

Minutes of the Special City Commission Workshop of the City of Auburndale held September 20, 2022, at 6:30 p.m. in the Commission Room of City Hall, after having been properly advertised, with the following members present: Mayor Dorothea Taylor Bogert, Commissioners: Keith Cowie, Richard Hamann, Jack Myers, and Bill Sterling. Also, present were: City Manager Jeffrey Tillman, City Attorney Frederick J. Murphy Jr., Assistant City Manager Amy Palmer, and Police Chief Andy Ray.

Mayor Dorothea Taylor Bogert declared a quorum present.

City Manager Tillman thanked Assistant City Manager Palmer for filling in for the City Clerk. He called a Special Workshop of the City Commission of the City of Auburndale for Tuesday, September 20, 2022, to consider the following item: PRESENTATION OF 2022 MUNICIPAL IMPACT FEE STUDY AND PROPOSED POLICE, FIRE, AND PARKS & RECREATION IMPACT FEE CHANGES and to discuss the extraordinary circumstances necessitating the increases proposed for the Impact Fees as reflected in the 2022 Municipal Impact Fee Study undertaken by Raftelis Financial Consultants on behalf of the City.

He yielded to Finance Director Christopher Reeder for presentation.

1. PRESENTATION OF 2022 MUNICIPAL IMPACT FEE STUDY AND PROPOSED POLICE, FIRE, AND PARKS & RECREATION IMPACT FEE CHANGES

Finance Director Christopher Reeder took the podium.

He said that tonight's Special City Commission Workshop is the second presentation during a City Commission Workshop Meeting on the results of the City's 2022 Municipal Impact Fee study provided by Raftelis Consultants.

The last municipal impact fee study was conducted 16 years ago in December 2005 and provided a 3% adjustment each year through 2009. Since the previous study, the City has experienced tremendous growth requiring the need for planning of additional public facilities to service new residents. The 2022 Municipal Impact Fee Study provides a thorough review of revenues compared to the City's 2-year budget, 5-year Capital Improvement Plan, operational expenses, transfers, estimated inflation and debt service requirements. The Study also provides an updated review of the projected populations, land use designations and demand for services related to Police, Fire and Parks & Recreation applied to new development and redevelopment projected through 2030.

He presented a chart depicting the implementation timeline for Police impact fees.

If we focus on the single-family land use, the recommended rate change of \$434 is an increase of 26.95%. Because the present increase is greater than 25% but less than 50% - if approved, the rate will follow Florida Statute's four-year phased-in implementation of the rate change. The proposed effective date of the first rate change is January 1, 2023 with increases thereafter as noted in the Study.

He presented a chart depicting Fire impact fees.

If we focus on the single-family land use, the recommended rate change of \$715 is an increase of 51.79%. The recommended increase is calculated based on our generational capital project of a new fire station and support apparatus to maintain our level of service, and projected inflation for those projects. Because the percentage increase is greater than 50%, and the extraordinary circumstances of the significant population growth experienced and projected in the City of Auburndale and the significant inflationary costs associated therewith as described in the Study are present- the increased rates as set forth in the Study and the Ordinance are recommended to begin on the effective date of January 1, 2023.

He presented a chart depicting Parks & Recreation impact fees. This impact fee is only assessed on residential land uses.

If we focus on the single-family land use, the recommended rate change of \$1,771 is an increase of 165.1%. The recommended increase is calculated based on our generational capital projects consisting of further expansion of Lake Myrtle Sports Park, North Auburndale Park and improvements, and a new Civic Center. Because the percentage increase is greater than 50%, and the extraordinary circumstances of the significant population growth experienced and projected in the City of Auburndale and the significant inflationary costs associated therewith as described in the Study are present- the increased rate as set forth in the Study and the Ordinance is recommended to begin on the effective date of January 1, 2023.

The significant growth projected through 2030 is driving our capital planning needs. These capital plans include a new fire station and apparatus, land for a new park in North Auburndale, new Civic Center, and expansion at the Lake Myrtle Sports Complex. We are all experiencing significant inflationary cost increases with these projects, and revenue implications over a 10-year period. Without increasing our impact fees to the recommended value from the Raftelis Study, growth will be underpaying their share of the capital improvements by approximately \$4,615,000 resulting in a funding shortfall to provide necessary improvements related to new growth to maintain our current service levels.

One question from our last presentation was about population growth from now to 2030. Florida Statutes dictates an impact fee study should use localized and current data as a baseline. Raftelis Financial Consultants discussed growth with City staff to determine projected populations through the year 2030 which are reflected in the Study.

Auburndale's residential development pipeline contains approximately 4,100 units. Raftelis estimated 90% of these units would be constructed by 2030. Using an average household size of 2.64 persons, Auburndale's population would grow by approximately 9,800 persons through 2030.

Finance Director Reeder also addressed Commissioner Cowie's question from the September 8th Special City Commission Workshop, of how our impact fees would look today if we had maintained a 3% increase from the last rate change in 2009. He presented a graph showing the 2009 rates adding 3% per year through 2023, the proposed effective year of the current Study. Starting from the bottom of the graph in blue, the Police impact fee started at \$341.86 and would have increased to \$517.09 based on an annual 3% increase. Our proposed rate effective January 1, 2026 supported by our rate study is \$434.00, which is less than the 3% trend.

The grey line shows the Fire impact fee starting at \$471.05 increasing to \$712.51 at 3% per year. This is slightly lower than the proposed rate of \$715.00 effective January 1, 2023.

The top line in orange shows Parks & Recreation fee starting at \$668.13 increasing to \$1,010.61 at 3% per year. Our proposed rate effective January 1, 2023 is \$1,771.

Finance Director Reeder addressed Commissioner Myers' question on our projected Ad Valorem revenues since 2009. He presented a graph depicting our trend of Ad Valorem collections in the General Fund from 2009 through the current year of 2022. From 2009 through 2017, Ad Valorem revenue growth averaged 1.3%. From 2018 to 2022, the revenue growth averaged 13.7%.

He said looking at revenue independently without a reference value can be misleading. Our auditor, Brynjulfson CPA, PA, uses the Municipal Cost Index during his audit presentation to describe our revenue trends and how inflation has impacted purchasing power. The Municipal Cost Index is a blended rate between the Consumer Price Index, Purchase Price Index and Construction Cost Index that are published by the US Dept of Labor's Bureau of Labor Statistics. As our Ad Valorem revenues have seen a rise since 2018, the Municipal Cost Index has trailed revenues by one year to two years. Since 2020, the year of COVID-19, the Municipal Cost Index has increased significantly, affecting our purchasing power. Said another way, the Raftelis Municipal Impact Fee Study

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describes significant inflationary pressures in the current economic environment, driving up capital costs. The costs are offset by an increasing Ad Valorem tax base from property appreciation and new population growth.

Finance Director Reeder closed his presentation by presenting a combined comparative chart of the municipal impact fees for Police, Fire & Parks & Recreation. Some jurisdictions presented on this chart have additional municipal impact fees such as transportation and library fees, which are not part of the comparison chart shown as Auburndale does not have those impact fees.

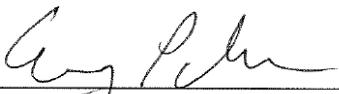
As presented in our first workshop, Lakeland and Lake Wales have implemented the most recent municipal impact fee study with new rates in 2020. Winter Haven and Lake Alfred are conducting municipal impact fee studies currently, and expect those rates to be effective sometime in 2023.

City Manager Tillman thanked Finance Director Reeder. City Manager Tillman stated during the upcoming regular City Commission meeting, we will have Ordinance No. 1718 coming before the Commission. It will give an opportunity for questions and further discussion.

He recommended adjourning the special workshop.

The Meeting was adjourned at 6:40:50 p.m.

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



Amy Palmer, Assistant City Manager