



City of Eustis

P.O. Drawer 68 • Eustis, Florida 32727-0068 • (352) 483-5430

TO: EUSTIS CITY COMMISSION

FROM: TOM CARRINO, CITY MANAGER

DATE: MARCH 20, 2025

RE: RESOLUTION NUMBER 25-21 AUTHORIZING AN EXPENDITURE OVER \$100,000 FOR VARIOUS RATE STUDIES AT A TOTAL COST OF \$120,800 AND TO AUTHORIZE A GENERAL FUND BUDGET AMENDMENT IN THE AMOUNT OF \$59,650

Introduction:

The purpose of Resolution Number 25-21 is to approve an expenditure in excess of \$100,000 for completion of the water, wastewater, reclaimed water (Utility) and stormwater revenue sufficiency (Stormwater) rate studies and to initiate a study for Police, Fire, Parks and Recreation, and Library (Impact Fees) study.

On January 19, 2023, the City Commission approve the authorization of a Utility and Stormwater rate study to be performed by an independent consultant, Raftelis Financial Consultants, Inc. (Raftelis), a local government and utility management consulting company.

Prior to completion, the study was put on hold in 2024 as questions arose regarding the City's Eastern Wastewater Treatment Plant (Eastern). While many of the questions raised have not yet been answered, a different independent contractor, US Water, has been hired to address those questions. The Utility and Stormwater rate studies previously authorized by Raftelis need to be completed.

Staff has worked with Raftelis to submit an agreement for a comprehensive rate study to include all Utility, Stormwater and Impact Fees.

The original agreement with Raftelis was based on a piggyback bid issued by the City of Daytona Beach, RFP 19632. Raftelis has agreed to the same terms for all parts of this comprehensive rate study.

Background:

Utility Rate Study:

In 2016, the City contracted with Public Resource Management Group (PRMG), since purchased by Raftelis, to perform a Utility rate study. In 2021, the Finance Department conducted an in-house Utility rate study. Given the significant changes in the economic environment, COVID-19, inflation, extreme growth since 2021, the City Commission

authorized an updated independent study on January 19, 2023, which has since been put on hold.

Staff has had discussions with Raftelis regarding re-engaging in the Utility rate study approved in 2023. During those discussions, it was discovered the City has not reviewed some impact fees since 2004. City Ordinances require a review of Impact Fees every five (5) years.

The proposed agreement includes a review of all Utility miscellaneous costs of service associated with meter sets, late fees, charges for infractions, non-sufficient funds and other fees charged to customers. Per the utility’s bond covenants, fees charged must cover operating costs, proposed system upgrades, required system upgrades, customer growth, economic assumptions and the revenue stream necessary to deliver reliable and quality service to the customers and to pay for the utility’s debt service.

Finalizing the Utility rate study, to include miscellaneous fees, is proposed at a cost of \$37,650. The City’s Utility Fund has adequate funds to cover the cost of the study.

Stormwater Fee Study

The Stormwater Fund was established in FY 1992/93. The original rates were \$3.00 for residential and \$6.00 for commercial. The last increase was initiated in 2006-07 and doubled the fees to \$6.00 and \$12.00, respectively.

The FY 2025-2029 5-year capital improvement plan provides an estimated ending fund balance deficit of (\$154,857). The projects listed for 2024-25 through 2028-29 are presented here. The five (5) year total is \$1,725,000.

Project Name	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Stormwater Utility Revenue Fund					
PW STORMWATER / CULVERT REPLACEMENT	-	220,000	-	-	-
PW STORMWATER / EUSTIS ST. & GOTTSCHIE AVE	25,000	150,000	-	-	-
PW STORMWATER / FLOODING CONTROL	-	100,000	-	100,000	-
PW STORMWATER / TRACTOR BUSH HOG MOWER	-	45,000	-	-	-
PW STORMWATER / DONNELLY AVE. STORM SYSTEM	-	-	-	-	100,000
PW STORMWATER / DONNELLY AVE TO BADGER ST STORM PIPE	-	-	-	-	80,000
PW STORMWATER / STORMWATER CAMERA	-	-	-	400,000	-
PW STORMWATER / CONCRETE CRUSHING	-	50,000	-	55,000	-
PW STORMWATER / STREET SWEEPER	400,000	-	-	-	-
	425,000	565,000	-	555,000	180,000

Currently, it is fiscally responsible to conduct an updated stormwater rate study. At the very least, the City should implement an annual CPI increase for at least the next few years. This would hopefully provide funding to have a fund balance excess as opposed to a fund balance deficit.

The Stormwater rate study is proposed at a cost of \$23,500. The Stormwater Fund has ample budgeted funds to cover the cost of the study.

Impact Fee Studies:

The City established Impact Fees in 2004 with the following Ordinances:

- Police - Ordinance 04-43
- Fire – Ordinance 04-44
- Parks and Recreation - Ordinance 04-45
- Library – Ordinance 04-46

Since Impact Fees have not been reviewed since the inception of the fees, a comprehensive and independent study is needed. The study will take into account economic factors that have occurred since the inception of the fees.

Impact Fees are collected by new construction activity within the City. These funds can only be used only for expansion projects necessitated as a result of growth.

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.”

(4) At a minimum, each local government that adopts and collects an impact fee by ordinance and each special district that adopts, collects, and administers an impact fee by resolution must:

(a) Ensure that the calculation of the impact fee is based on the most recent and localized data.

(b) Provide for accounting and reporting of impact fee collections and expenditures and account for the revenues and expenditures of such impact fee in a separate accounting fund.

(c) Limit administrative charges for the collection of impact fees to actual costs

(d) Provide notice at least 90 days before the effective date of an ordinance or resolution imposing a new or increased impact fee. Local government is not required to wait 90 days to decrease, suspend, or eliminate an impact fee. Unless the result is to reduce the total mitigation, costs or impact fees imposed on an applicant, new or increased impact fees may not apply to current or pending permit applications submitted before the effective date of a new or increased impact fee.

(e) Ensure that collection of the impact fee may not be required to occur earlier than the date of issuance of the building permit for the property that is subject to the fee.

(f) Ensure that the impact fee is proportional and reasonably connected to, or has a rational nexus with, the need for additional capital facilities and the increased impact generated by the new residential or commercial construction.

(g) Ensure that the impact fee is proportional and reasonably connected to, or has a rational nexus with, the expenditures of the funds collected and the benefits accruing to the new residential or non-residential construction.

(h) Specifically, earmark funds collected under the impact fee for use in acquiring, constructing, or improving capital facilities to benefit new users.

(i) Ensure that revenues generated by the impact fee are not used, in whole or in part, to pay existing debt or for previously approved projects unless the expenditure is reasonably connected to, or has a rational nexus with, the increased impact generated by the new residential or nonresidential construction.

The addition of an Impact Fees study is proposed at a cost of \$59,650. The General Fund budget does not have ample excess funds for this study. It is staff's recommendation that funds be taken from the General Fund's Fund Balance. There should have been three (3) studies in the past that were not performed, thus creating the higher cost for this portion of the proposal.

Summary:

Upon completion of each phase of the study, the results and recommendations will be presented to the Commission. Subsequently, per State Statute, notices will be included on customer bills which state that the City would be considering rate increases for user fees for water, wastewater, and reclaimed water services with an effective date.

Recommended Action:

Staff recommend approval of Resolution 25-21.

Budget/Staff Impact:

The costs of studies are not currently budgeted. Proposed fund sources are:

Utility study – transfer of existing funds to contractual services - \$37,650

Stormwater study – use of existing contractual services funds - \$23,500

Impact Fees – General Fund's Fund Balance - \$59,650

Total Cost: \$120,800

Prepared By:

Lori Carr, Finance Director

Reviewed By:

Mari Leisen, Deputy Finance Director

Attachments:

Resolution Number 25-21

Raftelis proposed agreement to provide a comprehensive Utility, Stormwater and Impact Fee study

General Fund Budget Amendment