City Commission Workshop
Agenda
July 24, 2017

Mayor Gib Coerper	**City Manager Traci L. Gresham**
Vice Mayor Shirley Green Brown	City Attorney Marian Rush
Commissioner Gary Hardacre	
Commissioner Ben Boukari, Jr.	
Commissioner Robert Wilford	

The City Commission will conduct a

City Commission Workshop
At 4:30 PM

to address the item(s) below.

Meeting Date: July 24, 2017

Meeting Location: James A. Lewis Commission Chambers, City Hall

WORKSHOP MEETING

Notice given pursuant to Section 286.0105, Florida Statutes. In order to appeal any decision made at this meeting, you will need a verbatim record of the proceedings. It will be your responsibility to ensure such a record is made.

I. CALL TO ORDER

II. AGENDA ITEM

A. Budget Workshop - Policy Directives and Utility Rates

III. ADJOURN

Commission Agenda Item

MEETING DATE: 7/24/2017
SUBJECT: Budget Workshop - Policy Directives and Utility Rates
PREPARED BY: Robert A. Bonetti, Finance and Administrative Services Director

RECOMMENDED ACTION:
Hold workshop.

Summary

Staff will provide an overview of issues that may require policy directives from the City Commission and present any updates to the information presented in the initial Introduction Budget Workshop. Also, an overview of utility rates for FY 2017-2018 will be provided. Finally, a timeline for the remainder of the FY 2017-2018 budget process will be provided.

BUDGETED: No

COMMISSION GOALS:
Economic Development, Quality of Life, Community Enhancement, Strengthen Community Services

ATTACHMENTS:

Description

- Budget Workshop - Policy Directives & Utility Rates

City of Alachua

Budget Workshop-Policy Directives & Utility Rates

Fiscal Year 2017/2018

July 24, 2017

Purpose

* Provide an update and overview of issues that will require policy directives from City Commission, and that have changed since the Introduction Budget Workshop.

* Provide overview of projected utility rates for FY 2018.

* Provide a timeline for the remainder of the FY 2018 budget process.

Policy Directive Revenue Issues

Property Taxes-Millage Rate

* The City's Tax Year 2017 taxable value figure is $784,941,991.

* 11.16% increase from the 2016 taxable value of $706,054,384.

* The impact at current millage rate of 5.9900 mills is a $472,536 increase in ad valorem taxes.

* Staff initial recommendation is to remain at 5.9900 mills pending BoCC Fire MSBU decision.

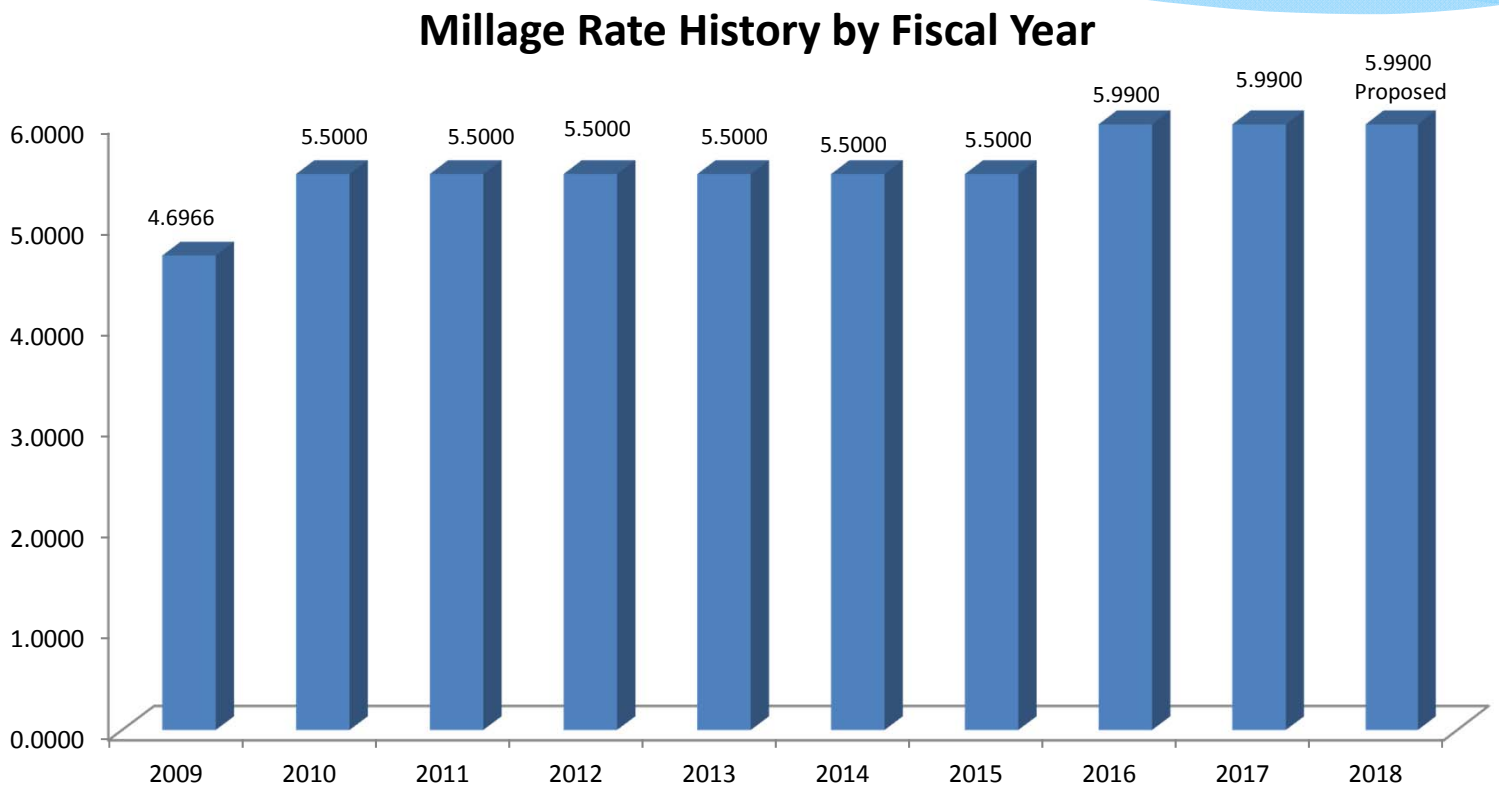
Policy Directive Revenue Issues

Property Taxes-Millage ≤≤Rate Options

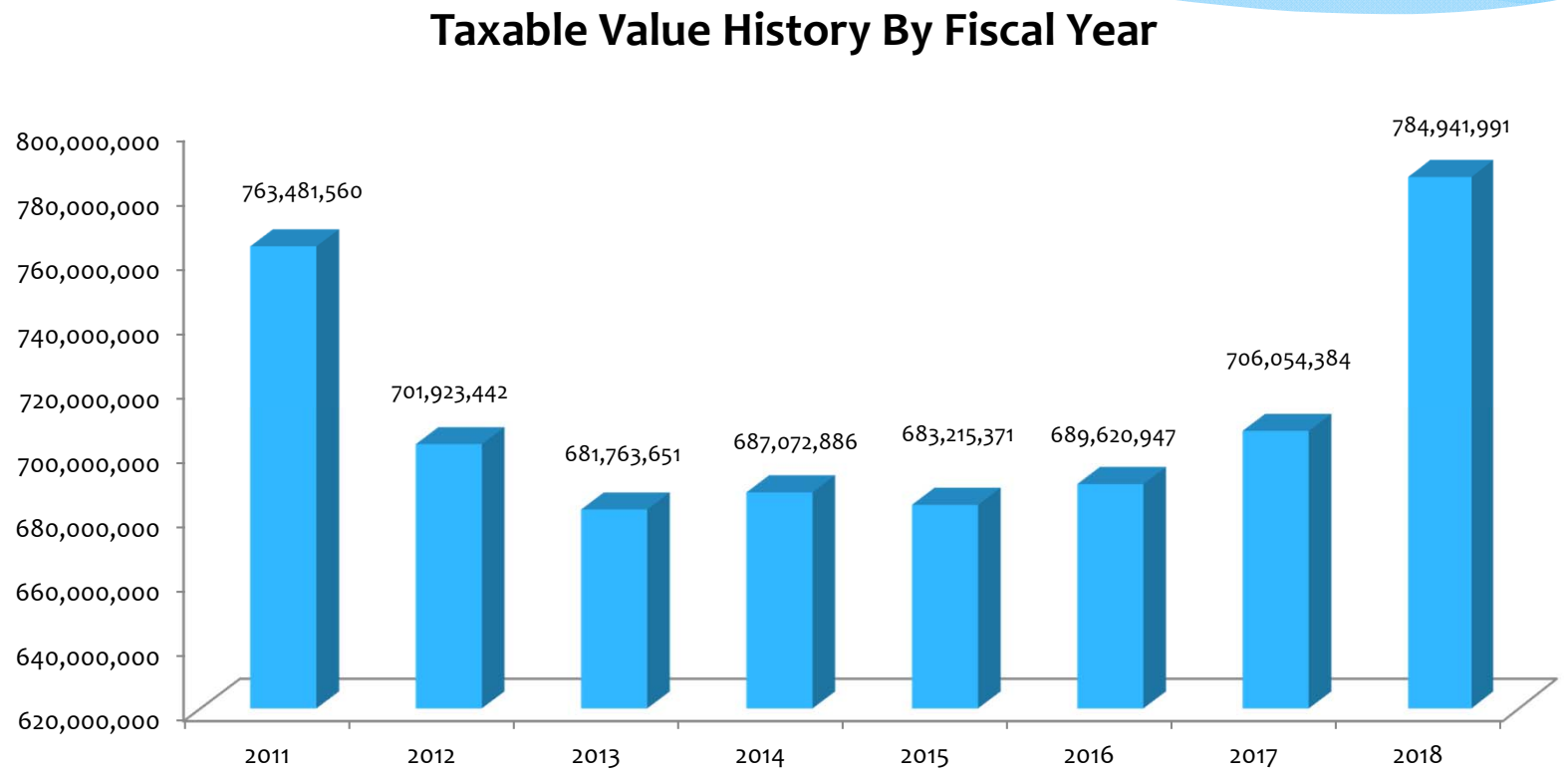
* Majority vote ≤ 8.1014:
  - Current millage of 5.9900
  - Rollback rate of 5.7065

* 2/3 vote [4 of 5 Commissioners] > 8.1014 < 8.9115

Policy Directive Revenue Issues



Policy Directive Revenue Issues



Policy Directive Revenue Issues

Millage Dynamics

Each 1 Mill =	$784,942
Each 1/2 Mill =	$392,471
Each 1/3 Mill =	$261,647
Each 1/4 Mill =	$196,235
Each 1/10 Mill =	$78,494

Policy Directive Revenue Issues

Other Taxes

* Local Option Fuel Taxes estimate: $253,152
  – increase from FY 2017 of $2,990.

* Communication Services Tax estimate: $326,333
  – decrease from FY 2017 of $23,200.

* Utility Tax estimate: $1,400,000
  – increase from FY 2017 of $150,000.

Policy Directive Revenue Issues

Intergovernmental

* Half Cent Sales Tax estimate: $629,511
  - increase from FY 2017 $46,748.

* Municipal Revenue Sharing estimate: $293,360
  - increase from FY 2017 of $16,129.

Policy Directive Revenue Issues

Charges for Services-Electric Rates

* GRU contract rate of $58.00 per MWh
  – effective from April 1, 2016 until March 31, 2022.

* FY 2018 proposed budget will not include any rate changes in electric charges.

* BPCA will remain at $0.01100/ kWh for FY 18.

Policy Directive Revenue Issues

Charges for Services-Residential Electric Rates

Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$9.14	No Change
Consumption Charge ($ per 1,000 kWh)		
0-1,000 kWh More than 1,000 kWh	$0.0934 $0.1036	No Change
BPCA ($ per 1,000 kWh)	$11.00	No Change

Policy Directive Revenue Issues

Charges for Services-Non Residential Electric Rates

Non Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$11.68	No Change
Consumption Charge ($ per 1,000 kWh)	$0.0985	No Change
BPCA ($ per 1,000 kWh)	$11.00	No Change

Policy Directive Revenue Issues

Charges for Services-Demand Electric Rates

Demand Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$45.71	No Change
Demand Charge ($ per kW)	$7.36	No Change
Consumption Charge ($ per 1,000 kWh)	$0.0701	No Change
BPCA ($ per 1,000 kWh)	$11.00	No Change

Policy Directive Revenue Issues

Charges for Services-Large Demand Electric Rates

Large Demand Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$45.71	No Change
Demand Charge ($ per kW)	$7.36	No Change
Consumption Charge ($ per 1,000 kWh)	$0.0670	No Change
BPCA ($ per 1,000 kWh)	$11.00	No Change

Policy Directive Revenue Issues

FY 2018 Water Charges for Services Overview

* FY 2018 proposed budget will implement a 2% increase to water rates. Both the customer charge, availability charge, and base consumption rates will increase for all water classifications.

* Florida Public Service Commission (FPSC) price index was 1.51%.

* Increase necessary due to keeping with staff's revenue model plan, rising costs and infrastructure needs.

Policy Directive Revenue Issues

Charges for Services-Residential Water Rates

Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$7.81	$7.97
Availability Charge ($ per month)	Varies	2% increase for each meter size
Consumption Charge ($ per 1,000 gallons)		
0-4,000 gallons	$1.85	$1.89
4,001-8,000 gallons	$2.41	$2.46
above 8,000 gallons	$3.61	$3.68

Policy Directive Revenue Issues

Charges for Services-Non Residential Water Rates

Non Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$7.81	$7.97
Availability Charge ($ per month)	Varies	2% increase for each meter size
Consumption Charge ($ per 1,000 gallons)	$2.41	$2.46

Policy Directive Revenue Issues

Charges for Services-Irrigation Water Rates

Irrigation Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$7.81	$7.97
Availability Charge ($ per month)	Varies	2% increase for each meter size
Consumption Charge ($ per 1,000 gallons)	$3.61	$3.68

Policy Directive Revenue Issues

Capital Facilities Charges-Water

* Last adjusted in 2006.
* Paid by development to connect to water system infrastructure.
* No proposed increase.

Policy Directive Revenue Issues

FY 2018 Wastewater Charges for Services Overview

* FY 2018 proposed budget will implement a 2.0% increase in wastewater rates. Both the customer charge and base consumption rate will increase for all wastewater classifications.

* Florida Public Service Commission (FPSC) price index was 1.51%.

* Increase necessary due to keeping with staff's revenue model plan, infrastructure needs and rising costs (includes debt service for plant WWTF plant expansion).

Policy Directive Revenue Issues

Charges for Services-Residential Wastewater Rates

Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$10.24	$10.44
Consumption Charge ($ per 1,000 gallons)	$5.38	$5.49

Policy Directive Revenue Issues

Charges for Services-Non Residential Wastewater Rates

Non Residential Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$10.24	$10.44
Consumption Charge ($ per 1,000 gallons)	$7.48	$7.63

Policy Directive Revenue Issues

Charges for Services-Reclaimed Water Rates

Reclaimed Water Rates		
Rate Component	Existing	Proposed
Customer Charge ($ per month)	$7.69	$7.84
Consumption Charge ($ per 1,000 gallons)	$0.70	$0.71

Policy Directive Revenue Issues

Capital Facilities Charges-Wastewater

* Last adjusted in 2006.
* Paid by development to connect to wastewater system infrastructure.
* Pledged as repayment source for SRF Loan payback.
* No proposed increase.

Policy Directive Revenue Issues

Utility Rates-Mosquito Control

* Last increase: $0.10 /month in FY 2013.

* No proposed increase.

Policy Directive Revenue Issues

Utility Rates-Summary

* A typical Residential customer will see an overall monthly billing that reflects:

Electric (1,000 kWh):	$0.00
Water (6,000 gal.):	$0.43
Wastewater (6,000 gal.):	$0.86
Irrigation (10,000 gal.):	$0.90

* Proposed rate changes will be properly noticed to customers (utility billing) in accordance with Florida Statute 180.136.

Policy Directive Revenue Issues

Utility Rates-Summary

* A typical Non residential (Non Demand) customer will see an overall monthly billing that reflects:

Electric (1,500 kWh):	$0.00
Water (20,000 gal.):	$1.14
Wastewater (20,000 gal.):	$3.20
Irrigation (10,000 gal.):	$0.90

* Proposed rate changes will be properly noticed to customers (utility billing) in accordance with Florida Statute 180.136.

Policy Directive Revenue Issues

Utility Rates-Summary

* More details and information on the proposed rates will be discussed prior to adoption during the public hearings on August 14th and August 28th 2017.

Policy Directive Revenue Issues

Other Rates-Solid Waste Collection

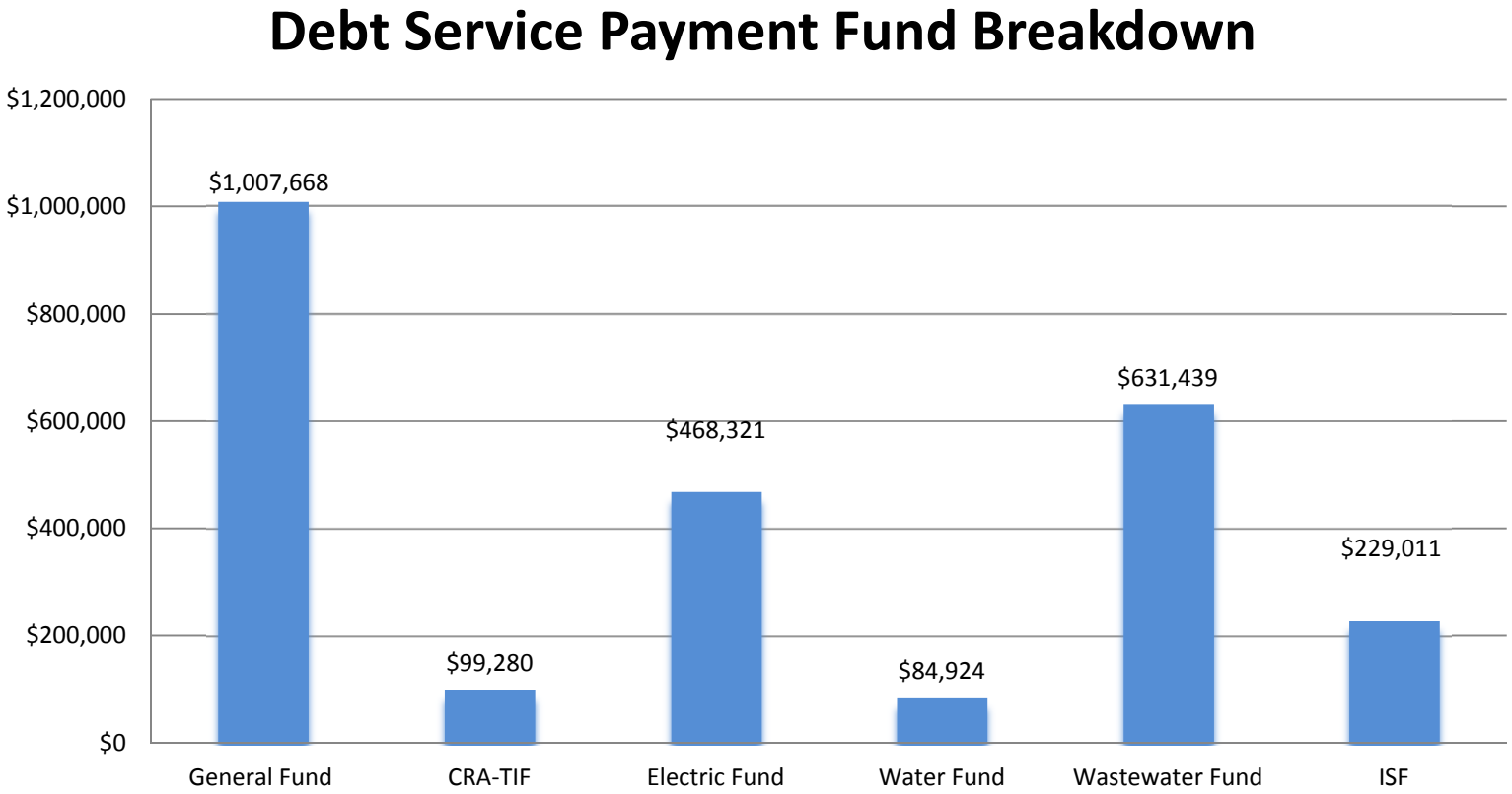
* Waste Pro contract expires September 30, 2022
* Waste Pro rate to City as of October 1, 2016: $15.50
* City's rate to customers is $18.60
* Current administration spread is 20%
  - No rate change proposed.

Policy Directive Expenditure Update

* Scheduled debt payments for FY 18 increased to $2,521,643 from $2,413,852.

* Outstanding Issues include:
  - -Series 1993 Utility Acquisition Bonds
  - -Series 2009 SRF Loan
  - -Series 2013 Utility Refunding Revenue Bond
  - -Section 108 Loan Series 2015
  - -Series 2013 Redevelopment Note
  - -Series 2016 Capital Improvement Revenue Bond
  - -County TDC repayment
  - -Motorola Capital Lease

Policy Directive Expenditure Update



Policy Directive Expenditure Issues

Fire Contract

* BoCC passed initial rate assessment on July 11, 2017.
* Final BoCC Fire Assessment Hearing on August 22, 2017.
* Continue to fund building maintenance and insurance.

Policy Directive Expenditure Issues

Insurance

* Commercial Insurance premium cost across all funds approximately $232K.
* Workers Compensation policy is approximately $110K.
* Health insurance anticipated increase of 15%.
* Dental insurance anticipated increase of 7%.
* Vision and life insurances will remain unchanged.

Policy Directive Expenditure Issues

Personal Services

* City Manager to recommend:
  - 2% COLA: $110K approximately
  - Longevity Pay: $69K approximately

Remaining Budget Calendar

* August 14, 2017: Budget Workshop / Proposed Budget, 5:00p.m.
* August 14, 2017: First Utility Rate Public Hearing, 6:00p.m.
* August 28, 2017: Budget Workshop / Proposed Budget, 5:00p.m.
* August 28, 2017: Second Utility Rate Public Hearing, 6:00p.m.

Remaining Budget Calendar

* September 11, 2017: CRA Budget Adoption, 5:00p.m.
* September 11, 2017: First Budget Public Hearing, 6:00p.m.
* September 11, 2017: Stormwater Assessment Rates Public Hearing, 6:00p.m.
* September 25, 2017: Final Budget Public Hearing, 6:00p.m.

Questions or Comments