

**UTILITY WORKSHOP
AGENDA
CITY COMMISSION MEETING
CITY HALL, 501 W MEADOW STREET
MONDAY, AUGUST 11, 2025 5:00 PM**

1. CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. PRESENTATION:

A. Water and Wastewater Utility Fee Increase Presentation

3. DISCUSSION:

4. ADJOURN:

PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE HUMAN RESOURCES DEPARTMENT, ADA COORDINATOR, AT 728-9740, 48 HOURS IN ADVANCE OF THE MEETING.

F.S.S. 286.0105 "If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting, they will need a record of the proceedings, and that for such purpose they 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." The City of Leesburg does not provide this verbatim record.

City of Leesburg

Utility Impact Fee Study – First Extraordinary Circumstance Workshop

Presented: August 11, 2025

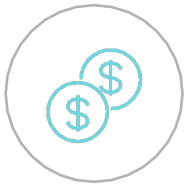




Agenda

1. Discussion on Impact Fee Basics and Legal Considerations
2. Discuss Method and Major Assumptions
3. Summary Findings
4. Review of Extraordinary Circumstances
5. Next Steps

What are Impact Fees?



Fees that are specifically designed to recover the cost of major capital investment in municipal facilities, infrastructure, and vehicles that provide capacity to serve new development



Fees are paid by new development and redevelopment that results in an increased demand for service / capacity



Fees are used to pay directly for growth-related facilities and major equipment or pay expansion related portion of debt payments

Benefits of Impact Fees

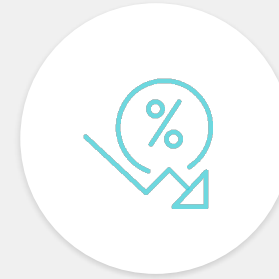


Adequate fee levels
mitigate the capital cost
burden of growth on
existing residents

**“Growth pays its own
way”**



Additional funding for
growth related /
expansion projects and
growth-related portion
of debt payments



Potential to help keep
user rates down over
time



Legal Considerations

- The basis for impact fees and related criteria have been developed under Florida Statutes and case law
- Florida Impact Fee Act History
 - Florida Legislature created section 163.31801 of the Florida Statutes governing impact fees
 - Created June 14, 2006
 - Amended most recently in 2021 and 2024
 - New changes coming in Jan 2026

Legal Considerations (cont.)

- Requires the calculation of fees to be based on study using most recent and localized data
 - Within 4 years of the current update and fees must be adopted within 12 months of impact fee study initiation
- Provides for accounting and reporting of fee revenues and expenditures in a separate fund
- Limits administrative charges for the collection of fees to actual costs
- Limits fee standard fee increases and sets phasing requirements for implementation of increases
- Requires 90 days grace period before imposing a new or increased fee
- Annual affidavit on compliance signed by the local government
- Government has the burden of proof in any challenge of an impact fee
- Cannot be charged before issuance of building permit

Legal Considerations (cont.)

New Limitations on Increasing Impact Fees

- Any increase not more than 25 percent of the current rate must be implemented in two equal annual increments beginning with the date on which the increased fee is adopted
- An increase that exceeds 25 percent, but not more than 50 percent of the current rate must be implemented in four equal installments beginning with the date the increased fee is adopted
- An impact fee may not be increased more than once every 4 years
- An impact fee increase may not exceed 50 percent of the current impact fee rate
 - Unless considered having extraordinary circumstances
- Note: Extraordinary circumstance provisions will be changing per SB1080
 - › Bill effective Oct 2025 but this provision appears to be effective Jan 2026

Legal Considerations (cont.)

Extraordinary Circumstances (existing form)

- Demonstrated need study justifying increases above standard phasing approach (2- and 4-year phasing) and 50% maximum fee increase
- Must have at least 2 publicly noticed workshops dedicated to discussing extraordinary circumstances
- Requires 2/3 vote of governing body

Extraordinary Circumstances (revised form)

- Can still pursue full increase (over 50%) but must be implemented in at least 2 but not more than 4 equal annual increments
- Requires unanimous vote of governing body
- If the local government has not increased impact fees in 5 years then this provision cannot be pursued
 - › Any year in which the local government is prohibit from increasing an impact fee because of being in a hurricane disaster area is not included in the 5-year period

Impact Fee Criteria



Dual rational nexus (fee is based on cost of capacity to serve new growth and the revenue is used to pay for such capacity)



Impact fees must be based on the capital cost requirements anticipated for providing service capacity-related capital facilities to new development



Impact fees must be based upon reasonable level of service standards that meet the needs of the community



Impact fees cannot be used to fund deficiencies in capital needs of the community or pay for any operating costs

Fee Calculation Methodology

- Review Utility Fixed Assets and Capital Improvement Program
 - Allocate by System – Water Vs. Wastewater
 - Classify by Function – Treatment / Transmission
- Review Existing Capacity of Treatment and Transmission System and Historical Treated Flows
 - Identify Remaining Capacity of Existing Assets to Serve New Growth
 - Identify Future Capacity Additions to Serve Future Growth
- Identify Existing Levels of Service
 - Water 300 GPD / Wastewater 250 GPD
- Develop Fee on Per ERU Basis

Fee Calculation Methodology (cont.)

Summary of Existing Water and Wastewater Fixed Assets [1]			
	Fixed Assets at Historical Costs		
Function	Water	Wastewater	Total
<u>Assets Included in Impact Fee</u>			
Supply and Treatment	\$16,558,447	\$64,525,795	\$81,084,242
Reclaimed Treatment	0	1,470,035	1,470,035
Transmission	12,351,190	22,445,404	34,796,594
Reclaimed Transmission	9,463,014	0	9,463,014
Total Assets Included in Impact Fee	\$38,372,652	\$88,441,234	\$126,813,886
<u>Assets Excluded from Impact Fee</u>			
Hydrants / Meter Services	\$5,899,926	\$0	\$5,899,926
Equipment	603,109	1,081,015	1,704,693
Distribution / Collection Lines	14,664,881	13,714,600	28,379,481
Reclaimed Distribution	3,600,212	0	3,600,212
Royal Highlands & Highland Lake Adj.	3,714,438	0	3,714,438
Total Assets Excluded from Impact Fee	\$28,503,135	\$14,795,615	\$43,298,750
Total Fixed Assets	\$66,875,786	\$103,236,849	\$170,112,636
[1] Asset data as of 9/30/2024 as provided by the City.			

Fee Calculation Methodology (cont.)

- Total Water Capital Improvement Projects – \$56.26 million
 - Major Projects Include:
 - Reuse Mains (Dixie Connector, US 27, Silver Lake, West Plantation Retrofit, etc.) - \$34.0 million
 - Water Mains – \$11.55 million
 - Fire Protection Improvements – \$6.20 million
 - Highland Lake Ground Storage Tank - \$2.46 million
 - Other Capital Improvements – \$2.05 million
- Total Wastewater Capital Improvement Projects – \$71.01 million
 - Major Projects Include:
 - Turnpike Plant Expansion Phase 2 (1.5 MGD Increase) – \$39.20 million
 - Southern Corridor Forcemain Bypass – \$13.00 million
 - Lift Station Improvements – \$6.58 million
 - Perkins to SR 46 Line Relocation – \$4.00 million
 - Other Capital Improvements – \$8.23 million

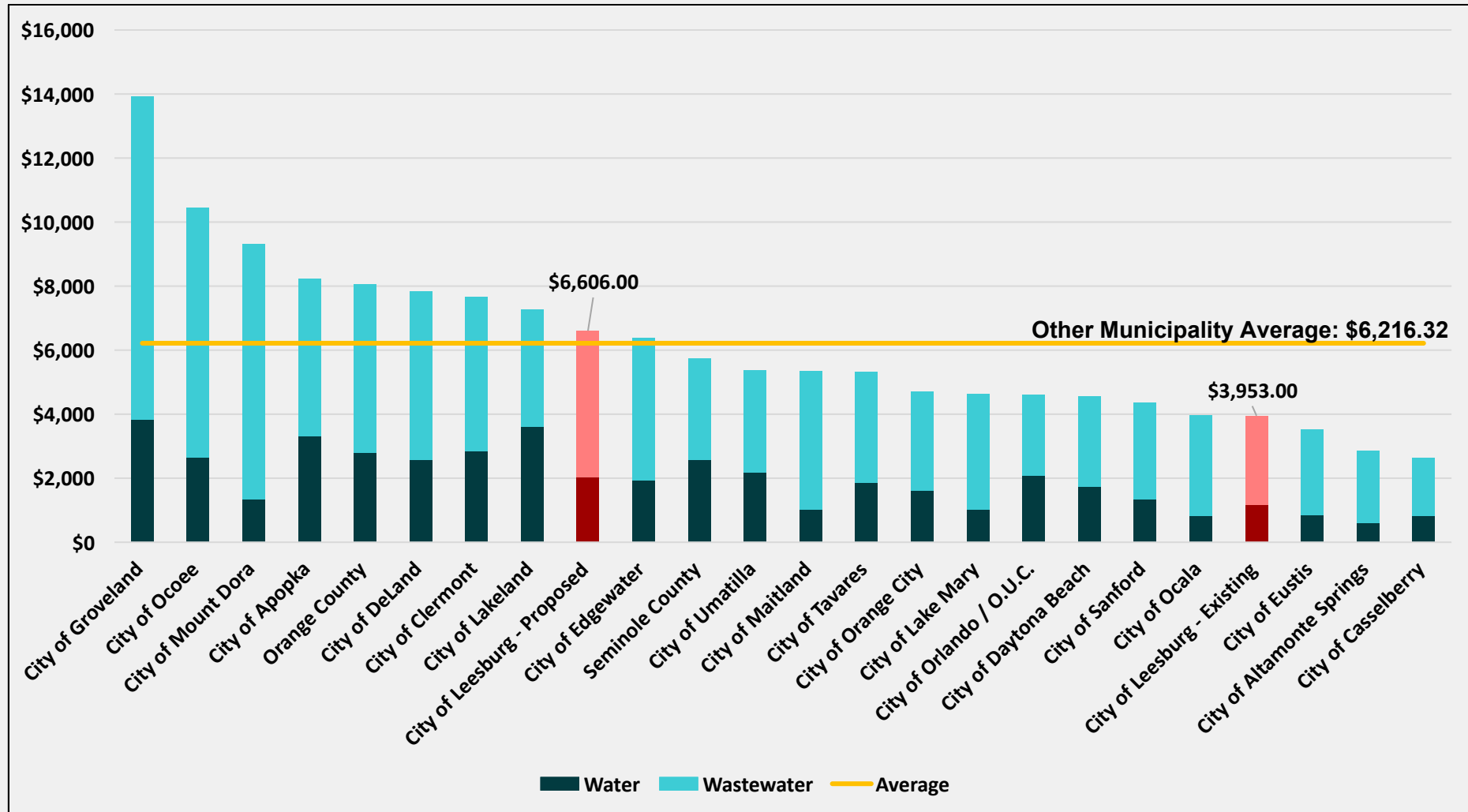
Fee Calculation Methodology (cont.)

- Water System:
 - System Has 6 Water Plants of Which 3 Have Capacity Remaining to Provide Service to New Growth
 - Total Water Treatment Capacity: 28.845 MGD MDF
 - Total Treatment Capacity Left For Growth from 3 Plants: 20.105 MGD MDF
 - Leesburg: Main, East Airport, and East Lake Square Mall Facilities
 - 20.105 Adjusted to 12.971 MGD ADF to Account for System Peaking
 - Peaking Factor of 1.55x
 - Estimated Average Water Daily Flows are 5.450 MGD ADF
 - Estimated Remaining Capacity is 57.98% or 7.521 MGD ADF
- Wastewater System:
 - Total Capacity of 8.000 MGD ADF (Note: Will increase to 9.5MGD after expansion)
 - Estimated Average Daily Flows are 4.614 MGD ADF
 - Estimated Remaining Capacity is 42.32% or 3.386 MGD ADF

Existing and Calculated Fees

Description	Level of Service (Per ERC)	Cost Per Gallon of Capacity	Total Calculated Impact Fee	Statutory 50% Increase Cap
<u>Existing Fees:</u>				
Water	300 GPD	\$3.91	\$1,175.00	N/A
Wastewater	250 GPD	11.11	2,778.00	N/A
Total		\$15.02	\$3,953.00	N/A
<u>Proposed Fees</u>				
Water	300 GPD	\$6.80	\$2,039.00	\$1,762.50
Wastewater	250 GPD	18.27	4,567.00	4,167.00
Total		\$25.06	\$6,606.00	\$5,929.50
\$ Increase / (Decrease)		\$10.04	\$2,653.00	\$1,976.50
% Increase / (Decrease)		67%	67%	50%
[*] Fees are charged on a per ERU basis				

Local Utility Impact Fee Comparison Per ERU



Industry Trends in Fee Level

- Utilities in New-facility Expansion Programs Significantly Adjusting

Utility	Status	Water (per ERC)	Wastewater (per ERC)	Combined (per ERC)
Collier County	Adopted August 27, 2024	\$4,411 – Dec 2024 \$5,411 – Dec 2025 \$6,470 – Dec 2026	\$4,081 – Dec 2024 \$4,847 – Dec 2025 \$5,614 – Dec 2026	\$8,492 – Dec 2024 \$10,258 – Dec 2025 \$12,084 – Dec 2026
City of Mt. Dora	Adopted June 4, 2024. Effective September 2024	\$1,340	\$7,975	\$9,315
Polk County	Ph. 1 Effective January 1, 2025 Ph. 2 Effective October 1, 2025	Ph. 1 -\$2,941 / Ph. 2 \$3,038	Ph. 1 -\$5,182 / Ph. 2 \$6,169	Ph. 1 -\$8,125 / Ph. 2 \$9,207
Groveland	Adopted July 15, 2024	\$3,830	\$10,090	\$13,920
Lake Alfred	Effective March 6, 2023	\$6,333	\$5,021	\$11,354
City of Auburndale (Inside)	Effective September 2023	\$3,127	\$4,917	\$8,044
Hernando County	Adopted July 2024	\$2,397	\$5,563	\$7,960
City of Palm Coast	Effective May 1, 2024	\$3,497; increasing to \$4,378 by May 1, 2027	\$3,931; increasing to \$4,415 by May 1, 2027	\$7,428; increasing to \$8,793 by May 1, 2027
Florida Community Services Corp. of Walton County	Effective March 1, 2024	\$3,092.66	\$4,824.54	\$7,917.20
South Walton Regional Utilities, Inc.	Effective October 1, 2023	\$2,733.53	\$4,649.00	\$7,382.53
Port St. Lucie	Adopted September 2024	\$5,705	\$5,222	\$10,927
Lakeland	Effective October 1, 2024	\$3,603	\$3,672	\$7,275
Davenport	2 nd Reading Pending October 21, 2024	\$6,300	\$5,360	\$11,660
Winter Haven	Adopted September 10, 2024	\$3,671	\$8,175	\$11,846
Sarasota County	Effective March 1, 2025	\$4,250	\$4,480	\$8,730
Brooksville	Adopted January 27, 2025	\$765	\$6,467	\$7,232

Implementation Considerations

- Water Impact Fee – increasing 74% per ERU
- Wastewater Impact Fee – increasing 64% per ERU
- Maximum estimate of water and wastewater impact fee levels surpass the standard statutory increase limit of 50% noted previously
- Implementation Options:
 - Use standard maximum statutory increase of 50% and phase in evenly over 4 years
 - Fees will be under recovering costs from new growth thereby increasing burden to current customers
 - Pursue full one time increase through extraordinary circumstance provisions
 - Staff recommended option

Extraordinary Circumstances

- Significant planned population growth
 - Approximate population in 2025 of 37,000 up from 27,000 in 2020
 - Approximately 6.5% per year on average
 - Total units approved for development since 2020 – 39,823
 - Villages Entitlement Units – 14,185
 - Current and planned growth necessitates the expansion of capital facilities to maintain levels of service to community
- Cost to construct new facilities have increase significantly
 - Consumer Price Index – Approx. 27%+ increase since 2019
 - Construction Materials Index – Approx. 40%+ increase since 2019
 - Existing cost of wastewater capacity is approx. \$8.64 per gallon while new expansion cost of capacity at approx. \$26.13 per gallon of capacity

Next Steps



Second extraordinary circumstance meetings then public readings



Comply with Florida Impact Fee Act Requirements



Review and update impact fees in 4 years



Adopt proposed impact fees
- Two ordinance readings



90 Day grace period from approval to effective date

Q&A



Thank you!

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