27 allows for increased impact fees for Police, Fire, Parks and Recreation, Library, Water and Wastewater facilities and services. Approving increased impact fees will shift the burden of costs associated with growth back to those responsible for growth.

Upon approval, per State Statute, the City will provide notice at least 90 days before the effective date of the Ordinance increasing impact fees. Notices will be included on customer bills which state that the City has approved municipal impact fee increases effective January 1, 2026.

Recommended Action:

Staff recommend approval of Ordinance Number 25-27.

Budget/Staff Impact:

There is no anticipated additional impact on staff. The budgetary impact will come during the annual budget process as expansion and growth-related capital projects are discussed for inclusion in the annual budget.

Prepared By:

Lori Carr, Finance Director

Reviewed By:

Mari Leisen, Deputy Finance Director

Attachments:

Ordinance Number 25-27

Business Impact Estimate Eligibility Form for Ordinance Number 25-27

Business Impact Estimate for Ordinance Number 25-27

2025 Municipal Impact Fee Study

2025 Water and Wastewater Capacity Impact Fee Study