



Legislation Text

File #: 21-572, Version: 1

CITY COUNCIL AGENDA ITEM

Memo Date: August 23, 2021
Agenda Date: September 14, 2021
Prepared By: Lora Howell, Deputy Finance Director
Through: Rebecca Bowman, MBA, CGFO, CGFM, Finance Director
Requested Action:
Accept Stantec's FY 2021 Stormwater Rate Study Update and Approve the Final Stormwater Assessment Resolution # 2021-083, and the Non-Ad Valorem Assessment for Stormwater Utility Services, Fiscal Year 2022.

BACKGROUND:

In 1992, the City of Cocoa established a Stormwater Utility Fee (City Ordinance, Sec. 22-85), to fund operating and capital projects and to maintain the City's drainage, ditches, swales, piping, inlets, manholes, and retention/detention ponds. At that time, a complete evaluation of all pervious and impervious surfaces, on non-residential and undisturbed parcels within the City limits, resulted in the development of a calculation inclusive of both surfaces. Residential properties assigned a Single-Family Unit (SFU) rate, for parcels, under 5 acres and residential properties over 5 acres were inclusive of a pervious surface component and multi-family residential units assigned the (SFU) rate per unit.

December of 2018, the City contracted with Stantec Consulting, to develop a 10-year financial plan for the Stormwater Fund. City Staff provided our consultant with audited FY 2018 financial information and the amended FY 2019 budget, to assist with the 10-year financial plan modeling. Mead and Hunt, one of the City's engineering firms, was simultaneously evaluating capital and water quality needs and developing a 10-year work plan for the stormwater utility, including new regulatory requirements for the Indian River Lagoon.

At the May 14, 2019 Stormwater Utility Workshop, Stantec presented to City Council a change in methodology on the calculation and collection of fees for the Stormwater Utility. Industry supports basing Stormwater rates on impervious surface only, and not including pervious surface in the calculation, which is a complete departure from the current methodology in our Utility database. A comprehensive evaluation of the impervious surface, utilizing the Brevard County Property Appraisers Data, on all non-residential parcels inside the City limits of Cocoa, presented to City Council at this workshop. Also presented to City Council was the average impervious surface for residential properties. At the Workshop, the direction from City Council was to also validate all residential properties impervious square surface, and develop a more equitable tiered rate structure.

During the workshop, a discussion on the current method of collection ensued as there are two primary issues using the Utility Fee method of collection. A shortfall in revenue, due to vacancies/turn

-over of commercial and residential properties, creating inactive utility accounts not billing for stormwater service, and the mapping of a parcel with a utility account. Example: A larger commercial parcel (strip-mall) may have ten (10) utility accounts associated with it. It is challenging and not always equitable, to assign a utility fee to each unit. In addition, if the units are vacant, the parcel is not paying for its share of the stormwater benefit they are receiving. Direction from City Council was to continue to move forward with the Uniform Method of Collection as an Assessment, verses staying with the Utility Fee method.

On June 26, 2019, the first reading of Ordinance No. 10-2019, Home Rule Stormwater Special Assessment was presented to City Council, to utilize special assessment procedures. The Ordinance approved by City Council and the second and final reading held on and approved, July 10, 2019.

On August 28, 2019, an Initial Assessment Resolution No. 2019-069, was approved by City Council as required by Ordinance. After the approval of the Initial Assessment Resolution, a Public Hearing was held on September 11, 2019, in accordance with the Ordinance and Florida Statutes, for the purposes of formally adopting the Final Assessment Resolution No. 2019-071. At this time, the Stormwater rates were removed from the Utility Bills September 30, 2019.

At the July 8, 2021 Budget Workshop, City Council approved the recommendation by Stantec and City Staff, to build in a 4.5% increase to Stormwater Rates within the FY 2022 Budget. Per Ordinance, it is required that the City Council first approve a Preliminary Assessment Resolution, which was done at the August 10, 2021 meeting, Resolution 2021-072. After the approval of the Preliminary Assessment Resolution, the City Council is required to hold a Public Hearing, in accordance with the Ordinance and Florida Statutes, for purposes of adopting a Final Assessment Resolution formally approving the stormwater assessment rates. The Final Assessment Hearing in being held tonight, September 14th, 2021 at 6:00P.M., in City Council Chambers.

The current Fiscal Year 2021 stormwater assessment rates, adopted by City Council last year are as follows:

FY 2021 Assessment Rates for Single Family Parcels (up to three units)		
Tier 1: 400 - 2,300 sq. ft. of impervious area	Tier 2: 2,400 - 4,400 sq. ft. of impervious area	Tier 3: Greater than 4,400 sq. ft. impervious area
\$78.43	\$120.67	\$209.97

The Proposed Fiscal Year 2022 Rates, inclusive of a 4.5% increase are as follows:

FY 2022 Assessment Rates for Single-Family Parcels (up to three units)		
Tier 1: 400 - 2,300 sq. ft. of impervious area	Tier 2: 2,400 - 4,400 sq. ft. of impervious area	Tier 3: Greater than 4,400 sq. ft. impervious area
\$81.96	\$126.10	\$219.42

The final approved rates are submitted to the Brevard County Tax Collectors for the purpose of collecting the stormwater assessment on the annual non-ad valorem assessment portion of the 2021 annual property tax bill, no later than September 15, 2021.

For non-single-family parcels, each parcel is assigned a number of Equivalent Residential Units

(ERUs) that was calculated based on the measured amount of impervious area on the parcel rounded down to the nearest hundred sq. ft. divided by the ERU definition of 3,100 sq. ft. (which is the average impervious area of a Single-Family parcel). The annual assessment to each parcel is then determined by multiplying \$126.10 (as presented in the table below), which represents the stormwater assessment per ERU, by the number of ERUs for each non-single-family parcel.

FY 2022 Assessment Rate for Non-Single-Family Parcels
\$126.10 Per ERU

The revenue sufficiency study updated and conducted this Fiscal Year, indicate the need for a 4.5% increase to the Stormwater Assessment Rates in FY 2022 instead of 9% annual adjustments as with previous years, 4.5% increase FY 2023 and 3% increase each year thereafter. The maximum residential assessment for Tier 1, \$102.09, Tier 2, \$157.06 and Tier 3, \$273.29, with the maximum assessment rate of \$157.06 per ERU for non-single-family parcels that are not subject to the tiered assessment.

STRATEGIC PLAN CONNECTION:

Fiscal sustainability is part of the City's strategic plan. By creating the 10-year Financial Model, the City provides an equitable rate and method of collection.

Additionally, during the City Council - Leadership Retreat and planned for the upcoming revisions to the Strategic Plan is City Council consensus to address the issue of Infrastructure (and specifically proactively managing and maintaining it) in the revised Strategic Plan.

BUDGETARY IMPACT:

The estimated gross Stormwater Assessment Revenue and Tax Certificates to be collected for Fiscal Year 2022 is \$1.83 million dollars.

PREVIOUS ACTION:

January 18th and 25th and February 1st and 8th 2019 - Advertised in the Florida Today Newspaper a Resolution of Intent, to change the method of collection to one of a Uniform Method of Collection, in pursuant to section 197.3632(3)(a) of Florida Statutes and the Municipal Home Rule Powers Act.

February 13, 2019, 6:00 - Held a Public Hearing on the Resolution of Intent, to allow the use of the Uniform Method of Collection, pursuant of section 197.3632 of Florida Statutes. Allow the City Manager, to enter into negotiations with the Brevard County Property Appraiser and Brevard County Tax Collectors Office to bill the assessment, should the 10-year financial model deem it prudent.

May 14, 2019 6:00 - Stormwater Utility Workshop, with Mead and Hunt, Stantec Consulting, City Staff, City Council, and the Public.

May 24, 2019 - The City of Cocoa entered into agreement with the Brevard County Tax Collector and Brevard County Property Appraiser, to bill the Non-Ad Valorem Assessment, previously approved by City Council on February 13, 2019.

June 26, 2019 - First Reading of Ordinance 10-2019: Home Rule Stormwater Special Assessment, advertised in Florida Today June 6, 2019.

July 10, 2019 - Final Reading of Ordinance 10-2019: Home Rule Stormwater Special Assessment, advertised in the Florida Today newspaper June 20, 2019.

August 23, 2019 - First Class mailing to all affected parcels, with the date, time and place of the reading of the Initial Assessment Resolution as well as the stormwater assessment rate/charge.

August 23, 2019 - Advertise in the Florida Today Newspaper, the date, time and place of the reading of the Initial Assessment Resolution as well as the stormwater assessment rate.

August 28, 2019 - Initial Assessment Resolution No. 2019-069 Adopted by City Council for FY20.

September 11, 2019 - Final Assessment Resolution No. 2019-071 Adopted by City Council for FY20.

August 26, 2020 - Preliminary Assessment Resolution 2020-194 Adopted by City Council for FY21.

September 9, 2020 - Final Assessment Resolution No. 2020-196 Adopted by City Council for FY21.

August 10, 2021- Preliminary Assessment Resolution No. 2021-072 Adopted by City Council for FY22.

RECOMMENDED MOTION:

Accept Stantec's FY 2021 Stormwater Rate Study Update and Approve the Final Stormwater Assessment Resolution # 2021-083, and the Non-Ad Valorem Assessment for Stormwater Utility Services, Fiscal Year 2022.