



# City of Eustis

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TO: Eustis City Commission

FROM: Rick Gierok, Interim City Manager

DATE: April 16, 2026

RE: Resolution Number 2026-36: City Stormwater Utility Fees Increase Approval

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## **Introduction:**

Resolution Number 2026-36 establishes adjusted Stormwater Utility fees for both residential and nonresidential developed properties. Fees were last increased in 2014. The proposed stormwater utility fee adjustment is presented as a user fee for stormwater services provided by the City's stormwater drainage utility system and is intended to ensure revenue sufficiency for continued operation, maintenance, regulatory compliance, and capital needs of the system.

## **Background:**

Article III of Chapter 94 of the City's Code of Ordinances established the City's Stormwater Utility. The Stormwater Utility System is responsible for the operation and maintenance of this system. The cost of operating and maintaining the system is supported by user fees. Users of the system are all developed residential and nonresidential properties within the City. The stormwater drainage utility provides system-wide services that benefit properties throughout the City, including stormwater collection, conveyance, detention, retention, treatment, and discharge, as well as flood mitigation and protection of property from stormwater-related hazards. These services provide a direct and special benefit to properties within the City, in excess of the benefit provided to the general public, by reducing flooding, protecting property, and managing stormwater runoff generated from such properties.

The City has not increased stormwater utility fees since 2014. In 2025, the City engaged a municipal consultant, Raftelis Financial Consultants ("Raftelis"), to perform a stormwater fee study. The study is complete and the resulting recommendation is for the City to increase Stormwater Utility fees. The Raftelis study evaluated the revenue requirements of the stormwater utility, including operation and maintenance costs, capital improvement needs, regulatory compliance obligations, and existing financial conditions of the Stormwater Utility Fund, and concluded that the current rate structure does not generate sufficient revenue to sustain system operations and required improvements. The Raftelis Stormwater Rate Study dated March 27, 2026, is hereby relied upon as competent substantial evidence supporting the proposed rate adjustment.

The current fees are \$6.00/month for residential properties and \$12.00/month for nonresidential properties. The proposed fees are \$8.00/month for residential properties and \$16.00/month for non-residential properties. Even with the increased fees, the City's fees are still among the lowest in the surrounding communities.

Nonresidential properties, due to greater impervious surface areas, parking requirements, and intensity of development, generally contribute greater stormwater runoff and system demand than residential properties. The proposed non-residential rate reflects a reasonable and equitable approximation of this increased system demand and benefit.

The existing stormwater utility rate structure, as established by Ordinance Number 14-25, utilizes a flat monthly fee for residential and nonresidential developed properties. At this time, the City is maintaining this structure as a reasonable and administratively efficient method of allocating stormwater system costs, given the absence of parcel-specific impervious area data and the cost and complexity associated with implementing a more detailed rate methodology. The adopted rate structure represents a reasonable, fair and practical approximation of stormwater system demand, runoff contribution, and benefit received by properties within the City based on available data, historical rate structures, and accepted utility rate-setting practices. While a parcel-specific cost-of-service methodology is not utilized at this time, the City finds that the current structure is a reasonable proxy for allocating stormwater costs pending completion of the Stormwater Master Plan.

The proposed rate adjustment is intended as an interim measure to address current revenue needs while the City completes its ongoing stormwater master planning process, at which time a more detailed evaluation of rate structure and cost allocation methodologies may be considered. This interim approach is necessary to address immediate revenue needs while preserving the City's ability to implement a more refined and data-driven rate structure upon completion of the Stormwater Master Plan.

Stormwater utility revenues are deposited into the Stormwater Utility Management Fund and are restricted to stormwater-related purposes, including operation, maintenance, capital improvements, and system administration, consistent with City Code requirements.

Certain costs associated with stormwater operations, including personnel, equipment, and administrative services provided by other City departments, are allocated to the stormwater utility as part of the system's overall cost structure. Any such allocations represent the proportional and equitable cost of services directly supporting or reasonably allocable to the stormwater utility and necessary for stormwater system operation, and do not constitute a diversion of stormwater utility revenues for unrelated governmental purposes.

The City Commission is not required to achieve precise mathematical equivalency in allocating stormwater system costs, and the adopted rate structure reflects a reasonable policy-based approximation consistent with applicable law.

### **Policy Implications:**

The result of not having increased stormwater utility fees since 2014 has affected the Stormwater Utility Fund's financial health. Funding for staffing, projects and emergencies is now very limited. This has been clearly brought to light with the recent approval of the General Fund loan to the

Stormwater Utility Fund to pay for emergencies repairs needed resulting from the 1,000-year flood in October 2025.

Ordinance Number 14-25 provides for a flat fee for residential and nonresidential developed properties. When the Stormwater Master Plan currently underway is complete, Stormwater Utility fees will again be reviewed and updated. At that time, a restructured fee schedule may be brought to Commission for discussion.

The proposed rate adjustment supports the continued operation and financial stability of the stormwater utility system and ensures compliance with applicable regulatory requirements, including MS4 permit obligations.

The adjustment also maintains the City's existing classification and billing structure as authorized by Chapter 94 of the City Code, which provides for stormwater utility fees to be established by resolution and allocated among developed properties.

The proposed rates are intended to provide a reasonable and equitable allocation of stormwater system costs among users based on generalized system demand and benefit, while maintaining administrative efficiency, consistent with Chapter 94 of the City Code. The stormwater utility fee provides a special benefit to affected properties in excess of that provided to the general public and is fairly and reasonably apportioned among users based on their use of and benefit from the stormwater system.

**Recommended Action:**

Approve Resolution Number 2026-36 establishing revised stormwater utility rates for residential and nonresidential developed properties to ensure revenue sufficiency and continued operation of the City's stormwater drainage utility system.

**Business Impact Estimate**

Not applicable.

**Attachments:**

Resolution Number 2026-36

Raftelis City of Eustis Stormwater Rate Study dated March 27, 2026

**Prepared by:**

Lori Carr, Finance Director

**Reviewed by:**

Mari Leisen, Deputy Finance Director

Miranda Burrowes, Deputy City Manager

**Revised by:**

Sasha Garcia, City Attorney