



Town of Lake Park Town Commission

Agenda Request Form

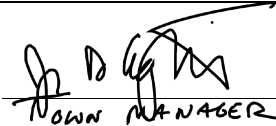
Meeting Date: January 18, 2023

Originating Department: Public Works

Agenda Title:

REQUEST TO AUTHORIZE THE TOWN MANAGER TO ENCUMBER AND EXPEND ENTERPRISE FUNDING ASSOCIATED WITH THE SANITATION FUND AND THE STORMWATER FUND AND APPROVE TWO PROPOSALS FROM RAFTELIS FINANCIAL CONSULTANTS, INC., (CONSULTANT) FOR THE PROVISION OF UTILITY RATE AND FINANCIAL CONSULTING SERVICES, PER THE PRICING, TERMS, AND CONDITIONS OF MARTIN COUNTY/CONSULTANT'S AGREEMENT NO. RFP2021-3343 (COOPERATIVE PURCHASE).

Approved by Town Manager:


TOWN MANAGER

Date: 01-12-23

Cost of Item: 1. \$56,200.00
2. \$53,720.00

Funding Source:

Professional Services (404/402)

Account Number: 1. 404-31000
2. 402-31000

Finance

Signature:

Jeffrey P. Duvall

Digitally signed by Jeffrey P. Duvall
DN: cn=Jeffrey P. Duvall, o=ou,
email=jduvall@lakeparkflorida.gov, c=US
Date: 2023.01.12 11:15:20 -05'00'

Advertised: N/A

Date:

Newspaper:

Attachments:

1. Agenda Request Form (ARF)
2. Sanitation Utility Rate Analysis Proposal
3. Stormwater Utility Rate Analysis Proposal
4. PowerPoint Presentation

Please initial one:

Yes, I have notified everyone



Not applicable in this case

Background/Summary Explanation:

The Town operates a Solid Waste (Sanitation) Utility and a Stormwater Utility, which are fiscally supported by the Sanitation and the Stormwater Enterprise Funds (the Funds), respectively. Additionally, the Town Manager previously determined the need to conduct comprehensive analysis of the Funds at regular intervals to inform the Town Commission and Town Staff regarding current and projected utility operating costs, revenues, forecast capital expenditures, and make recommendations on rate structure, service classifications and more.

Moreover, the Town currently has a competitively-procured continuing-service agreement with Raftelis Financial Consulting, Inc. (Consultant), which was approved by the Town Commission through Resolution 27-05-22.

THE SOLID WASTE (SANITATION) UTILITY

The Town is required to provide solid waste collection and disposal services and operates a solid waste (Sanitation) utility for that purpose.

- 1. The Sanitation Utility Fund.** The Sanitation (Utility) Fund operates as a self-supporting, “enterprise” government fund, funded mostly from the Non-Ad Valorem sanitation assessment and the collection of monthly dumpster service fees. The Sanitation Fund Balance (an accumulation of revenue minus expenditures) has historically fluctuated and had to borrow from its Reserves to achieve balance (**Figure 1**). In other words, operating expenses have regularly exceeded revenues. This has resulted in daily operational challenges and has impacted the Town’s ability to mitigate current and future operational risks (I.e., revenue shortfalls and unanticipated expenditures), provide for stable rates, and effectively plan for future equipment and staffing needs.

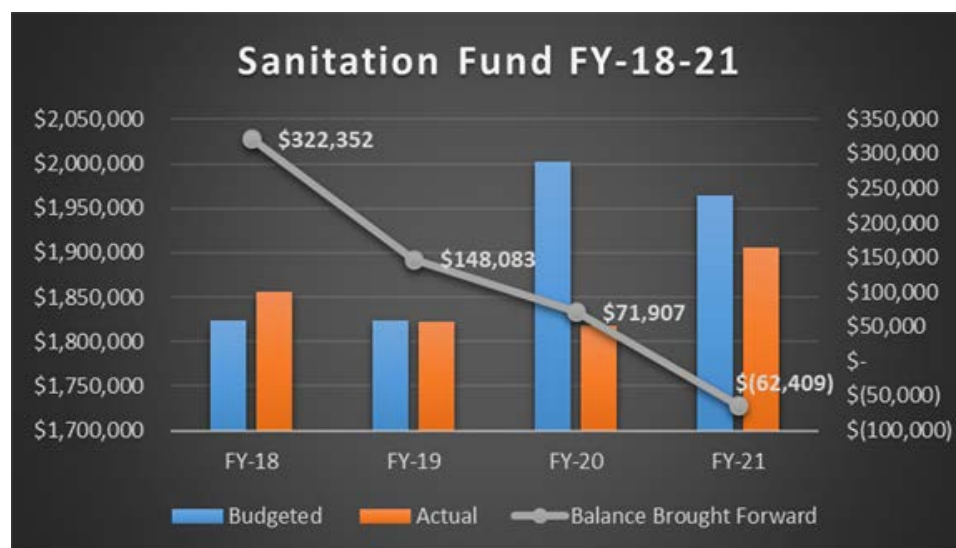


Figure 1

- 2. Sanitation Equipment.** The Sanitation Division currently operates ten (10) major equipment to collect and dispose of residential and commercial solid waste in the Town. Nine of the ten (9 of 10) trucks have exceeded their recommended in-service time (**Table 1**). This has resulted in frequent out-of-service periods for the equipment and service operational disruptions.

Equipment	Years in Service
Automatic Side Loader (3)	7.6 Years
Front-End Loader (3)	7.6 Years
Grapple (Clamshell) Truck (3)	5.75 Years
Rear Loader (1)	17 Years
Automatic Side Loader (3)	7.6 Years
Average Years in Service: 7.8 Years	Recommended Service Life: 7 Years

Table 1

3. Recent Rate Studies. Until 2020, the Town did not complete regular fiscal analysis of its Sanitation Utility. In 2020, the Town completed a comprehensive fiscal Analysis of the Sanitation Utility, which included the following Scope of Services:

- Data Review
- Review of Operating Costs
- Revenue Forecast
- Report

The findings and recommendations from this Analysis were presented to the Town Commission and led to a 9% increase in Residential and Commercial Rates.

Additionally, in 2022, a more limited in scope Analysis studied the Sanitation Multi-Family and Commercial Rate Classes. The findings and recommendations in the associated report were presented to the Town Commission in August of 2022 and included a 10% Rate adjustment for Residential Rates, a 19.7% Adjustment for the Commercial Dumpster Rates, and a suspension of Commercial NAV Assessments, all of which have been approved by the Town Commission and implemented. Furthermore, the 2022 Analysis also recommended a more comprehensive financial analysis of the Sanitation Utility, given the unprecedented and historic impacts of the COVID-19 Pandemic, supply chain collapse, inflation, and other factors which have occurred since 2020.

4. Comprehensive Rate Analyses Proposal. As recommended in the 2022 Analysis and discussed with the Town Commission during its January 4, 2023 meeting, there is a need to conduct a comprehensive financial analysis of the Sanitation Utility.

A. Scope of Work for the Sanitation Rate Analysis:

- Task 1: Data Request, Acquisition/Compilation, and Review
- Task 2: Customer, Sales, and Revenue Forecast (*including determination of Cost of Service Rate Design, which was not included in the 2020 or 2022 Studies*)
- Task 3: Development of Projected Revenue Requirements
- Task 4: Prepare Stormwater Rate Analysis Report

The consultant's proposal carries a Not-to-exceed cost of **\$56,200.00**.

The estimated timeline to complete the Sanitation Utility Rate Analysis is one-hundred and fifty days (150) days from Notice to Proceed and the results of the Analysis will be presented to the Town Commission at a future date.

B. Key Dates Associated with the Sanitation Assessment

- **January-April 2023:** Sanitation Rate Analysis
- **May 2023:** Town begins FY-24 budget development/Presentation to Town Commission on findings and recommendations from rate analysis
- **May 2023:** Workshop on the Sanitation Multi-family Rate Class
- **June 2023:** Presentation to Town Commission on proposed Sanitation rates (for Discussion only)
- **July 20, 2023:** Town submits maximum proposed sanitation assessment rates to County
- **August 2023:** Master Fee Schedule Resolution presented for approval
- **August 18, 2023:** Proposed Tax Notices mailed to all tax payers
- **September 9, 2023:** Town submits approved Sanitation assessment rates

THE STORMWATER UTILITY

The Town is required to manage stormwater runoff in accordance with Federal, State, and local regulations and has been issued associated permits for that purpose.

1. **The Stormwater Utility Fund.** The Town of Lake Park operates a stormwater utility to manage and improve the quality of stormwater runoff and protect public and private property from flood damage. The Stormwater (Utility) Fund operates as a self-supporting, “enterprise” government fund, funded through the Non-Ad Valorem Assessment. The Stormwater Fund Balance (accumulation of revenue minus expenditures) has historically fluctuated and had to borrow from its Reserves to achieve balance (**Figure 2**). In other words, operating expenses have typically exceeded revenues. This has resulted in daily operational challenges and has impacted the Town’s ability to mitigate current and future operational risks (I.e., revenue shortfalls and unanticipated expenditures), provide for stable rates, and effectively plan for future equipment and staffing needs.

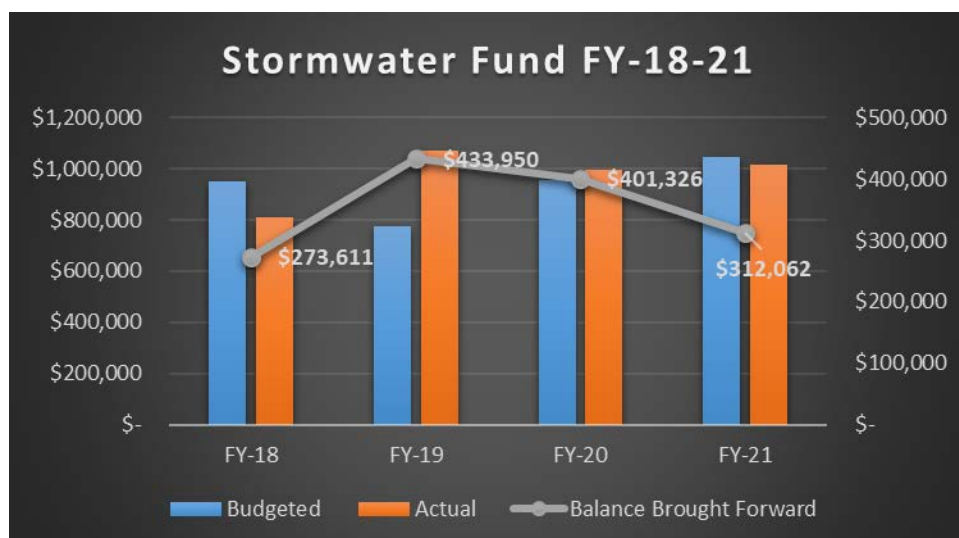


Figure 1

2. **Stormwater Equipment.** The Stormwater Division currently operates five (5) major equipment to maintain the system, all of which have exceeded their recommended in-service time (**Table 2**). This has resulted in frequent out-of-service periods for the equipment, operational disruptions and noncompliance with federal and State-mandated National Pollutant Discharge Elimination System (NPDES) permit requirements (**Figure 3**).

Equipment	Years in Service
Vacuum Truck (2009)	13 Years
Backhoe (2008)	14 Years
Skid Steer Loader (2006)	16 Years
Farm Tractor (2006)	16 Years
Mower (2004)	18 Years
Average Years in Service: 15.4 Years	Recommended Service Life: 7 Years

Table 2

Key Maintenance Performance Indicators

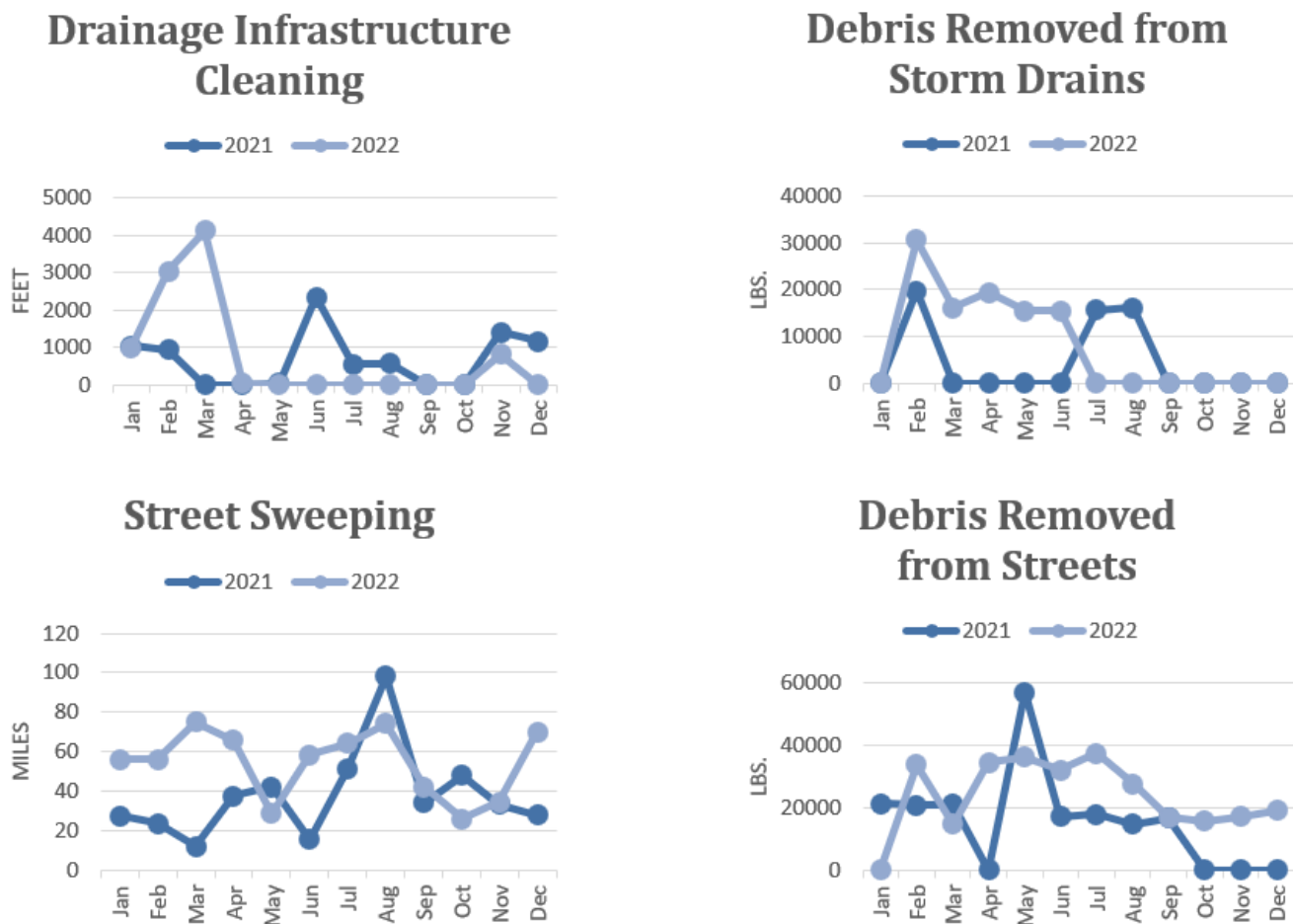


Figure 2

3. **Stormwater Master Plan (SWMP).** The Stormwater Master Plan (**Attachment 2**), which was adopted by the Town Commission in 2021, provides a roadmap to rehabilitate the Town's aging 10.6-mile stormwater pipe infrastructure, address recurring nuisance street flooding and relief coastal Sea Level Rise impacts. To accomplish these goals, the SWMP prescribes the exclusive use of the Stormwater Utility Funding to cover costs associated with labor, condition assessment of the stormwater infrastructure, closed-circuit TV inspections, and pipe rehabilitation and replacement via trenchless Cured-in-Placed (CIPP) and open cut methods.
4. **The 20-Year Needs Assessment.** In June 30, 2022, the Town transmitted to the State of Florida a statutorily-mandated report on the findings of the forward-looking, 20-Year Analysis of the Town's Stormwater infrastructure. The Analysis, provides a long-range planning tool or "Road Map" for the effective operation of the utility. Moreover, the Report indicated that approximately 29% of the 10.62-mile stormwater network infrastructure has exceeded its recommended service life and should be rehabilitated immediately (1-5 years) and the remaining infrastructure within the next 20 years.
5. **First Utility Rate Analysis in Recent History.** The Town has not recently completed a comprehensive financial analysis of the Stormwater Utility to determine the appropriateness of stormwater assessments as related to revenue receipts, operating costs, and necessary capital expenditures.

A. Scope of Work for the Rate Analysis:

- Task 1: Data Request, Acquisition/Compilation, and Review
- Task 2: Customer, Sales, and Revenue Forecast
- Task 3: Development of Projected Revenue Requirements
- Task 4: Prepare Stormwater Rate Analysis Report

The consultant's proposal carries a Not-to-exceed cost of **\$53,720.00**.

The estimated timeline to complete the Stormwater Utility Rate Analysis is one-hundred and fifty days (150) days from Notice to Proceed and the results of the Analysis will be presented to the Town Commission at a future date.

B. Key Dates Associated with the Stormwater Assessment

- **January-April 2023:** Stormwater Rate Analysis
- **May 2023:** Town begins FY-24 budget development/Presentation to Town Commission on findings and recommendations from rate analysis
- **June 2023:** Presentation to Town Commission on proposed stormwater rate
- **July 20, 2023:** Town submits maximum proposed stormwater assessment rate to County
- **August 2023:** Master Fee Schedule Resolution presented for approval
- **August 18, 2023:** Proposed Tax Notices mailed to all tax payers

- **September 9, 2023:** Town submits approved assessment rates to the County

The Town Manager recommends approval of both proposals.

Recommended Motion:

I MOVE TO AUTHORIZE THE TOWN MANAGER TO ENCUMBER AND EXPEND ENTERPRISE FUNDING ASSOCIATED WITH THE SANITATION FUND AND THE STORMWATER FUND AND APPROVE TWO (2) PROPOSALS FROM RAFTELIS FINANCIAL CONSULTANTS, INC., (CONSULTANT) FOR THE PROVISION OF UTILITY RATE AND FINANCIAL CONSULTING SERVICES.