



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: City Council, Regular Session

MEETING DATE: May 20, 2025

FROM: Mike Null, Asst. City Manager

SUBJECT: Second and Final Reading of Ordinance No. O-07-2025, amending City Code Chapter 90, Article III, Electric Utility, section 90-122 entitled “rate schedule for electricity furnished”; and section 90-123 entitled “fees for capital installation in the electric department”; and section 90-61, “security and night-lights”; and section 90-62 “meters, generally, a new service connection charge; temporary service, generally”. *Mike Null*

BACKGROUND

The Electric Department completed a rate study with Leidos in July 2024. Following the completion of the FY 2023 Audit report and the FY 24-25 budget process, staff felt it was best to immediately update the rate study with the most recent information as the rate study had used unaudited 2023 numbers as the base year. Over the last several months, city staff has worked closely with Leidos and staff from FMPA to update the July 2024 rate study as well as establishing certain assumptions to ensure the financial health of the Electric Department enterprise fund and the physical health of the electric system moving forward.

This update was presented to City Council in a Special Session on March 25, 2025. Council direction was to move forward with the study update recommendations which included implementing a 14% base rate increase now and an additional 6% base rate increase effective October 1, 2025. All city electric customers were mailed a notice of the proposed rate increases on April 17, 2025. Ordinance O-07-2025 was presented to City Council on May 6, 2025 and was approved to move on to the second and final public hearing on May 20, 2025 at 6:00PM. The mayor made the request that staff provide additional information related to the breakdown of the two residential rate tiers. Subsequent to the meeting, the mayor also requested information on reducing the impact on fixed-income individuals in the service area. This additional information is provided in the attached presentation and will be further presented at the Council meeting.

It is also necessary to increase the per lot fee paid by the developer of a subdivision. The fee was \$1,300 per lot from 2015 through 2024. In 2024, Council raised that fee to \$2,200. Given the continuing increase in material costs, it is now necessary to increase that fee to \$2,600. This fee is used to cover the cost of installation of wire and transformers in new developments where the developer has installed conduit and transformer pads. This helps to ensure that new development pays for itself instead of being funded by existing customers.

The next item this ordinance addresses is streetlights and area lights. The current fees for area lights were established in 2015. Since then, many streetlights and area lights have been converted to, or installed as, LEDs, which use less electricity. Additionally, the current city code does not address any policy regarding the installation of new streetlights. The proposed changes in this ordinance establish guidelines for installation of streetlights and area lights, as well as set rates that take into consideration

LED lights. This evening, for the second hearing, staff has added a \$25 fee for relocation of area lights. This language is in the existing code and was inadvertently omitted from the new language.

The last item addressed in this ordinance is the new electric service connection fee. The current fee of \$125 was established in 2015. Since then, the cost of meters has increased significantly. Therefore, staff recommends increasing this fee to \$200. Again, this is another effort to ensure that new development pays its own way instead of the existing customers.

Navid Nowakhtar with FMPA will be here to present information related to the recommended rate increases.

FISCAL IMPACT

As described in the ordinance.

RECOMMENDATION

Approve on second and final reading Ordinance No. O-07-2025, to amend City Code Chapter 90, Article III, Electric Utility.