

Minutes of the Special Commission Workshop Meeting of the City of Auburndale held August 2, 2021, at 6:30 p.m. in the Commission Room of City Hall, after having been properly advertised, with the following members present: Mayor Tim Pospichal, Commissioners: Dorothea Taylor Bogert, Keith Cowie, Richard Hamann, and Jack Myers. Also, present were: City Manager Jeff Tillman, City Clerk Jeffrey Brown, City Attorney Frederick J. Murphy Jr., and Police Chief Andy Ray.

Mayor Tim Pospichal declared a quorum present.

City Manager Tillman has called a Special Commission Workshop Meeting to hear the following item: PRESENTATION OF UTILITY RATE AND IMPACT FEE STUDY AND PROPOSED UTILITY RATE AND IMPACT FEE CHANGES. He noted the meeting was required as a result of impact fee proposed changes related to the alternative water sources.

City Manager Tillman took the podium. Recognized former City Clerk/Finance Director Shirley Lowrance. City Manager Tillman then announced the appointment of Chris Reeder as Finance Director. I am so very pleased to announce to you, that I have offered the position to, and that Deputy Finance Director Chris Reeder has accepted to serve as the Finance Director beginning August 2, 2021.

Chris began his employment with the City of Auburndale as the Deputy Finance Director in January 2021. During his tenure as Deputy Finance Director, he worked closely with Shirley Lowrance in preparing this year's annual budget, streamlined several departmental processes, and played a lead role in the 2021 Utility Rate and Impact Fee Study. I am very optimistic about the direction, leadership and experience that Chris Reeder brings to the position of Finance Director.

Chris Reeder began his career working with the City of Auburndale in 1996 as a Tennis Instructor. During his employment with the City, he would go on to earn an Associate of Arts Degree from Polk Community College and a Bachelor's Degree in Accounting and Business Administration with a concentration in Finance from Florida Southern College in 2001. Following graduation and seeking professional opportunities as a result of his education, Mr. Reeder took a position as a Staff Accountant in the private sector with the City's Auditor, G.T. Nunez & Associates. While working for G.T. Nunez & Associates, Chris also obtained a Master of Business Administration Degree with a concentration in Accounting from Florida Southern College in 2005. He would advance to the position of Audit Supervisor before serving in other roles in the private sector including Controller for Garrard Carpentry, Chief Financial Officer for Universal Building Specialties, and Finance Manager for Sofidel America Corporation. While working for Sofidel, he advanced to the role of Regional Operations Manager where he led a team of 300 employees in the operations of a fully integrated tissue manufacturing and distribution facility. He returned to the City of Auburndale in January in a succession planning role as Deputy Finance Director to begin learning the responsibilities of long-time Finance Director/City Clerk Shirley Lowrance.

Finance Director Chris Reeder introduced his family.

City Manager Tillman also recognized Jeff Brown who was taking over the City Clerk's functions as a result of Shirley Lowrance's retirement.

1. PRESENTATION OF 2021 UTILITY RATE AND IMPACT FEE STUDY AND PROPOSED UTILITY RATE AND IMPACT FEE CHANGES

Chris Reeder stated the presentation was of the rate study completed by Raftelis. Raftelis has completed several rate studies in the past. This study will focus on water and sewer rates and water and wastewater impact fees. The scope of the study was to determine water and sewer revenue sufficiency over the next five

years and to look at water and wastewater impact fees and to provide an update. Key assumptions Raftelis used in projecting revenues and expenditures:

- A. Customer growth - the current rate of growth in residential development in the city is projected to have higher growth in customer base, in the years 2025 and 2026 growth is expected to slow. The reason for the larger sewer increases than water is our customer mix. There are more water customers than sewer customers. When customers are added to sewer it has a larger impact in the sewer revenue.
- B. Cost Escalations – Labor costs are expected to growth 3.5% per year. General inflation of 2.2% per year for non-personnel expenses and capital projects.
- C. Operating cost increases due to the Polk Regional Water Cooperative (PRWC) which are known and projected at this time.
- D. The Utilities Fund is still projected to make a transfer to the General Fund. In 2024, the city will issue approximately 8 million dollars of debt for new wastewater projects.

Finance Director Reeder presented a list of proposed capital improvement projects.

Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Water Projects						
PRWC Phase I & II	\$166,000	\$892,000	\$1,661,400	\$181,400	\$934,200	\$0
Berkley Storage Expansion	0	0	4,455,800	0	0	0
Simmer Young & Gapway Exp.	0	2,472,000	0	0	0	0
Other Water Projects	1,403,500	1,049,100	726,100	382,500	354,500	173,900
Total Water Projects	\$1,569,500	\$4,413,100	\$6,843,300	\$563,900	\$1,288,700	\$173,900
Wastewater Projects						
Utility System Rehabilitation	\$0	\$515,000	\$530,500	\$546,400	\$562,800	\$579,600
Sprayfield Expansion	0	0	0	6,556,400	2,251,000	0
Other Wastewater Projects	2,045,000	756,200	1,650,100	1,289,400	1,615,000	371,000
Total Wastewater Projects	\$2,045,000	\$1,271,200	\$2,180,600	\$8,392,200	\$4,428,800	\$950,600
Total CIP	\$3,614,500	\$5,684,300	\$9,023,900	\$8,956,100	\$5,717,500	\$1,124,500

Finance Director Reeder spoke on the proposed rate adjustments recommended by Raftelis. The proposed rate adjustments would increase the water usage rates by 4.0% per year for the next five years and sewer rates would increase by 0.5% for the next five years. The combination of the two rates together and analyzing for the typical inside residential customer with an assumed 6,000-gallon consumption on a monthly basis, the effective rate increase is 1.4%, for the next five years the rate would be 1.4% to 1.5%, the last year would see an increase of 1.6%. This is not inclusive of other charges on a customer’s bill. Historically the city has had an increase of 2% in these two rates.

Finance Director Reeder showed the current and proposed rates for residential and commercial customers inside the city limits and those outside the city limits. The proposed rate structure has two new components. The base charge is being lowered for all customers. However, there is no consumption allocated to the base rate.

Residential Current Rates

Rate Component	Inside Rate	Outside Rate
Base Charge		
All meters (0-4)	\$11.55	\$15.59
Usage Charges (per 1k gal)		
Block 1 (4-12)	\$2.08	\$2.81
Block 2 (12-35)	\$3.13	\$4.23
Block 3 (above35)	\$4.17	\$5.63

Proposed Rates

Rate Component	Inside Rate	Outside Rate
Base Charge		
All meters	\$7.99	\$10.79
Usage Charges (per 1k gal)		
Block 1 (0-4)	\$1.03	\$1.39
Block 2 (4-10)	\$2.06	\$2.77
Block 3 (10-20)	\$3.43	\$4.62
Block 4 (20+)	\$4.80	\$6.47

Finance Director Reeder stated changes to the commercial water rates are consistent with the residential rates. The proposed rates align with the American Water Works Association recommendation that changes be tied to water meter sizes. It does not include any consumption. All consumption will continue to be charged at \$2.87 inside and \$3.87 outside per 1,000 gallons.

Commercial Current

Rate Component	Inside Rate	Outside Rate
Base Charge		
¾" Meter	\$11.55	\$15.59
1" Meter	\$11.55	\$15.59
1 ½" Meter	\$11.55	\$15.59
2" Meter	\$11.55	\$15.59
3" Meter	\$11.55	\$15.59
4" Meter	\$11.55	\$15.59
6" Meter	\$11.55	\$15.59
10" Meter	\$11.55	\$15.59
Usage Charges (above 4,000 gal)		
Block 1	\$2.87	\$3.87

Commercial Proposed

Rate Component	Inside Rate	Outside Rate
Base Charge		
¾" Meter	\$7.99	\$10.79
1" Meter	\$19.98	\$26.97
1 ½" Meter	\$39.95	\$53.93
2" Meter	\$63.92	\$86.29
3" Meter	\$127.84	\$172.58
4" Meter	\$199.75	\$269.66
6" Meter	\$399.50	\$539.33
10" Meter	\$918.85	\$1,204.45
Usage Charges (all usage)		
Block 1	\$2.87	\$3.87

Finance Director Reeder addressed the residential sewer rate which is \$40.82 inside the city limits and \$55.11 outside the city limits. The proposed rate is \$41.13 inside the city limits and \$55.53 outside the city limits. There is no usage charge for volume.

Finance Director Reeder stated just as on the proposed commercial water rates, the proposed commercial sewer rates utilize the American Water Works Association's water meter ratios. Some meters, those 3" and above see a reduction in the base due to the lowering of the usage amount for each meter. The usage amount stays the same as \$7.01 inside the city and \$9.47 outside the city per 1,000 gallons.

Commercial Current

Rate Component	Min. Gallons	Inside Rate	Outside Rate
Base Charge			
¾" Meter	6,000	\$40.82	55.11
1" Meter	10,000	\$68.87	\$92.96
1 ½" Meter	20,000	\$138.98	\$187.63
2" Meter	40,000	\$279.23	\$376.95
3" Meter	80,000	\$559.72	\$755.62
4" Meter	160,000	\$1,120.68	\$1,512.92
6" Meter	320,000	\$2,242.63	\$3,027.55
10" Meter	1,280,000	\$8,974.28	\$12,115.28
Usage Charges (all usage)		\$7.01	\$9.47

Commercial Proposed

Rate Component	Min. Gallons	Inside Rate	Outside Rate
Base Charge			
¾" Meter	6,000	\$41.13	\$55.53
1" Meter	15,000	\$102.83	\$138.81
1 ½" Meter	30,000	\$205.65	\$277.63
2" Meter	48,000	\$329.04	\$444.20
3" Meter	96,000	\$658.08	\$888.41
4" Meter	150,000	\$1,028.25	\$1,388.14
6" Meter	300,000	\$2,056.50	\$2,776.28
10" Meter	690,000	\$3,290.40	\$6,385.43
Usage Charges (all usage)		\$7.01	\$9.47

The proposed residential rates will have various impacts dependent upon water usage. Those rates may be a reduction for those using 3,000 gallons, up to a \$14.09 increase for those customers using 25,000 gallons a month. However, 81% of the city's customers will have a rate increase of \$0.71 a month for water usage. Currently, Auburndale has the lowest combined water and sewer rates of all neighboring cities. The proposed rate would have the city with the second lowest rates.

Commission Taylor Bogert asked when considering Bartow and Fort Meade, don't they provide electric service? Finance Director Reeder stated these cities do provide electric services.

Finance Director Reeder began the discussion of the impact fees study. He stated the city has some major projects in the next five years to undertake. Specifically, within the water component is the PRWC alternative water supply. Raftelis is currently working on the PRWC project. They can provide today the cost of \$27.4 million. This includes water line extensions and plant expansion needed at Berkley Road facility to support new development.

The sewer system needs additional land for spray fields to allow the plant to operate closer to its designed capacity.

The City's water and wastewater impact fees total \$5,203.13. The new rate would be \$6,475.00. The primary increase is from the water system. It is increasing by \$927.01, a 73% increase. The increase is a direct result of the Alternative Water Supply projects. The overall increase is \$1,271.87.

A comparison of neighboring communities our impact fees are in the middle at \$5,203. The adjusted impact fees will put the City behind Polk County. However, Auburndale is the first city to adjust the impact fees due to the PRWC expenses and we expect others to adjust in the next year or two which will shuffle the city back to the middle.

City Manager Tillman explained both items will be considered during the Commission Meeting. The Ordinances will be discussed and considered by the City Commission and the public. He then asked for the Workshop to be adjourned.

The Meeting was adjourned 6:51 p.m.

I HEREBY CERTIFY that the foregoing Minutes are true and correct.

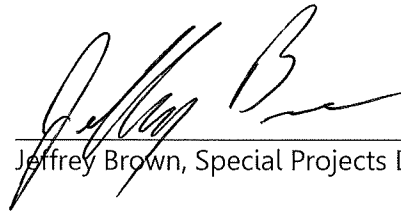
Jeffrey Brown, Special Projects Director/City Clerk

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A handwritten signature in black ink, appearing to read "Jeffrey Brown", is written over a horizontal line.

Jeffrey Brown, Special Projects Director/City Clerk