



M E M O R A N D U M

Date: April 15, 2026
To: City of Lake City City Council
From: Office of the City Manager
City of Lake City Utilities Department
City of Lake City Finance Department
City of Lake City Customer Service Department
Re: Acquisition of Columbia County Wastewater
Treatment Plant Located at the NFMIP
Compliance with Section 180.301, Florida Statutes

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Section 180.301, Florida Statutes provides the City of Lake City may not purchase the referenced wastewater treatment plant until the City Council has i) held a public hearing on said purchase, and ii) made a determination that the purchase is in the public interest. Pursuant to the referenced statute, such determination shall take into account the following enumerated matters. Following each enumerated matter, city management has provided the relevant data to be analyzed and reviewed by the City Council as it makes its determination concerning whether the instant acquisition is in the public interest.

<u>Item</u>	<u>Description</u>	<u>Schedule</u>
Item 1	The most recent available income and expense.....	Schedule A
	statement for the utility.	
Item 2	The most recent available balance sheet for the utility,	Schedule B
	listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon.	
Item 3	A statement of the existing rate base of the utility for	Schedule C
	regulatory purposes.	
Item 4	The physical condition of the utility facilities being	Schedule D
	purchased.	
Item 5	The reasonableness of the purchase contract price.....	Schedule E
	and terms.	

Item 6 The impacts of the purchase contract on utility customers, .. Schedule F
both positive and negative.

Item 7(a). Any additional investment required and the ability and Schedule G
willingness of the purchaser to make that investment.

Item 7(b). Not Applicable

Item 8 The alternatives to the purchase or sale contract, and Schedule H
the potential impact on utility customers if the purchase
or sale contract is not made.

Item 9(a). The ability of the municipality to provide and maintain Schedule I
high-quality and cost-effective utility service.

Item 9(b). Not Applicable

Item 10 ... Not Applicable

SCHEDULE "A"

MOST RECENT INCOME AND EXPENSE STATEMENT FISCAL YEAR 2023-2024

CITY OF LAKE CITY, FLORIDA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds		
	Water-Sewer Utility	Natural Gas	Total
Operating revenues			
Charges for services	\$ 17,407,383	\$ 6,075,735	\$ 23,483,118
Other revenues	305,395	-	305,395
Total operating revenues	<u>17,712,778</u>	<u>6,075,735</u>	<u>23,788,513</u>
Operating expenses			
Personal services	4,678,874	769,003	5,447,877
Contractual services and supplies	5,291,588	3,841,402	9,132,990
Internal charges	980,000	300,000	1,280,000
Depreciation	3,690,004	172,192	3,862,196
Total operating expenses	<u>14,640,466</u>	<u>5,082,597</u>	<u>19,723,063</u>
Operating income (loss)	<u>3,072,312</u>	<u>993,138</u>	<u>4,065,450</u>
Nonoperating revenues (expenses)			
Interest earnings	84,986	21,586	106,572
Intergovernmental grants	2,055	-	2,055
Miscellaneous income	116,326	54,085	170,411
Gain (loss) on disposal of capital assets	4,090	-	4,090
Debt issuance costs	(10,490)	-	(10,490)
Interest and amortization expense	(508,558)	-	(508,558)
Total nonoperating revenues (expenses)	<u>(311,591)</u>	<u>75,671</u>	<u>(235,920)</u>
Income (loss) before contributions and transfers	<u>2,760,721</u>	<u>1,068,809</u>	<u>3,829,530</u>
Capital contributions and impact fees	392,600	-	392,600
Capital grants	313,363	-	313,363
Transfers out	(667,000)	(243,000)	(910,000)
Change in net position	<u>2,799,684</u>	<u>825,809</u>	<u>3,625,493</u>
Net position, beginning of year	<u>52,162,761</u>	<u>4,790,459</u>	<u>56,953,220</u>
Net position, end of year	<u>\$ 54,962,445</u>	<u>\$ 5,616,268</u>	<u>\$ 60,578,713</u>

SCHEDULE "B"

MOST RECENT BALANCE SHEET FISCAL YEAR 2023-2024

CITY OF LAKE CITY, FLORIDA STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds		
	Water- Sewer Utility	Natural Gas	Total
ASSETS			
Equity in pooled cash and cash equivalents	\$ 12,138,804	\$ 4,245,346	\$ 16,384,150
Accounts receivable, net	2,605,695	666,325	3,272,020
Due from other governments	343,272	13,503	356,775
Inventories	1,198,448	74,213	1,272,661
Prepaid items	-	6,674	6,674
Net pension asset	471,919	81,851	553,770
Restricted current assets			
Equity in pooled cash	2,756,315	-	2,756,315
Total current assets	19,514,453	5,087,912	24,602,365
Noncurrent assets:			
Restricted cash	2,131,841	-	2,131,841
Capital assets:			
Land	5,232,743	1,539	5,234,282
Building and improvements	7,108,353	824,426	7,932,779
Infrastructure	87,730,363	3,869,954	91,600,317
Machinery and equipment	19,098,134	1,088,686	20,186,820
Construction in progress	10,998,888	11,186	11,010,074
Accumulated depreciation	(62,103,147)	(3,588,112)	(65,691,259)
Total capital assets, net	68,065,334	2,207,679	70,273,013
Advances to other funds	-	-	-
Total noncurrent assets	70,197,175	2,207,679	72,404,854
Total assets	\$ 89,711,628	\$ 7,295,591	\$ 97,007,219
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	\$ 73,428	\$ -	\$ 73,428
Deferred outflows related to pensions	1,428,184	247,706	1,675,890
Deferred outflows related to OPEB	49,676	7,440	57,116
Total deferred outflows	\$ 1,551,288	\$ 255,146	\$ 1,806,434

SCHEDULE "B" (cont'd)

MOST RECENT BALANCE SHEET

FISCAL YEAR 2023-2024

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	\$ 618,406	\$ 249,892	\$ 868,298
Customer deposits	1,085,960	410,708	1,496,668
Retainage payable	94,194	-	94,194
Unearned revenue	71,115	465,121	536,236
Compensated absences	316,982	63,320	380,302
Current portion of financed purchase agreements	82,752	-	82,752
Payable from restricted assets:			
Current maturities on long-term debt	2,629,119	-	2,629,119
Accrued interest payable	127,196	-	127,196
Total current liabilities	<u>5,025,724</u>	<u>1,189,041</u>	<u>6,214,765</u>

Noncurrent liabilities:

Bonds and notes payable, net	26,897,667	-	26,897,667
Financed purchase agreements	85,112	-	85,112
Compensated absences	137,670	29,797	167,467
Total OPEB liability	191,239	28,642	219,881
Net pension liability	2,521,641	437,358	2,958,999
Total noncurrent liabilities	<u>29,833,329</u>	<u>495,797</u>	<u>30,329,126</u>
Total liabilities	<u>\$ 34,859,053</u>	<u>\$ 1,684,838</u>	<u>\$ 36,543,891</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	\$ 1,425,774	\$ 247,288	\$ 1,673,062
Deferred inflows related to OPEB	15,644	2,343	17,987
Total deferred inflows	<u>\$ 1,441,418</u>	<u>\$ 249,631</u>	<u>\$ 1,691,049</u>

NET POSITION

Net investment in capital assets	\$ 38,949,275	\$ 2,207,679	\$ 41,156,954
Restricted for debt service	682,800	-	682,800
Restricted for renewal and replacement	500,000	-	500,000
Restricted for system improvements	2,862,022	-	2,862,022
Pension benefit	471,919	81,851	553,770
Unrestricted	11,496,429	3,326,738	14,823,167
Total net position	<u>\$54,962,445</u>	<u>\$ 5,616,268</u>	<u>\$ 60,578,713</u>

SCHEDULE "C"

STATEMENT OF EXISTING RATE BASE

SEWER INSIDE 2026

RESIDENTIAL	BASE CHG	\$47.58
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Monthly Base Charge (per ERU)

Usage Charge (per 1000)

Billing Charge	\$2.77		
3/4"	\$44.81	up to 16,000	\$5.66
1"	\$44.81	up to 16,000	\$5.66
1.5"	\$44.81	up to 16,000	\$5.66
2"	\$44.81	up to 16,000	\$5.66
3"	\$44.81	up to 16,000	\$5.66
4"	\$44.81	up to 16,000	\$5.66

Commercial

Monthly Base Charge (per ERU)

Usage Charge (per 1000)

Billing Charge	\$2.77		
5/8"-3/4"	\$44.81	All gallons	Commercial I \$5.66
1"	\$112.03	All gallons	Commercial II \$6.52
1.5"	\$224.04	All gallons	Commercial III \$7.36
2"	\$358.48	All gallons	
3"	\$716.94	All gallons	
4"	\$1,120.21	All gallons	
6"	\$2,240.44	All gallons	
8"	\$3,584.71	All gallons	

SEWER ONLY

Billing charge-\$2.77

Base Facility Only	\$44.81	Residential
	\$84.45	Commercial C1
	\$90.45	Commercial C2

No WATER	\$84.45	Residential
	\$84.45	Commercial C1
	\$90.45	Commercial C2

Half Rate	\$22.41	Residential
	\$22.41	Commercial C1
	\$22.41	Commercial C2

SCHEDULE "C" (cont'd)
STATEMENT OF EXISTING RATE BASE

SEWER OUTSIDE 2026

RESIDENTIAL	BASE CHG	\$58.79
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Monthly Base Charge (per ERU)

Usage Charge (per 1000)

Billing Charge	\$2.77		
3/4"	\$56.02	up to 16,000	\$7.08
1"	\$56.02	up to 16,000	\$7.08
1.5"	\$56.02	up to 16,000	\$7.08
2"	\$56.02	up to 16,000	\$7.08
3"	\$56.02	up to 16,000	\$7.08
4"	\$56.02	up to 16,000	\$7.08

Commerical

Monthly Base Charge (per ERU)

Usage Charge (per 1000)

Billing Charge	\$2.77		
5/8"-3/4"	\$ 56.02	All gallons	Commercial I \$7.08
1"	\$ 140.06	All gallons	Commercial II \$8.15
1.5"	\$ 280.09	All gallons	Commercial III \$9.21
2"	\$ 448.14	All gallons	
3"	\$ 896.30	All gallons	
4"	\$ 1,400.46	All gallons	
6"	\$ 2,800.92	All gallons	
8"	\$ 4,481.47	All gallons	

SEWER ONLY

Billing charge-\$2.77		
Base Facility Only	\$56.02	Residential
	\$105.56	Commercial C1
	\$113.07	Commercial C2
No WATER	\$105.56	Residential
	\$105.56	Commercial C1
	\$113.07	Commercial C2
Half Rate	\$28.02	Residential
	\$28.02	Commercial C1
	\$28.02	Commercial C2

SCHEDULE "C" (cont'd)
STATEMENT OF EXISTING RATE BASE

Base Charges for Residential Services 3/4" Meter	
Inside	
WA,SW,RS,Billing Charge	\$87.67
WA Only,RS,Billing Charge	\$40.09
WA,SW,RS,GS,Billing Charge	\$97.67
Outside	
WA Only,Billing Charge	\$30.94
WA ,GS, Billing Charge	\$40.94
WA, SW, Billing Charge	\$89.73
WA, SW,GS, Billing Charge	\$99.73

SCHEDULE “D”

PHYSICAL CONDITION OF UTILITY FACILITIES BEING PURCHASED

The wastewater treatment plant being purchased was placed in service in early 2025. It is new.

SCHEDULE “E”

REASONABLENESS OF PURCHASE CONTRACT PRICE AND TERMS

By the terms of the Purchase Contract, upon a cash payment of approximately \$1.5 million, and the assumption of at least \$19 million in debt and future obligations to construct a deep injection well, the City is acquiring an asset valued at approximately \$24.3 million.

SCHEDULE “F”

POSITIVE AND NEGATIVE IMPACTS ON UTILITY CUSTOMERS

Positive benefits include acquisition and expansion of capacity for the existing utilities customers for less than the burden of building a future wastewater treatment plant at full cost. Additionally, future customers in the North Florida Mega Industrial Park will experience more rapid response times for connection to sewer service.

A negative impact on customers will be the increased operational costs to the City to operate the wastewater treatment plant, inasmuch as the City will no longer be splitting operational costs with the County.

SCHEDULE “G”

ADDITIONAL INVESTMENTS REQUIRED OF THE PURCHASER AND THE PURCHASER’S ABILITY AND WILLINGNESS TO MAKE SAID INVESTMENTS

Additional investment will include any funds not covered under grants or legislative appropriations to construct the required deep injection well. The County has agreed to assist the City in obtaining such legislative appropriations.

SCHEDULE “H”

ALTERNATIVES TO THE PURCHASE OF THE WASTEWATER TREATMENT PLANT AND POTENTIAL IMPACT ON THE CUSTOMERS IF THE PURCHASE IS NOT MADE

One alternative to the purchase would be to continue operating the wastewater treatment plant for the County and continue splitting operational costs through the end of the current interlocal agreement for operations of the wastewater treatment plant. Another alternative would be to step away from the operation and allow the NFWUA to operate the wastewater treatment plant. A third alternative would be diverting the flow of effluent from the prison back to the City’s Saint Margarets treatment plant and “mothball” the NFMIP plant. In any alternative scenario impacts to the utility customer are extremely limited.

SCHEDULE “I”

ABILITY OF THE CITY TO PROVIDE AND MAINTAIN HIGH-QUALITY AND COST-EFFECTIVE UTILITY SERVICE

The City of Lake City has provided utilities to the City and surrounding areas for approximately 100 years. The City’s utilities (water, wastewater, stormwater, and gas) are financially sound, compliant with regulations and laws, and forward-looking in planning for additional capacity to support the needs of the Lake City region for years to come in a cost-effective manner.