

City of Bartow

Stormwater Utility Rate Study

Prepared: May 2nd, 2024



Agenda

Review of Study Tasks, Financial Targets, and Considerations

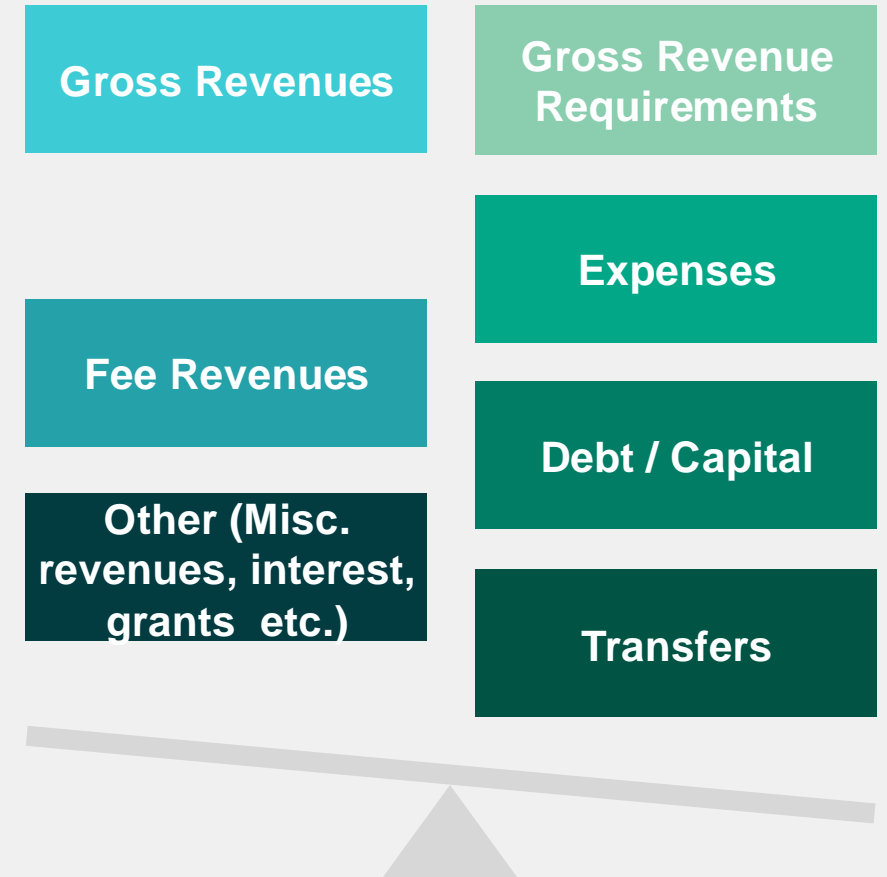
Review of Analysis and Major Assumptions

Conclusions and Recommendations

Next Steps / Questions and Answers

Study Tasks and Approach

- Develop financial forecast to project stormwater system operations for fiscal years 2024 through 2028
- Evaluate historical expenditure trends and data
- Project revenues and revenue requirements
- Develop funding strategy for capital improvement program
- Evaluate cash reserve targets and financial performance requirements
- Determine adequacy of fee revenues at existing levels



Study Goals and Considerations

- Develop plan to promote long term financial sustainability and creditworthiness
- Maintain utility cash reserves at or above 90 days of revenues
 - › Target of 120 days of revenues
- Fulfill all debt service coverage requirements
 - › All-In debt service coverage target 150%
- Achieve positive/breakeven cash flow

Overview of Stormwater Utility

- \$6.6 Million in Stormwater infrastructure assets
- City provides stormwater service to approximately 8,070 accounts
 - › Approx. 11,300 Equivalent Residential Units or “ERUs”
- Current annual fee of \$52.38 per ERU
 - › Single Family / Duplex / Mobile Home = 1 ERU
 - › Nonresidential and Multifamily – 1 ERU = 2,600 sq ft. of impervious area
 - › Agriculture / Vacant / Undeveloped Land
 - Varies based on Acreage
- Impervious area can be defined as hard artificial structures that impede the entry of water into the ground thereby causing the water to runoff.
 - › Common examples can include home and building foundations, pavilions, paved or highly compacted driveways, parking lots, roofs, etc.

Customers, Growth, and Revenues

- Providing service to about 8,070 accounts or 11,300 ERUs
- Annual ERU growth of approx. 3.4% per year
 - › FY 2024 – 2027: 450 ERUs per year
 - › FY 2028 – 360 ERUs
- System revenues at existing rates of about \$600,000 in FY 2024 increasing to \$685,000 by FY 2028
 - › Due to projected growth (without rate adjustments)
- Other revenues and interest income approx. \$1,900 per year

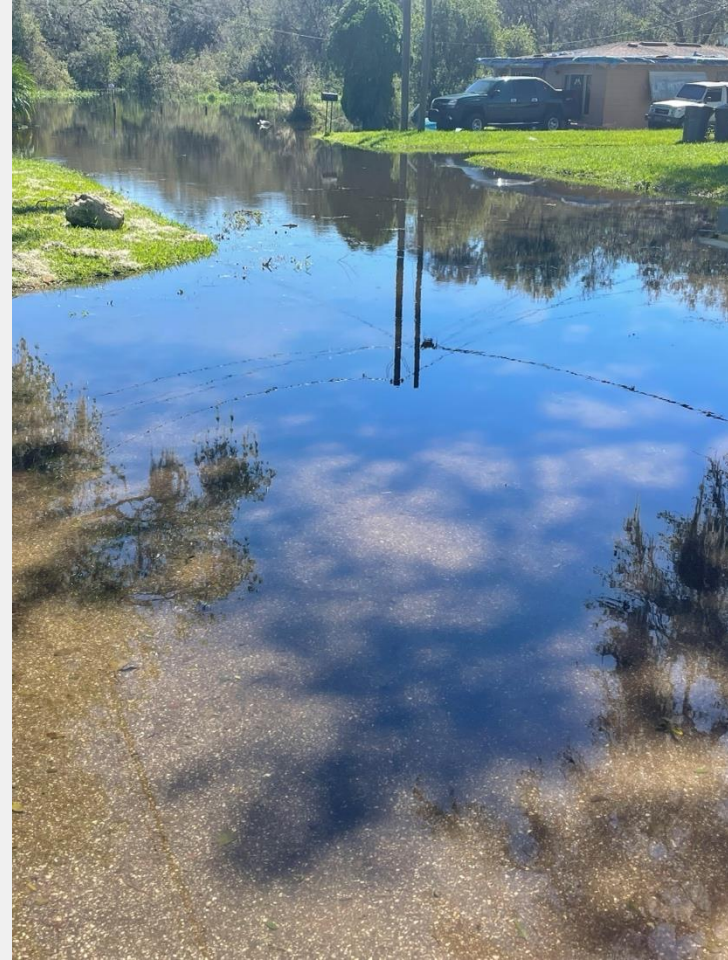
Revenue Requirements

- Operating expenses of \$1.0 million in FY 2024 increasing to \$1.3 million by FY 2028 or an average annual increase of approximately 11.63%
 - › Labor Costs: 5% per year / Contractual: 4% per year / Repair: 5% per year / Insurance 4% per year / Inflation: 3.5% per year
 - › Assumes 2 additional FTEs: 1 in FY 2026 and 1 in FY 2028
 - › General fund indirect cost allocation transfer of \$155k in FY 2024 increasing to \$189k by FY 2028
- Capital Improvement Plan (CIP) of \$7.0 million from FY 2024 through FY 2028
 - › \$4.2 Million in debt funded projects
 - › \$1.8 Million in rate funded projects
 - › \$1.0 Million for Public Works Building (Allocation)
- Proposed debt payments of \$93k in FY 2025 increasing to \$302,000 in 2028
- Annual allowance of \$93k per year for Public Works Building funding
- Using existing reserves in FY 2024 to fund projected revenue requirements
 - › Not sustainable long term as reserves become depleted

Revenue Requirements - CIP

- Total Capital Improvement Program - \$7.0 million
- Major Projects:
 - › Tee Avenue Flooding - \$2.0 Million
 - › Main Street at Jackson Avenue and Oak Avenue - \$1.1 Million
 - › Floral Avenue - \$1.1 Million
 - › Hooker Street at Old Underpass - \$0.6 Million
- Other projects include allocation of public works building, inlet repair, vehicle replacements, and other projects

Planned Stormwater Projects – Tee Circle



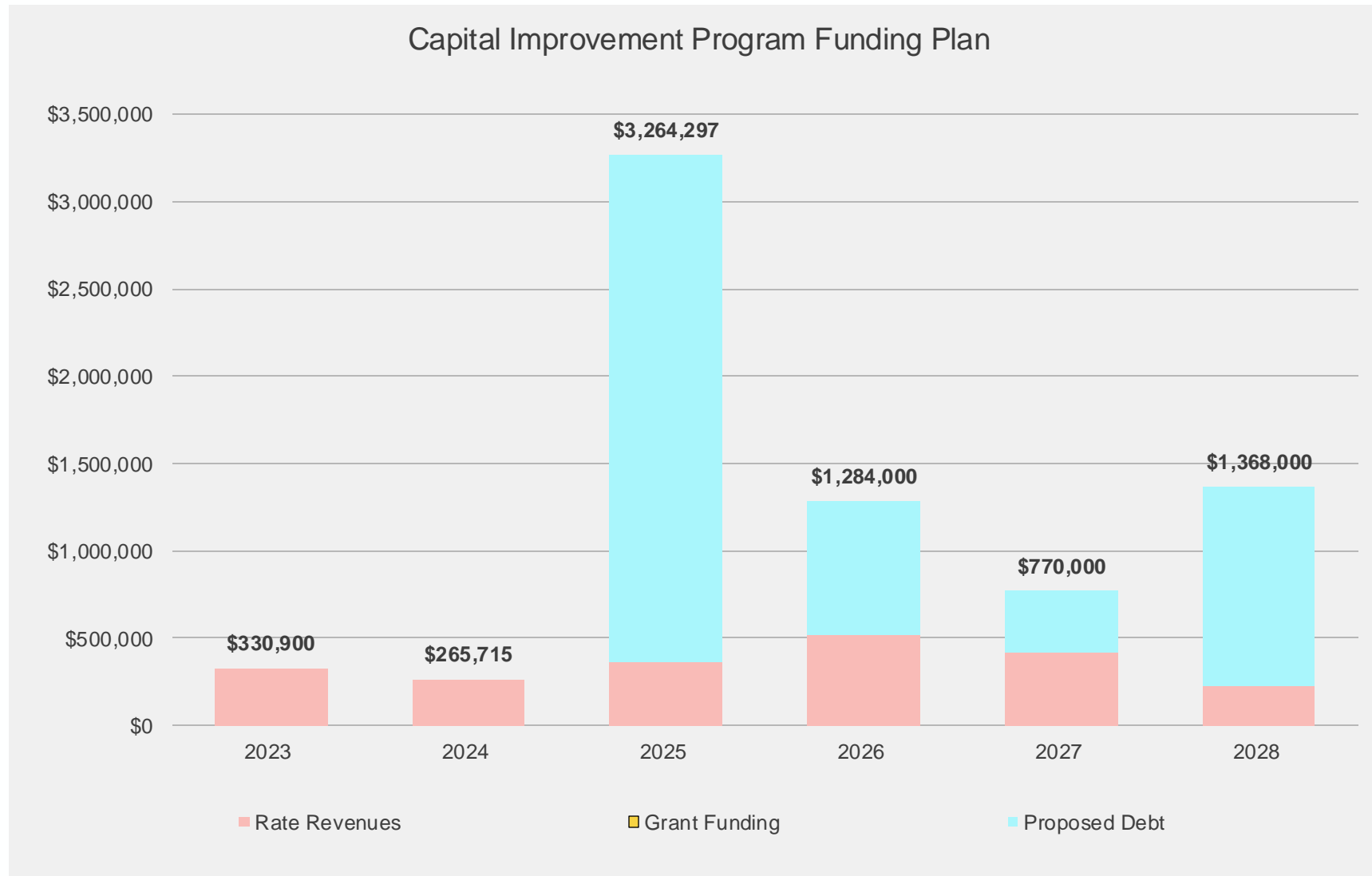
Planned Stormwater Projects – Tee Circle Continued.



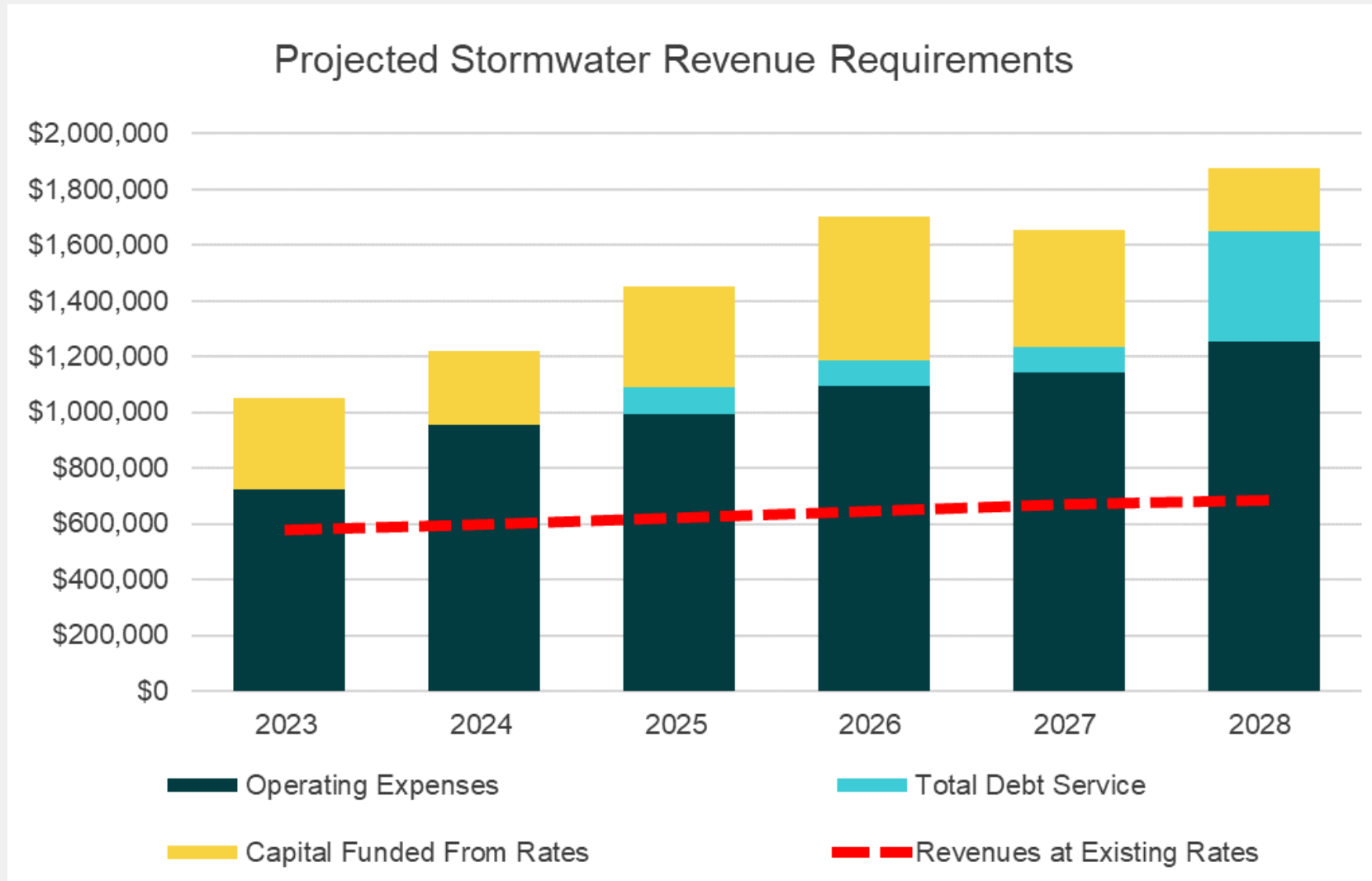
Planned Stormwater Projects – Tee Circle and Washington



Revenue Requirements – CIP (cont.)



Adequacy of Existing Fees



Issues Affecting Fees

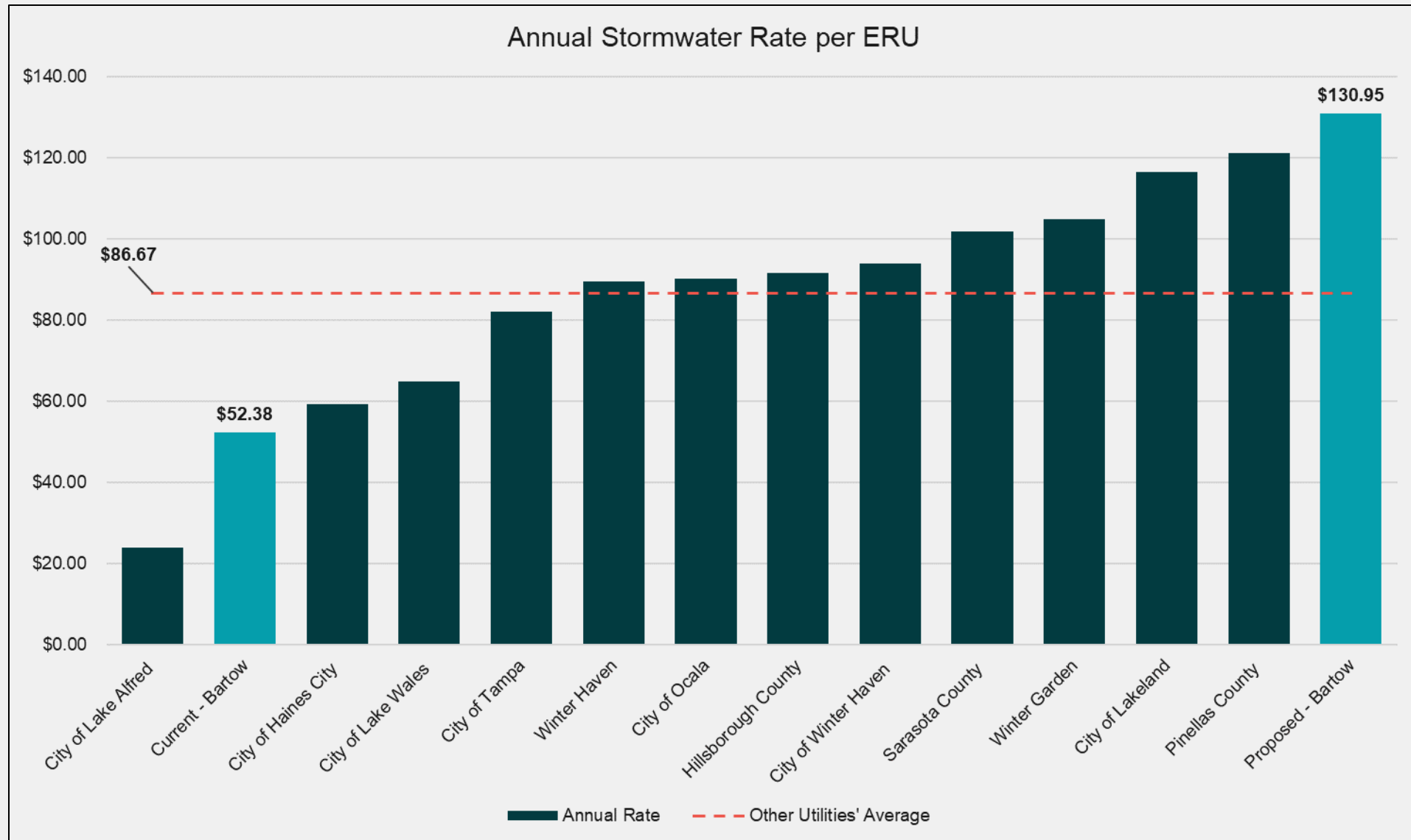
- Inflationary increases in operating and capital expenditures
- Additional personnel in fiscal years 2026 and 2028
- Significant capital expenditures over forecast period
- Future projected annual debt service payments due to borrowing associated with funding of capital projects in the capital improvement program
- Increases in annual PILOT transfer

Preliminary Fee Adjustments Identified in the Financial Forecast

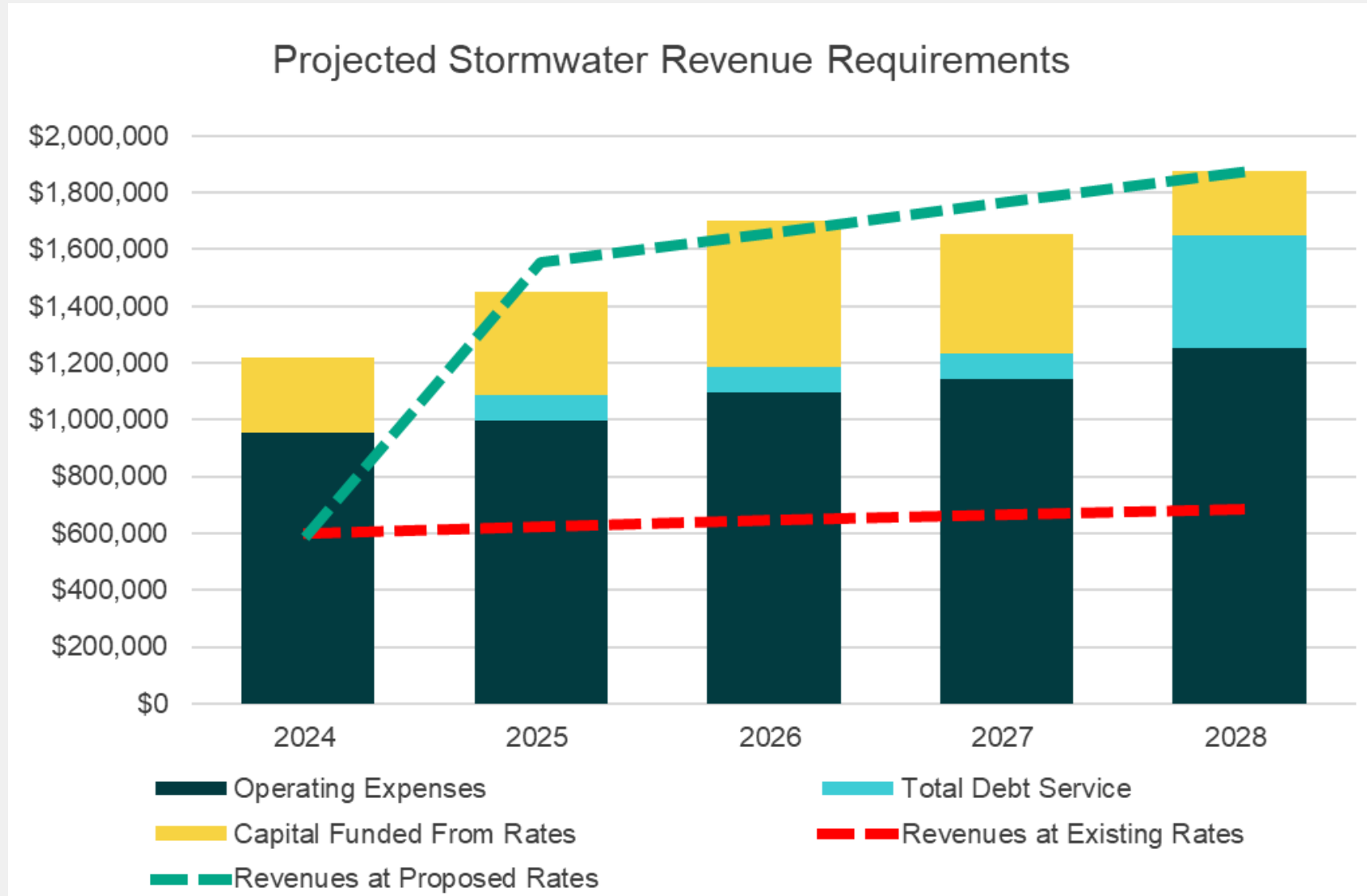
| | 2024 | 2025 | 2026 | 2027 | 2028 |
|---------------------------------|---------|----------|----------|----------|----------|
| Annual Change in Fee \$ | N/A | \$78.57 | \$3.93 | \$4.05 | \$4.17 |
| Annual Stormwater Fee – per ERU | \$52.38 | \$130.95 | \$134.88 | \$138.93 | \$143.10 |

Note – future fee increases will likely be required after the forecast period due to the continued need for significant capital improvement projects.

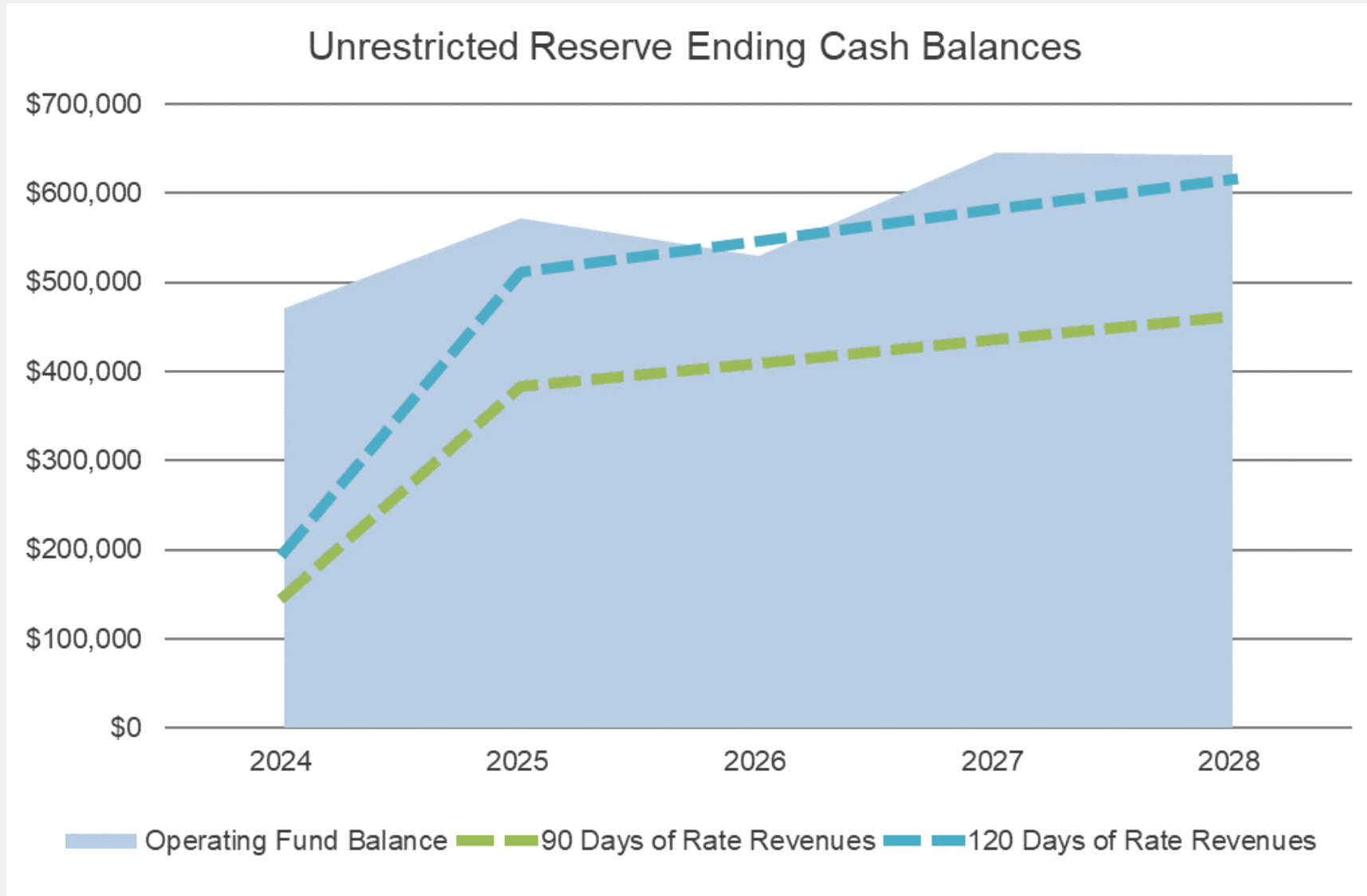
Fee Comparison



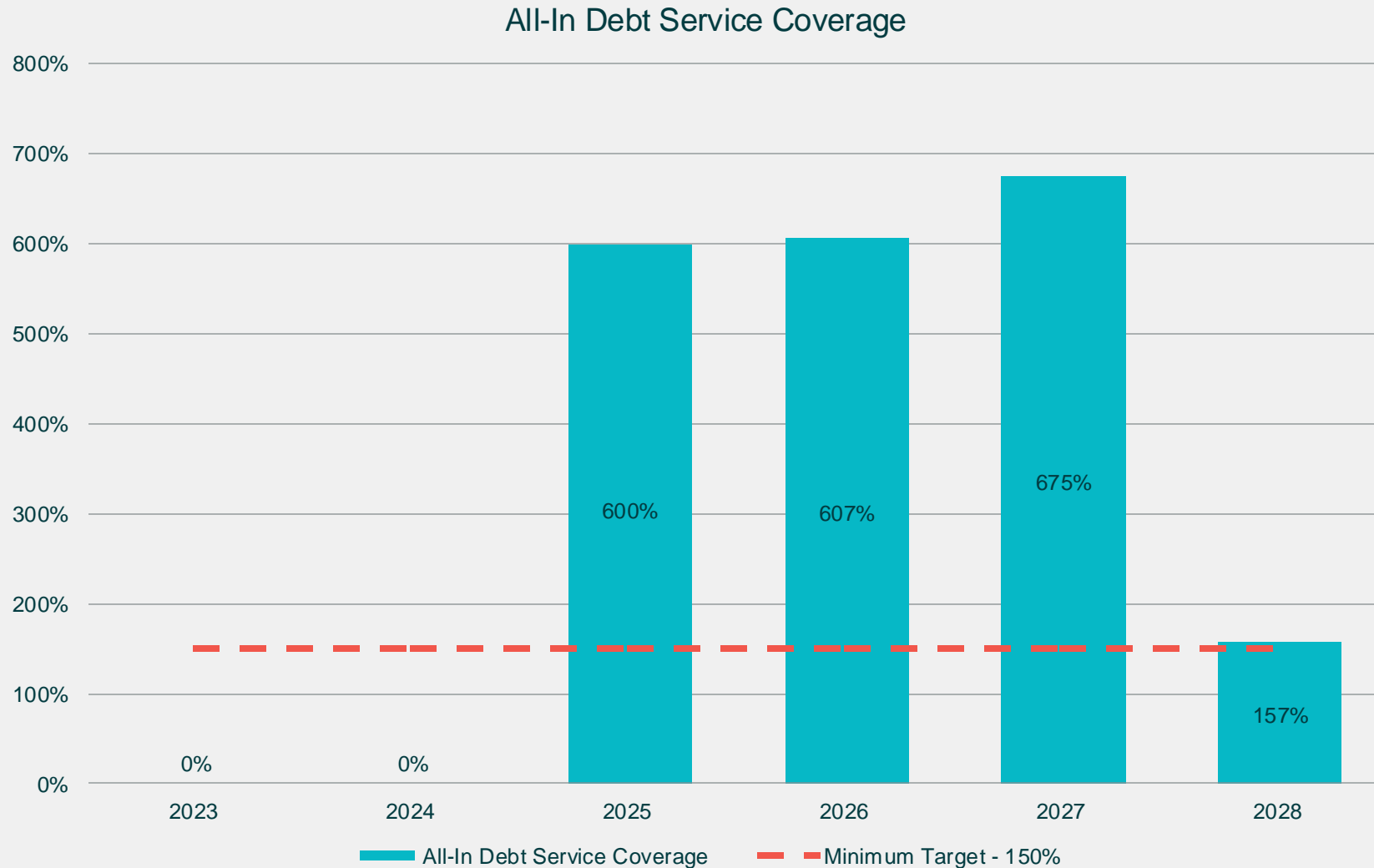
Adequacy of Proposed Fees



Adequacy of Proposed Fees – (cont.)



Adequacy of Proposed Fees – (cont.)



Observations, Recommendations, and Conclusions



Observations

- Existing fees are insufficient under currently operating conditions and are not sufficient to fund capital improvement program
- Due to increasing operating expenses, capital costs related to system renewals and replacements, system upgrades, and debt service payments, the following fee adjustments are proposed for Fiscal Years 2025 through 2028
 - › Increase from \$52.38 to \$130.95 in FY 2025
 - › Increase from \$130.95 to \$134.88 in FY 2026
 - › Increase from \$134.88 to \$138.93 in FY 2027
 - › Increase from \$138.93 to \$143.10 in FY 2028

Recommendations and Conclusions

- Adopt proposed stormwater rate adjustment plan
- Update financial projections periodically to account for changes in customer growth, operating costs, capital needs, etc.
- Proposed rate adjustments are projected to:
 - › Fund needed capital improvement plan projects
 - › Achieve positive operating cashflow by end of forecast period
 - › Fulfill all coverage requirements during forecast period
 - › Maintain operating and capital reserves at targeted levels

Q&A



Thank you!

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