



STAFF REPORT

City Commission Regular Meeting

February 13, 2025



To: Elected Officials

From: Dale L. Martin, City Manager

Date: February 7, 2025

Item Name: Resolution 2025-08. 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 and an effective date.

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)

With those increases, a residential bill within the city limits will increase a total of \$8.76 per month.

Water and Sewer

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

- In 2024-2025, 3.5% increase to all Service Fees was based on rate study performed by Raftelis (a rate consultant), 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 possible development along the John Anderson corridor.
- 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 grant funding for eligible projects.
- Comparing Flow Fees (Actual Water and Sewer Usage) to Operations illustrates 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 capital improvements are completed to facilities and infrastructure.

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 (www.psc.state.fl.us). The result of that 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 five-year forecast are building improvements, a mechanic truck, and a Sanitation truck.

Stormwater

The City Commission has made stormwater improvements a priority. The City's stormwater consulting engineer has offered a series of recommended projects to address stormwater funding. The proposed monthly fee will provide funding for recommended and planned stormwater improvements.

Fiscal Impact: Residential users' monthly utility bills will increase by \$8.76. Commercial rates are site-dependent as the type/level of Sanitation services varies.

Staff Recommendation: Staff recommends that the City Commission adopt Resolution 2025-08. For future year's, in order to align the review and consideration of utility rates with the annual budget, utility fees will be presented to the City Commission by no later than August 31.

Attachment:

Resolution 2025-08