



**THE CITY OF PALM COAST
160 LAKE AVENUE
PALM COAST, FL 32164**

**BUSINESS IMPACT ESTIMATE
PURSUANT TO F.S. 166.041(4)**

**Meeting Date: March 18, 2025
Ordinance Number: 2025-XX
Posted To Webpage: February 28, 2025**

This Business Impact Estimate is given as it relates to the proposed ordinance titled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM COAST, FLAGLER COUNTY, FLORIDA, REVISING THE RATES AND CHARGES OF THE CITY'S UTILITY SYSTEMS; PROVIDING FOR ANNUAL ADJUSTMENTS OF ALL UTILITY RATES AND CHARGES TO ACCOUNT FOR INFLATION; PROVIDING FOR ADMINISTRATIVE AND LEGISLATIVE FINDINGS AND INTENT; PROVIDING FOR THE OPERATION OF THE CITY OF PALM COAST UTILITY SYSTEMS; PROVIDING FOR THE ADOPTION OF ADMINISTRATIVE RULES AND IMPLEMENTING ACTIONS; PROVIDING FOR EXHIBITS; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

The sections below are not required to be completed if the ordinance involves any one of the following types of regulations. Please check if applicable:

- 1. Ordinances required for compliance with federal or state law or regulation;
- 2. Ordinances relating to the issuance or refinancing of debt;
- 3. Ordinances relating to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- 4. Ordinances required to implement a contract or an agreement, including, but not limited to, any federal, state, local, or private grant, or other financial assistance accepted by a municipal government;
- 5. Emergency ordinances;
- 6. Ordinances relating to procurement; or
- 7. Ordinances enacted to implement the following:
 - a. Part II of chapter 163, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements, and development permits;
 - b. Sections 190.005 and 190.046;

___ c. Section 553.73, relating to the Florida Building Code; or

___ d. Section 633.202, relating to the Florida Fire Prevention Code.

Part I. Summary of the proposed ordinance and statement of public purpose:

This ordinance adopts a new utility rate schedule for water, wastewater, and reclaimed water services provided by the City effective beginning on and after April 1, 2025 and for the next three (3) City fiscal years. The four-year rate and fee schedules were developed in accordance with a rate study prepared by Raftelis Financial Consultants, Inc. (Raftelis). The new rate and fee schedules are specifically set forth in the ordinance.

The monthly base and consumption charges for water, wastewater, and reclaimed water services provided by the City will be increased for all customers beginning with bills rendered on or after April 1, 2025 and each October 1st thereafter, through and including October 1, 2027 based on the services received by the customers and the new applicable rate schedule. The new four-year rate schedule as specifically set forth in the ordinance will provide additional revenue for operations and capital improvements. The City is engaging in a significant capital upgrades and reinvestment program which will require a focus on obtaining funding for the projects and setting the rates to support the capital improvement program and potential new debt service payments. On October 1, 2028, and on each October 1 thereafter, unless or until a new rate study is prepared and a new rate schedule adopted, rates for water, wastewater, and reclaimed water services provided by the City will automatically increase by the greater of the annual change in US Consumer Price (US-CPI) Water and Sewerage Maintenance Services Index as published June 30 of each year or 4.0% as specifically set forth in the ordinance.

Part II. Estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City of Palm Coast: (fill out subsections a-c as applicable, if not applicable write “not applicable”)

- (a) Estimate of direct compliance costs that businesses may reasonably incur if the proposed ordinance is enacted:

The proposed ordinance increases the monthly base and consumption charges billed by the City for water, wastewater, and reclaimed water services uniformly whereby the annual percent adjustment is applied consistently to all charges. Businesses are required to pay for these services on a monthly basis. The direct costs incurred by each business will vary depending on monthly usage and the cost will be calculated by applying the customer’s applicable base charge and volume/usage rate for such services rendered. Generally, for bills rendered on or after April 1, 2025, water rates will be increased 8.0% and a cumulative total of 36.06% by the end of the four-year rate schedule; sewer rates will be increased 8.00% and a cumulative total of 36.06% by the end of the four-year rate schedule; and reclaimed rates will be increased 8.00% and a cumulative total of 36.06% by the end of the four-year rate schedule.

- (b) Identification of any new charges or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible:

The direct costs incurred by each business will vary depending on monthly usage and the cost will be calculated by applying the customer’s applicable base rate and volume/usage rate for such services rendered. No new charges or fees are proposed, but the base rates and volume/usage charges will increase as set forth in the Ordinance.

- (c) An estimate of the City of Palm Coast’s regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

N/A

Part III. Good faith estimates of the number of businesses likely to be impacted by the ordinance:

The increase to existing rates and charges pursuant to this Ordinance impacts all customers of the City's water, sewer and reclaimed utilities system. There are currently 917 commercial accounts that will be impacted by the Ordinance, and type of services may vary by customer. However, additional vacant land exists within the City that may support additional businesses in the future when the land is developed.

Part IV. Additional Information (if any):

The City retained Raftelis to prepare a Utility Rate Study and GAP Analysis. The Study was presented to the City Council at a public meeting and is the basis under which the City Council is considering the adoption of the Ordinance. A public hearing notice for the adoption of proposed utility rate increases was sent to utility customers within the utility billing process in accordance with Chapter 180, Florida Statutes. The Ordinance will be advertised in a newspaper of general circulation prior to adoption in accordance with Section 166.041, Fla. Stat.