



AGENDA

COMMISSION WORKSHOP

THURSDAY, JUNE 17, 2021, AT 6:00 P.M.

CITY OF ST. AUGUSTINE BEACH, 2200 A1A South, St. Augustine Beach, FL 32080

NOTICE TO THE PUBLIC

THE CITY COMMISSION HAS ADOPTED THE FOLLOWING PROCEDURE: PERSONS WISHING TO SPEAK ABOUT TOPICS THAT ARE ON THE AGENDA MUST FILL OUT A SPEAKER CARD IN ADVANCE AND GIVE IT TO THE RECORDING SECRETARY. THE CARDS ARE AVAILABLE AT THE BACK OF THE MEETING ROOM. THIS PROCEDURE DOES NOT APPLY TO PERSONS WHO WANT TO SPEAK TO THE COMMISSION UNDER "PUBLIC COMMENTS."

RULES OF CIVILITY FOR PUBLIC PARTICIPATION

1. The goal of Commission meetings is to accomplish the public's business in an environment that encourages a fair discussion and exchange of ideas without fear of personal attacks.
2. Anger, rudeness, ridicule, impatience, and lack of respect for others is unacceptable behavior. Demonstrations to support or oppose a speaker or idea, such as clapping, cheering, booing, hissing, or the use of intimidating body language are not permitted.
3. When persons refuse to abide by reasonable rules of civility and decorum or ignore repeated requests by the Mayor to finish their remarks within the time limit adopted by the City Commission, and/or who make threats of physical violence shall be removed from the meeting room by law enforcement officers, either at the Mayor's request or by an affirmative vote of a majority of the sitting Commissioners.

"Politeness costs so little." – ABRAHAM LINCOLN

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. ROLL CALL
- IV. DISCUSSION ITEMS:
 1. Non-Ad Valorem Assessment for Solid Waste Collection and Disposal: Setting Rates for Fiscal Year 2022 (Presenter: Bill Tredik, Public Works Director)
 2. Stormwater Infrastructure and Maintenance of Stormwater System: Consideration of a Stormwater Utility Fee to Pay Costs (Presenter: Bill Tredik, Public Works Director)
- V. DIRECTION TO STAFF REGARDING DECISIONS TO BE MADE AT FUTURE COMMISSION REGULAR MEETINGS
- VI. ADJOURNMENT

NOTE:


The agenda material containing background information for this meeting is available on a CD in pdf format upon request at the City Manager's office for a \$5 fee. Adobe Acrobat Reader will be needed to open the file.

NOTICES: In accordance with Florida Statute 286.0105: "If any person decides to appeal any decision made by the City Commission with respect to any matter considered at this scheduled meeting or hearing, the person will need a record of the proceedings, and for such purpose the person 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.

In accordance with the Americans with Disabilities act, persons needing a special accommodation to participate in this proceeding should contact the City Manager's Office not later than seven days prior to the proceeding at the address provided, or telephone 904-471-2122, or email sabadmin@cityofsab.org.

MEMORANDUM

TO: Mayor England
Vice Mayor Samora
Commissioner George
Commissioner Rumrell
Commissioner Torres

FROM: Max Royle, City Manager 

DATE: June 15, 2021

SUBJECT: Discussion of Topic for Workshop on June 17, 2021

There are two topics: the setting rates for the non-ad valorem assessment for solid waste collection and disposal, and consideration of the City having a non-ad valorem stormwater utility fee to provide a funding source for drainage improvements and the maintenance of the City's drainage system.

Attached is information by each prepared by the Public Works Director, Mr. Bill Tredik.

- a. Pages 1-5, the solid waste and recycling non-ad valorem assessment.
- b. Pages 6-11, the stormwater utility non-ad valorem assessment.

At your workshop, Mr. Tredik will explain in more detail the information he has provided.

Though you cannot make motions and vote at a workshop, we ask that you provide direction to the staff as to what you want done in the future concerning each topic.

MEMORANDUM

TO: Max Royle, City Manager

FROM: William Tredik, P.E. Public Works Director

DATE: June 17, 2021

SUBJECT: Solid Water and Recycling Non-ad Valorem Assessment
FY 2021-2022 Fee Schedule

BACKGROUND

The City of St. Augustine Beach first leveled a solid waste disposal non-ad valorem assessment in 2012 at a rate of \$74 per household. This assessment remained at \$74 per year until 2020, when the city adopted the current solid waste non-ad valorem assessment to pay a portion of the cost to collect and dispose of household waste, yard trash and recyclable material. The current solid waste non-ad valorem assessment set the ranges for the assessment as follows:

Table 1 - Current Non-ad Valorem Assessment Ranges

Service Provided	Minimum	Maximum
Solid Waste Collection	\$75	\$175
Solid Waste Disposal	\$50	\$150
Recycling	\$0	\$50
TOTAL	\$125	\$375

After setting the ranges, the City Commission established the initial year FY 2020-2021 solid waste non-ad valorem assessment rates as follows:

Table 2 - Current Non-ad Valorem Assessment by Service Provided

Service Provided	FY 2020-2021 Rate
Solid Waste Collection	\$87
Solid Waste Disposal	\$67
Recycling	\$24
TOTAL	\$178

These new non-ad valorem assessment rates were implemented in the tax bills mailed out in Fall 2020.

2020 Cost Evaluation

In 2020 the Public Works Department estimated of the cost per residential property to provide solid waste collection and disposal as well as recycling services. This analysis was based upon FY 2019 actual costs and established the annual solid waste and recycling cost per residential property as \$330, broken down as follows:

Table 3 - Cost per Residential Dwelling Unit - FY 2019

Service Provided	Collection	Disposal	Recycling
Residential Solid Waste and Recycling	\$162	\$125	\$43

During meetings to establish the 2020 non-ad valorem assessment, the Commission discussed a staged increase of the non-ad valorem assessment to reach the actual cost (as adjusted for inflation). One approach included an annual step increase to reach non-ad valorem full funding of solid waste and recycling costs within 5 years. Note that the Commission approved a lower top range (\$375 versus \$418) than was originally presented, therefore the 5-year step plan is hereby revised as follows:

Table 4 – Five-Year Plan for Full Funding

Solid Waste Service	FY21	FY22	FY23	FY24	FY25	FY26
Residential Collection	\$87	\$105	\$123	\$141	\$159	\$175
Residential Disposal	\$67	\$84	\$101	\$118	\$135	\$150
Residential Recycling	\$24	\$29	\$34	\$39	\$44	\$50
TOTAL	\$178	\$218	\$258	\$298	\$338	\$375

Note that in the above example, the non-ad valorem assessment would increase funding to an amount matching the County's solid waste fee by FY 2023. During development of the 2020 non-ad valorem assessment, a second scenario was discussed which would increase the assessment to match St. Johns County's (SJC) fee within 5 years. The Commission opted for a different first year assessment amount than in the original proposal. This scenario has therefore been modified to achieve the SJC funding level in five years:

Table 5 - Five-Year Plan to Match SJC Solid Waste Rates

Solid Waste Service	FY21	FY22	FY23	FY24	FY25	FY26
Residential Collection	\$87	\$94	\$101	\$108	\$115	\$120
Residential Disposal	\$67	\$72	\$77	\$82	\$87	\$92
Residential Recycling	\$24	\$27	\$30	\$33	\$36	\$38
TOTAL	\$178	\$193	\$208	\$223	\$238	\$250

Updated Cost Analysis:

A closer review at FY 2019 indicates that the actual cost per residential dwelling unit may have been slightly lower than the originally presented \$330 per year. Multiple factors impact this calculation including, but not limited to:

- Percentage of vehicle mileage for collection versus disposal
- Percentage of staff time for collection versus disposal
- Evaluation of commercial versus residential percentages

Staff has reviewed the actual FY 2020 expenditures for comparative purposes. Utilizing the same assumptions and formula as in FY 2019, preliminary analysis indicates that the FY 2020 cost per residential dwelling unit was similar to that in FY 2019. It is again important to note that the same factors shown above impacted the estimated FY 2020 annual cost.

Several changes occurred in the current fiscal year (FY 2021) which impact the annual cost per residential dwelling unit, including, but not limited to:

- Condominium complexes are now considered commercial services premises and not included in the non-ad valorem assessment. This change affects the ratio between residential and commercial dwelling units and thus impacts respective costs.
- Some commercial services premises discontinued City service
- The City no longer collects recyclable material from commercial service premises that do not receive City solid waste collection and disposal services
- Elimination of the commercial “can count” method and increasing of the commercial collection fee
- Beginning in the 2nd quarter of FY 2021, the City began taking its household garbage to a different destination, thus reducing disposal costs.

Due to the above changes and based upon the same assumptions and formula used in the FY 2019 and FY 2020 analysis, it is estimated that in FY 2021 the annual cost per residential dwelling may drop slightly. The amount of any drop is difficult to accurately predict as prices are increasing in some sectors. Looking forward to FY 2022 – with bringing recycling “in-house” – it may be possible to further reduce costs, though we will likely be facing an inflationary environment. The following table assumes the City can reduce the annual cost to \$305 per residential dwelling unit, further broken down as follows:

Table 6 – Potential Cost per Residential Dwelling Unit - FY 2022

Service Provided	Collection	Disposal	Recycling
Residential Solid Waste and Recycling	\$148	\$118	\$39

Potential Future Costs

Though the City will continue to pursue efforts to reduce costs, it is probable that costs will rise again after FY 2022 due to inflationary pressures. Assuming a 3.0% annual increase in costs after FY 2022, the future costs would be:

Table 7- Estimated Cost per Residential Dwelling Unit - FY 2022

Fiscal Year	Collection Cost	Disposal Cost	Recycling Cost	Total Cost
FY 2022	\$148	\$118	\$39	\$305
FY 2023	\$152	\$122	\$40	\$314
FY 2024	\$157	\$125	\$41	\$324
FY 2025	\$162	\$129	\$43	\$333
FY 2026	\$167	\$133	\$44	\$344

Note that the cost five years out is very close to the maximum range as established by the City commission in 2020. Future Costs, however, also highly dependent upon multiple factors including, to a large degree, the direction the City takes in regard to recycling.

SUMMARY

Based upon the above analysis – and taking into account the current non-ad valorem assessment rates – the current percentage of solid waste and recycling paid for by non-ad valorem funding and ad valorem funding is shown in Table 8.

Table 8 – FY 2020 Funding Percentages at Current Non-ad Valorem Assessment Rate

Service Provided	Non-ad Valorem Assessment	Percent non-Ad Valorem taxes	Percent Ad Valorem taxes
Solid Waste Collection	\$87	56%	44%
Solid Waste Disposal	\$67	52%	48%
Recycling	\$24	57%	43%
TOTALS	\$178	54%	46%

The existing non-ad valorem assessment currently funds only 54% of the solid waste and recycling program. If non-ad valorem rates are not increased, this percentage will decrease further in future years. There are significant advantages to increasing the portion of the solid waste and recycling program paid for by the non-ad valorem assessment, including:

A fairer payment structure for city residents who have private service:

46 percent of the solid waste and recycling program is currently paid by ad valorem taxes. Residents who pay for private service are thus paying a portion of a service they do not utilize.

Most of these residents do not have the option of utilizing City service. Increasing the percent of the residential solid waste program paid by the non-ad valorem assessment creates a more equitable financial structure.

Dedicated revenue stream to maintain a solid waste program

Increasing the non-ad valorem assessment increases the stability of the solid waste program, making it less vulnerable to City financial challenges and budgetary fluctuations. Optimally the program would be fully funded by the customers receiving the benefit and not have to compete for budget allocations.

Ability to more reliably plan for equipment replacement

The Solid waste fleet is aging, with multiple vehicles past their 10-year anticipated lifespan. A fully funded program would guarantee a set replacement schedule and reduce the potential for interruption of service.

Not vulnerable to fluctuating property values

Florida's "Boom or Bust" history makes property values unpredictable in the long term. If property values were to plummet as seen a decade ago, the City's ad valorem revenue for maintaining the solid waste program would contract considerably, making it challenging to maintain a solvent solid waste program. Having a fully funded program through non-ad valorem assessment prevents this situation from developing.

RECOMMENDATION

In order to secure the future of the solid waste and recycling program, it is important to move to a residential solid waste program fully funded by a non-ad valorem assessment in an expeditious manner. Staff recommends the City move to be fully funded by non-ad valorem revenue no later than FY 2026. The following schedule for implementation of fee increases would meet this schedule:

Table 9 - Tentative Schedule for Fully Funding Residential Solid Waste and Recycling

Solid Waste Service	FY22	FY23	FY24	FY25	FY26
Residential Collection	\$103	\$119	\$135	\$151	\$167
Residential Disposal	\$80	\$93	\$107	\$120	\$133
Residential Recycling	\$28	\$32	\$36	\$40	\$44
TOTAL	\$211	\$244	\$278	\$311	\$344

Based upon this schedule, staff recommends an assessment of at least \$211 in FY 2022, allowing the city to match the level of St. Johns County's fee within two years. A FY 2022 assessment of \$211 would be a \$33 annual increase (\$0.63 per week) per residential dwelling unit.

MEMORANDUM

Date: June 17, 2021

To: Max Royle, City Manager

From: William Tredik, P.E., Public Works Director

Subject: Stormwater Utility Fee
Non-ad Valorem Assessment for FY 2022/2023

BACKGROUND

As a coastal city in Florida, St. Augustine Beach has many stormwater needs. Several areas of the City have aging or insufficient stormwater infrastructure; are low-lying; and are particularly vulnerable to flooding due to severe rainfall events. Other areas, though newer, require significant maintenance to continue functioning at a level necessary to prevent flooding. Flooding is sometimes compounded by storm surge and extreme high tides, causing water levels to stage higher than normal and delay recovery after a rainfall event.

Steps are being taken to mitigate flooding and better protect the City from stormwater and storm surge; most notably the rebuilding and upgrading the Mizell Road Stormwater Facility. The City has, however, many stormwater needs beyond the Mizell Pond refit. These needs range from improved maintenance to the implementation of new projects to reduce localized flooding.

A major step in understanding and planning for future drainage needs – as they relate to storm surge and extreme tides – was taken with the recent completion of the City of St. Augustine Beach Vulnerability Assessment (the Assessment). The Assessment modeled 25-year and 100-year rainfall events with current sea levels, as well as with 1-foot and 2-foot sea level increases. The assessment then identified the City's vulnerabilities to storm surge inundation and provided order of magnitude cost estimates to address these vulnerabilities and increase the City's resiliency. Specific areas identified in the Assessment include:

<u>Vulnerable Area</u>	<u>Estimated Adaptation Project Cost</u>
S.R. 312 (C.R. A1A) Outfalls to Salt Run	\$ 765,000
Pope Road Outfalls	\$ 550,000
West Pope Road	\$ 275,000
Sea Grove Area	\$ 410,000
Ocean Trace	\$ 275,000
Oleander Street Wetland	\$ 275,000
<u>Ocean (Pier Park and Pope Road Seawall)</u>	<u>\$ 650,000</u>
TOTAL CONSTRUCTION COST	\$ 3,240,000
<u>Survey and Engineering Cost</u>	<u>\$ 390,000</u>
TOTAL PROJECTED ADAPTATION PLAN COST	\$ 3,630,000

Some of these vulnerable areas already are seeing storm surge inflow. The S.R. 312 culverts regularly allow extreme tides to enter the City's drainage system at Pope Road. The east end of Pope Road was overtopped during Hurricane Matthew. Though the 1-foot sea level rise may be 30 years or more in the future, the impacts of storm surge are being felt now. It is imperative the city begin preparing for this worsening condition, as the cost will only go up over time.

In addition to the projects generated by the Vulnerability Assessment, the City has substantial internal drainage conveyance needs making it critical to update the 2004 Stormwater Drainage Master Plan (SDMP). The majority of the projects contained within the 2004 SDMP have been completed, however the following major items remain to be accomplished:

No.	Name	2004 Cost	2021 Cost
4A	Mickler Ditch Piping (11 th St. – 16 th St.)	\$260,000	\$ 500,000
5A,5B	Mickler Ditch Piping (A St. – 11 th St.)	\$625,000	\$1,000,000
14	7 th , 8 th and 9 th St. Drainage Connections	\$ 35,000	\$ 90,000
22	16 th Street Piping (Mickler to Ocean Woods)	\$ 75,000	\$ 175,000
TOTAL REMAINING 2004 SDMP COSTS			\$1,765,000

In addition to the remaining 2004 SDMP projects, several other areas of drainage concern have been identified throughout the city (Figure 1) and will be evaluated in an update to the 2004 SDMP. A summary of these locations and order of magnitude estimates is:

1. Lake Sienna Area Construction of a direct drainage connection from Lake Sienna to Lakeside Park Pond. Estimated Cost \$650,000
2. Ocean Walk Drainage Improve drainage within the subdivision, including backflow prevention and stormwater pumping Estimated Cost \$694,000
3. Seaside Villas Provide outfall to City Master Drainage system from Seaside Villas. May involve downstream culver modifications. Estimated cost \$600,000
4. 7th, 8th & 9th Street Unconstructed improvements in 2004 Master Plan
5. Ocean Oaks Area Provide Roadway drainage improvements and positive outfall. Estimated Cost \$750,000
6. Ocean Pines/2nd Street Drainage connection from Ocean Pines to 2nd Avenue system Estimated Cost \$400,000.
7. Mariposa/Poinsettia St. Roadway drainage improvements, including possible stormwater pump station. Estimated Cost \$700,000
8. Mag Oaks, Ewing, AOC Roadway drainage improvements, including possible stormwater pump station. Estimated Cost \$1,200,000
9. Ocean Trace Subdivision Tidal Flood Protection (Discussed earlier)
10. Oceanside Circle Drainage improvements / positive outfall. Estimated cost \$350,000
11. Ocean Trace Road Drainage improvements / positive outfall / possible stormwater pump station Estimated Cost \$900,000

Though the above costs are very rough order of magnitude estimates, they nonetheless indicate a need for approximately \$6.2 million of improvements to address the City's current stormwater needs, on top of the \$1.77 million of remaining projects in the 2004 SDMP and the \$3.63 million of projects in the Vulnerability Assessment. The total drainage needs for the city are thus in the neighborhood of \$11.6 million dollars. The potential exists for funding much of these improvements with grant monies. Grant match requirements, however, vary significantly, with some requiring a 70% match and some only a 25% match. It is a reasonable assumption that the City will need at least one-half of the \$11.6 million (\$5.8+/- million) in order to construct the needed improvements. It is imperative that the City develop a funding plan to tackle these vital drainage improvements.



Figure 1 - Areas of Stormwater Concern

DISCUSSION

Based upon the above analysis, it is likely that the City will require roughly \$6 million in order to tackle the currently identified stormwater and resiliency improvements. The upcoming stormwater master plan update will develop an approach and phasing strategy for project implementation. It is certain, however, that the annual cost to the City will be significant. The sooner a funding approach is implemented, the sooner the City can begin implementing improvement projects. As an example, the city currently has a \$550,000 HMGP application in for the SR 312 (CR A1A) backflow prevention project. If this project is fully funded by the State, the \$25% city match would be \$137,500. Other grant programs such as the SJRWMD Cost Share Program have much higher percent match requirements.

Stormwater Utility Fees

Cities and counties across Florida have established stormwater utility fees to help maintain existing – as well as develop improved – stormwater infrastructure. Some examples of recent stormwater fees per equivalent residential unit (ERU) include:

- | | |
|-------------------------|--------------------------------|
| • St. Augustine | \$ 7.50 per month (\$90/year) |
| • Palm Coast | \$18.91 per month (\$227/year) |
| • Ormond Beach | \$ 7.00 per month (\$84/year) |
| • City of Flagler Beach | \$ 8.83 per month (\$106/year) |
| • Daytona Beach | \$10.07 per month (\$121/year) |
| • Jacksonville Beach | \$ 5.00 per month (\$50/year) |
| • New Smyrna Beach | \$ 7.67 per month (\$92/year) |
| • Cocoa Beach | \$ 6.75 per month (\$81/year) |
| • Green Cove Springs | \$10.42 per month (\$125/year) |

This is just a small sampling of Stormwater Utility Rates in the vicinity of St. Augustine Beach. Fees statewide are similar in amount. Establishment of a stormwater utility fee such as that of Flagler Beach would likely generate as much as \$500,000 in annual revenue. Fees would be deposited into a dedicated stormwater management fund and could be used only for stormwater improvements or to fund the portion of staff salaries dedicated to stormwater management. Utilizing a stormwater utility fee to fund a portion of staff salaries would reduce the City's dependence upon ad-valorem taxes for some staff salaries. By providing a dependable funding mechanism, it will also help the City in securing future matching grants and/or loans to construct stormwater improvements.

A potential breakdown of stormwater funding from a non-ad valorem stormwater fee could resemble:

Annual Fee Revenue:	\$500,000
Less Staff Costs:	(\$125,000)
<u>Less Citywide Stormwater Maintenance</u>	<u>(\$125,000)</u>
Annual amount dedicated to Drainage Capital Projects	\$250,000

Actual numbers will vary as the plan is developed, however this indicates that as much as \$250,000 (perhaps more) could be dedicated toward stormwater and resiliency capital projects.

Unfortunately, due to the City's lack of a monthly utility fee for residential properties, the only viable funding mechanism is a non-ad valorem assessment of a stormwater fee. If the Commission desires to pursue implementing a non-ad valorem assessment, the same process as used for other non-ad valorem assessments would be followed, including:

- October or November 2021 - Authorize staff to advertise for a public meeting to adopt a resolution indicating intent to adopt a stormwater non-ad valorem assessment. Ad must run four (4) consecutive weeks prior to the meeting)
- December 2021 – Pass resolution expressing intent to adopt a non- ad valorem assessment
- by January 1, 2022 – notify the Tax Collector of the intent to adopt a non-ad valorem assessment
- April 2022 – Set annual and total ranges for the non-ad valorem assessment; set the first year assessment; set the term for the assessment; set the total assessment to be collected
- June 2022 – Hold Public Hearing and set the initial assessment rate
- August 2022 – Pass resolution and enter agreement with Tax Collector

Establishing a stormwater non-ad valorem assessment requires a significant amount of effort, including:

- Establishing a structure for equivalent residential units (ERUs). (e.g. flat rate or tiered)
 - A tiered structure increases complexity for both implementation and management. If a tiered structure is chosen, quantifying – and continued monitoring – of impervious and semi-impervious surface area for each residential property within the City is required
- Quantifying impervious and semi-impervious surface area for all City commercial properties and applying a number of ERUs to each commercial property
- Establishing a rate for undeveloped properties
- Establishing any exemption policies
- Establishing a schedule of projects to be implemented.

Due to the complexity and detail required to establish a stormwater non-ad valorem assessment, staff recommends that the Commission approve the hiring of a consultant to develop the program. The hiring of a consultant would also provide the City with the best protection from legal challenges to the structure of the stormwater fee. The consultant developed plan would need to be complete in March 2022, so as to be presented to the Commission in April 2022 when assessment ranges are established. All impacted property owners would have to be noticed at least 20 days prior to a June 2022 public hearing. This notice would include the number of ERUs and the actual assessment intended to be levied on each property owner within the City.

Staff recommends that if the City Commission desires to implement a stormwater non-ad valorem assessment in October 2022, staff be authorized to advertise a request for qualifications (RFQ) for a consultant to develop the stormwater non-ad valorem assessment plan. Waiting until October 2021 to hire a consultant risks the product not being complete in time to implement the assessment in October 2022.

ACTIONS REQUESTED

Staff requests direction from the Commission whether to pursue the development of a Stormwater Non-ad Valorem Utility Fee for the FY 22-23 fiscal year (effective in October 2022).

If the Commission directs staff to pursue the development of a Stormwater Non-ad Valorem Utility Fee, staff requests authorization to advertise a RFQ and select a consultant to develop the Stormwater Fee Program.