



# City of Deltona

**CITY COMMISSION WORKSHOP**  
**MONDAY, APRIL 27, 2015**  
**5:30 P.M.**

*Mayor*  
John Masiarczyk

*Vice Mayor*  
Nancy Schleicher  
*District 4*

*Commissioners:*

Mitch Honaker  
*District 1*

Diane Smith  
*District 2*

Heidi Herzberg  
*District 3*

Brian Soukup  
*District 5*

Chris Nabicht  
*District 6*

*Acting City Manager*  
Dale Baker

**2ND FLOOR CONFERENCE ROOM**  
**2345 PROVIDENCE BLVD.**  
**DELTONA, FLORIDA**

**AGENDA**

- 1. CALL TO ORDER:**
- 2. ROLL CALL – CITY CLERK:**
- 3. PLEDGE TO THE FLAG:**  
  
**PUBLIC COMMENTS- Citizen comments limited to items on the agenda and will take place after discussion of each item.**
- 4. BUSINESS:**
  - A. Discussion regarding FY 15/16 budget strategy.**
  - B. Discussion RE: Proposed rate change in the Storm Water Special Assessment for FY 2015-2015.**
- 5. CITY MANAGER COMMENTS:**
- 6. ADJOURNMENT:**

**NOTE:** If any person decides to appeal any decision made by the City Commission with respect to any matter considered at this meeting or hearing, he/she will need a record of the proceedings, and for such purpose he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based (F.S. 286.0105).

Individuals with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk, Joyce Raftery 48 hours in advance of the meeting date and time at (386) 878-8500.



## AGENDA MEMO

**TO:** Mayor & City Commission                      **AGENDA DATE:** 4/27/2015  
**FROM:** Dale Baker, Acting City Manager            **AGENDA ITEM:** 4 - A  
**SUBJECT:** Discussion regarding FY 15/16 budget strategy.

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<b>LOCATION:</b>	City-wide
<b>BACKGROUND:</b>	Staff will distribute materials for the basis of discussing challenges facing the City, competing demands on financial resources, and the overall planned approach to this year's budget preparation. The goal is to obtain direction from the Commission for preparation of the FY 15/16 budget.
<b>ORIGINATING DEPARTMENT:</b>	Finance
<b>SOURCE OF FUNDS:</b>	N/A
<b>COST:</b>	N/A
<b>REVIEWED BY:</b>	Finance Director, Acting City Manager
<b>STAFF RECOMMENDATION PRESENTED BY:</b>	N/A - For discussion and direction to staff as necessary.
<b>POTENTIAL MOTION:</b>	N/A - For discussion and direction to staff as necessary.
<b>AGENDA ITEM APPROVED BY:</b>	<hr/> Dale Baker, City Manager

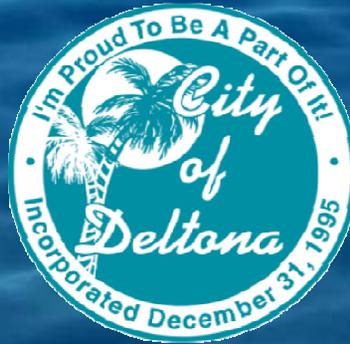


## AGENDA MEMO

**TO:** Mayor & City Commission                      **AGENDA DATE:** 4/27/2015  
**FROM:** Dale Baker, Acting City Manager                      **AGENDA ITEM:** 4 - B  
**SUBJECT:** Discussion RE: Proposed rate change in the Storm Water Special Assessment for FY 2015-2015.

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<b>LOCATION:</b>	N/A
<b>BACKGROUND:</b>	Staff will make a brief presentation explaining the current methodology and status of the Storm Water Special Assessment and seek direction from the Commission.
<b>ORIGINATING DEPARTMENT:</b>	Finance
<b>SOURCE OF FUNDS:</b>	Stormwater Special Assessment
<b>COST:</b>	N/A
<b>REVIEWED BY:</b>	Finance Director and Acting City Manager
<b>STAFF RECOMMENDATION PRESENTED BY:</b>	N/A - For discussion and direction to staff as necessary.
<b>POTENTIAL MOTION:</b>	N/A - For discussion and direction to staff as necessary.
<b>AGENDA ITEM APPROVED BY:</b>	<hr/> Dale Baker, Acting City Manager
<b>ATTACHMENTS:</b>	<ul style="list-style-type: none"><li>• Storm Water Power Point</li></ul>



# City of Deltona

Stormwater Rate Study

April 27, 2015



TETRA TECH



# Background

- Stormwater Utility rates last increased in 2008.
- Current rates are \$76.11/ERU per year (\$6.34/mo.)
- Since 2008 the City has invested over \$14 million in the stormwater system.
- Effects of inflation have lead to an increase in stormwater costs. The CPI has increased 9% since 2008
- A total of \$5.41 million in future capital expenditures have been identified to improve levels of service.
- A total of \$548,000/per year identified to repair and replace existing facilities.



# Projected Funding with Current Rates

Projected Fiscal Yr.	Funds on hand	O&M, Debt, Other Expenses	Renewal and Replacement	Capital Improvements
2015/16	\$973,576	\$2,947,234	\$548,000	\$1,354,000
2016/17	0	3,007,263	548,000	346,113 <sup>1</sup>
2017/18	0	2,930,983 <sup>2</sup>	0	0
2018/19	0	2,927,698 <sup>3</sup>	0	0

Items in red are underfunded.

1. FY 2016/17 Total Capital Improvements projected at \$1.35 million. Underfunded by \$1.08 million with current rates.
2. FY 2017/18 Expenses projected at \$3.07 million. Underfunded by \$141,133 with current rates.
3. FY 2018/19 Expenses projected at \$3.13 million. Underfunded by \$204,488 with current rates.





# Goals of the Rate Study

- Develop rates to meet the revenue requirements of the City's stormwater system for the next four years.
  - O&M, Debt and Other Expenses – funded by user rates
  - Renewals and Replacements – funded by user rates
  - Capital Improvements – funded by cash or debt



# O&M, Debt and Other Expenses

Description	Budgeted FY 2014/15	Projected FY 2015/16
Total O&M	\$2,212,500	\$2,271,000
Debt Service	527,000	527,000
Equipment Purchase	150,000	150,000
Total	\$2,889,500	\$2,948,000



# Renewal and Replacement

Projected FY2015/16	Projected FY2016/17	Projected FY2017/18	Projected FY2017/18	Average
\$332,000	\$533,900	\$550,000	\$553,000	\$548,000



# Capital Improvements

- A total of \$5.41 million identified
- Two variables considered
  - Time to complete all projects (4, 8, 12 and 16 year Term)
  - Funding Method (debt or cash)



# Capital Improvements

cont.

Term of CIP	Expenditure for next four years <sup>(1)</sup>	Projected Debt Service	Projected Cash Requirement
4 years	\$5,414,000	\$486,000	\$1,354,000
8 years	2,707,000	243,000	677,000
12 years	1,353,500	121,000	338,000
16 years	677,000	60,000	169,000

1. For CIP terms of 8, 12, and 16 years, additional CIP funding will be required in the future.



# Total Revenue Requirements

Funding	Debt				Cash			
	4 Years	8 Years	12 Years	16 years	4 Years	8 Years	12 Years	16 years
CIP Term								
O&M & Oth	\$2,421,000	\$2,421,000	\$2,421,000	\$2,421,000	\$2,421,000	\$2,421,000	\$2,421,000	\$2,421,000
R&R	548,000	548,000	548,000	548,000	548,000	548,000	548,000	548,000
Ex. Debt	527,000	527,000	527,000	527,000	527,000	527,000	527,000	527,000
New Debt	486,000	243,000	121,000	60,000	0	0	0	0
Cash					1,354,000	677,000	338,000	169,000
Total	\$3,982,000	\$3,739,000	\$3,617,000	\$3,556,000	\$4,850,000	\$4,173,000	\$3,834,000	\$3,665,000



TETRA TECH



# Rate Determinants

- ERU- Equivalent Residential Unit
- One ERU equals 3,484 square feet of impervious area.
- A single family home is equivalent to 1 ERU.
- A vacant single family lot is equivalent to 0.63 ERUs.
- ERUs for other improved properties are determined by multiplying the existing impervious area by 3,484 sf.
- ERUs for unimproved properties are determined by multiplying the existing total area by 0.16 ERUs/sf up to a maximum of 10 ERUs.
- Current estimate of ERUs = 39,528



# Calculated Rates

Funding	Debt				Cash				
	CIP Term	4 years	8 years	12 years	16 years	4 years	8 years	12 years	16 years
Current Rate (\$/yr)	76.11	76.11	76.11	76.11	76.11	76.11	76.11	76.11	76.11
Increase	26.67	20.50	17.44	15.89	48.60	31.48	22.90	18.62	
Calculated Rate (\$/yr)	102.78	96.61	93.55	92.00	124.71	107.59	99.01	94.73	
% Increase	35.04	26.93	22.91	20.88	63.86	41.36	30.09	24.47	

Adopting a \$20.50/yr (\$1.71/mo.) rate increase will allow for the system to meet its expenses for the next four years while allowing the capital program to be built over 8 years.





# Rate Comparison

Utility	Rate (\$/ERU/yr)		
	2009	2011	2015
Daytona Beach	--	89.76	107.52
Port Orange	99.00	99.00	99.00
Deltona	76.11	76.11	96.61
Sanford	67.20	81.48	96.48
Edgewater	84.00	96.0	96.00
Ormond Beach	--	--	96.00
Deland	--	--	94.00
New Smyrna	60.00	60.00	85.00
Casselberry	--	84.00	84.00
Debary	84.00	84.00	84.00
Longwood	72.00	72.00	72.00
Volusia County	72.00	72.00	72.00
Winter Springs	66.00	66.00	66.00
Cape Canaveral	36.00	36.00	60.00
Lake Mary	36.00	36.00	48.00
Average			83.69



# Recommendations

- Continue the current practice of funding capital programs with debt with supporting funding from available cash.
- Adopt a \$20.50/yr rate increase bringing the new rate to \$96.61/yr. A 27% rate increase.
- Systematically reevaluate the stormwater rates to keep pace with inflation and unforeseen cost increases.