



## STAFF REPORT

Regular City Commission Meeting

November 14, 2024

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**To:** Elected Officials

**From:** Dale L. Martin, City Manager

**Date:** November 14, 2024

**Item Name:** Resolution 2024-68. A Resolution by the City of Flagler Beach, Florida for Water, Sewer, Stormwater, and Sanitation Fee increases to provide revenues that will be sufficient to operate financially self-supporting Utilities; repealing Resolution 2023-21; providing for conflict; providing an effective date hereof.

**Background:** During the Budget Workshop and Budget Hearings, City Commission approved the increases to the Utilities

- Water and Sewer, base fees 3.5% flow rates 3.5%
- Sanitation Rates, residential and commercial 3.5%
- Stormwater Fees 37.2% increase (\$5.42 per month increase; \$14.58 to \$20.00)

*A residential bill within the city limits will increase a total of \$8.76 per month.*

### Water and Sewer

The 5 Year Capital Plan adopted with the 2024-2025 Budget shows a 5 year total sum of \$69,835,200 for the Utility Fund.

- 2024-2025, 3.5% increase to all Service Fees was based on rate study performed by Raftelis, this increase is 8% higher than the 3.24% increase which was recommended by the Public Service Commission.
- In 2024-2025 an 8.8% increase for growth and in 2025-2026, an 6.9% increase for growth was used to encompass the new development on Roberts Road and upcoming development along the John Anderson corridor. Another 3.5% in 25/26 increase to all Utility Fees both Flows and Base Fees.
- An assumption for the next five years is the ability to use \$6.1 Million from Water and Sewer Impact Fees on projects that qualify, such as new wells and projects that support growth and increased capacity. City Staff will also continue to apply for and obtain grant funding for eligible projects.
- Comparing Flow Fees (Actual Water and Sewer Usage) to Operations, we see a \$1.1 million shortfall. One of the reasons is the high costs of repairs to our aging infrastructure. Repairs are considered part of operations as we complete many of the Capital Improvements to our infrastructure and plants.

### Water & Sewer Flow Rates

Ordinance 2008-01 provides for water and sewer rate increases based on the percentage change in the Gross Domestic Product Implicit Price Deflator as adopted by the Florida Public Service Commission. This information can be found at [www.psc.state.fl.us](http://www.psc.state.fl.us). The result of their analysis is a 3.24% increase over 2023-24 figures. Water

and Sewer Flow rates are an established fee to balance the costs of water production. City Staff increased the amount to 3.5%. Operations Cost is budgeted at \$2.85 million; Water/Sewer flow revenues are budgeted at \$2.96 million. City Staff will monitor expenses for operations closely.

Sanitation

Ordinance 2008-03 provides for solid waste collection fees to be adjusted annually based on the percentage change in the Gross Domestic Product Implicit Price Deflator as adopted by the Florida Public Service Commission.

The increase of 3.5% to all Residential and Commercial Rates is insufficient to cover the daily operations of the fund. A thorough analysis of the fund will be conducted in fiscal year 24-25. Capital purchases for the 5-year forecast are building improvements, a mechanic truck as well as Sanitation truck.

Stormwater

Monthly Fee will increase to \$20.00

**Fiscal Impact:** Utility increases are necessary to maintain normal operations, provide for capital improvements, debt service and maintain an adequate reserve balance.

**Staff Recommendation:** Approve Resolution 2024-68.

**Attachments:** Resolution 2024-68, Exhibits A & B