



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: City Council Regular Meeting **MEETING DATE:** July 16, 2024
FROM: Mike Null, Asst. City Manager
SUBJECT: City Council discussion of proposed rates for Water, Wastewater, Reclaimed Water, Electric, Solid Waste and Stormwater for Fiscal Year 2025. *Mike Null*

BACKGROUND

Water, Wastewater and Reclaimed Water:

In late 2023 / early 2024 city staff in collaboration with the city's consultant, Mittauer & Associates, conducted a review of the capital improvement program (CIP) and operating expenses for the next ten years in the water, wastewater and reclaimed water funds. The review included depreciation of assets, projected increases in operating costs, infrastructure improvements for regulatory compliance and population growth, and financing options for capital projects. The result was an updated rate study which was reviewed by the council in January of 2024.

Since council review, staff have worked with the finance department and the FY23 auditor's report / findings to further refine the rate structure. As a result of the rate study, increase cost of doing business and overall financial needs to operate each department, staff is recommending a 20% increase to water rates, a 5% increase to wastewater rates, and adjusting reclaimed water rates to match potable water irrigation rates.

Electric:

In 2023, city staff in collaboration with the city's consultant, Leidos, conducted a review of the capital improvement program (CIP) and operating expenses for the next ten years in the electric fund. The review included depreciation of assets, projected increases in operating costs, infrastructure improvements for system reliability and population growth, and financing options for capital projects. The result was an updated rate study which was reviewed by the council in July of 2023.

Since council review, staff have worked with the finance department and the FY23 auditor's report / findings to further refine the rate structure. As a result of the rate study, increase cost of doing business and overall financial needs to operate the electric department, staff in recommending a 5% increase to electric rates.

Solid Waste:

Each year, staff reviews the solid waste fund projections and considers rate adjustments as needed to fund the operations of the solid waste department. Staff, in working with the finance department and the FY23 auditor's report / findings, is recommending a 10% rate increase to cover increase operational costs of the department.

Stormwater Utility:

In FY24, staff recommended, and council adopted, significant increases to the stormwater base and user fee utility rates. This has allowed for the stormwater utility to secure a loan for \$550,000 to purchase a Vac-Con truck as well as an \$8,500,000 loan to accelerate the stormwater utility capital improvement program, which had been stagnant for several years.

At that time, staff advised council that another smaller increase to the base fee may be needed in FY25 to purchase a new street sweeper. The purchase of a new street sweeper has become necessary as repairs to the current street sweeper have become cost-prohibitive. As a result, staff is recommending an increase of \$1 per month per parcel to the base fee for all stormwater utility customers. This increase will generate approximately \$40,000 per year to cover the annual debt service on a \$300,000 loan to purchase a new street sweeper.

Summary:

Staff is recommending these increases to each utility rate, which are necessary to maintain the existing level of service in each utility for FY25. Should Council vote to proceed with these increases, the attached flier will be mailed to every utility customer in their August bills. Staff will then bring back ordinances to adopt each new utility rate on September 3, 2024 and September 17, 2024, with proposed rates becoming effective October 1, 2024.

FISCAL IMPACT

Outlined in the Rate study for each fund as well as the attached flier.

RECOMMENDATION

- Approve advertisements in each customer's August 2024 utility bill of proposed rates for Water, Wastewater, Reclaimed Water, Electric, Solid Waste and Stormwater for Fiscal Year 2025.
- Direct staff to prepare ordinances to effect each proposed utility rate as of October 1, 2024.
- Set September 3, 2024, at 7:00 PM as the first reading of each proposed utility rate ordinance reviewed in this staff report.
- Set September 17, 2024, at 7:00 PM as the second and final reading of each proposed utility rate ordinance reviewed in this staff report.