

City of Key West

Sanitary Sewer, Solid Waste Impact Fees, and Stormwater Impact Fee Update

September 12, 2024



Background and Project Objectives

Background

- The City **currently** assesses **impact fees to new customers** connecting to its sanitary sewer and solid waste systems.
- Impact fees have not been updated since 1986.
- The City does not currently assess a stormwater impact fee.

Objectives

- Recover the cost of utility system investments from new customers in a fair and equitable manner.
- Update calculations of the maximum supportable, and cost justified utility impact fees in accordance with the Florida Impact Fee Act and common industry practice.

What are Impact Fees?

- Impact fees are one-time fees assessed to new customers to recover their share of the cost of backbone system infrastructure.
 - › Recovers the cost of the City's utility systems that have been designed and built with sufficient capacity to serve new customers.
 - › Fee for new customers corresponds to their estimated share of the up-front cost of past infrastructure investments.
- Impact fees are not assessed to existing customers.

What are Impact Fee Revenues Used for?

They are used to pay for all or a portion of growth-related capital improvements, which reduces the burden on existing rate payers.

- **City Municipal Code Section 54-120 – Use of Solid Waste Impact Fees**
 - › “Solid waste impact fees paid under this division shall be used by the city exclusively for the purpose of capital improvements to the city solid waste disposal system to meet the demand...which new waste generating activity creates.”
- **City Municipal Code Section 54-156 – Use of Sanitary Sewer Impact Fees**
 - › “Sewer impact fees paid...shall be used by the city exclusively for the purpose of capital improvements that expand the treatment capacity of the sewer system...including rehabilitation of sewers...”

Existing Sewer and Solid Waste Utility Impact Fees

Property Type	Sanitary Sewer	Solid Waste
Residential	\$300 per bedroom	\$215 per dwelling unit + \$43 per bedroom
Hotel / Motel	\$200 per bedroom	\$129 per bedroom
Restaurant	\$100 per seat	\$172 per seat
Retail	\$0.20 per gross SF	\$0.86 per gross SF
Office	\$0.20 per gross SF	\$0.43 per gross SF
Bars and Lounges	\$60 per seat	\$86 per seat
Theater	\$10 per seat	\$43 per seat
Marina	\$50 per slip	\$43 per slip

Requirements of the Florida Impact Fee Act

- No specific requirements for how impact fees should be calculated.
- The Act contains provisions limiting the extent to, and the frequency with, which impact fees can be increased.
 - › An increase to a current impact fee of not more than 25% must be implemented in two equal annual increments.
 - › An increase to a current impact fee which exceeds 25% but is not more than 50% must be implemented in four equal annual installments.
 - › An impact fee increase may not exceed 50%.
- Impact fees can be increased beyond the phase-in limitations provided that certain criteria are met.

We Recommend Charging Sanitary Sewer Impact Fees based on Water Meter Size

Why?

It uses up-to-date and reliable information.

It allows for differing capacity demands to be reflected within the same property use.

It reduces the need to re-assess fees when the property changes use.

Updated Sanitary Sewer Impact Fees Calculated per Water Meter Size

Meter Size	Proposed Year 1	Proposed Year 2	Proposed Year 3	Proposed Year 4
5/8"	\$1,266	\$1,406	\$1,547	\$1,688
3/4"	\$1,772	\$1,969	\$2,166	\$2,363
1"	\$2,784	\$3,094	\$3,403	\$3,713
1-1/2"	\$6,328	\$7,031	\$7,734	\$8,438
2"	\$8,100	\$9,000	\$9,900	\$10,800
3"	\$25,313	\$28,125	\$30,938	\$33,750
4"	\$63,281	\$70,313	\$77,344	\$84,375
6"	\$101,250	\$112,500	\$123,750	\$135,000
8"	\$202,500	\$225,000	\$247,500	\$270,000

- The increase in the fee for a new Residential customer is ~\$350.
- The increase in the fee for other property types depend on the specific details of the property (e.g., # of seats, SF of building, etc.)

We Recommend No Changes to How Solid Waste Impact Fees are Charged

Updated Calculation of the Fees:

Customer	Impact Unit	Existing	Proposed Year 1	Proposed Year 2	Proposed Year 3	Proposed Year 4
Residential	DU	\$344	\$387	\$430	\$473	\$516
Hotel / Motel	Room	\$129	\$94	\$94	\$94	\$94
Restaurant	Seat	\$172	\$194	\$215	\$237	\$258
Retail	100 SF	\$86	\$97	\$108	\$118	\$129
Office	100 SF	\$43	\$45	\$47	\$47	\$47
Bars / Lounges	Seat	\$86	\$97	\$108	\$118	\$129
Theater	Seat	\$43	\$48	\$54	\$59	\$65
Marina	Slip	\$43	\$48	\$54	\$59	\$65

We Calculated New Stormwater Impact Fees Based on Property Impervious Area

Calculated Stormwater Impact Fees:

Customer Type	Year 1	Year 2	Year 3	Year 4
All properties – per ESU	\$171	\$342	\$513	\$683

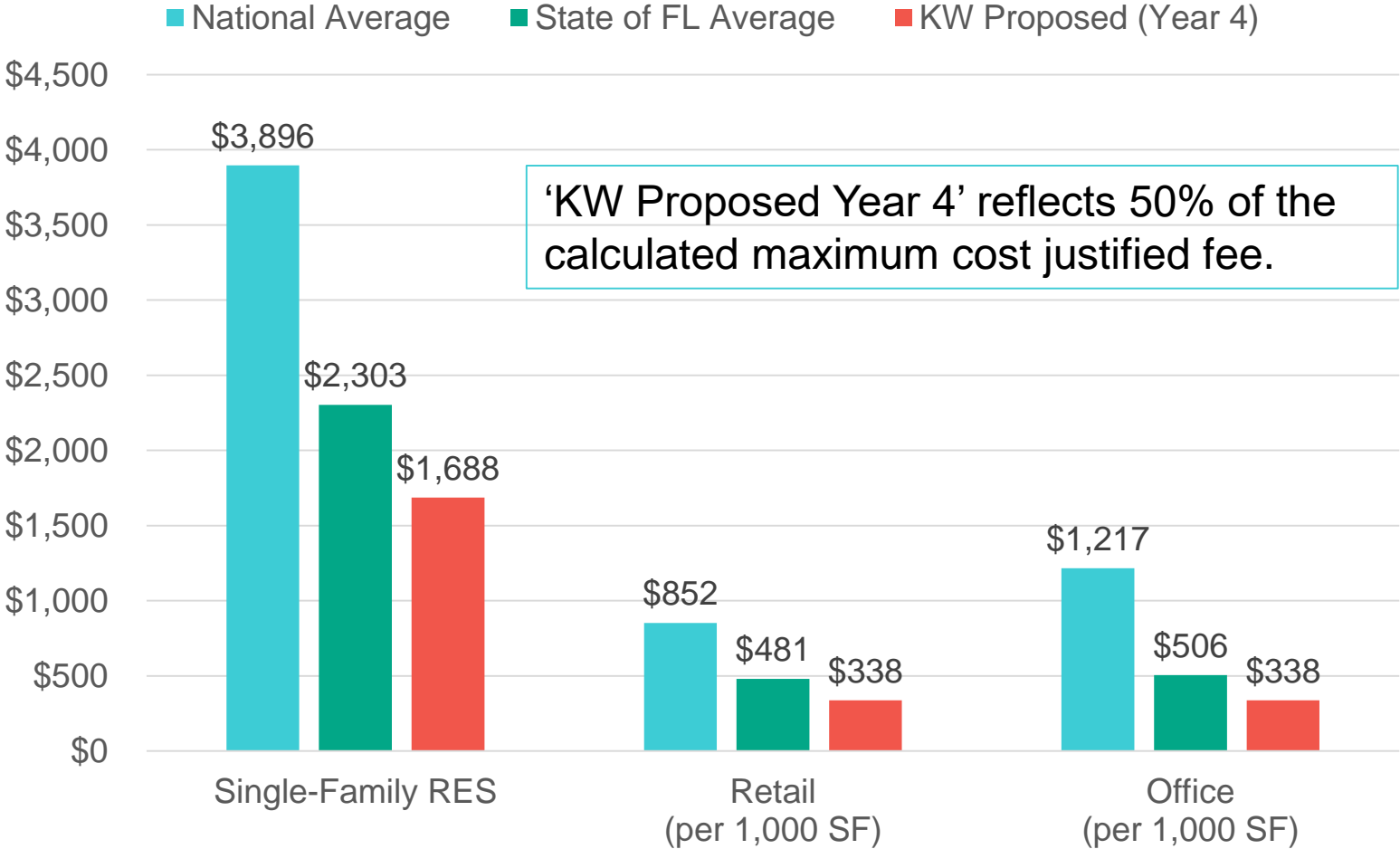
ESU = equivalent stormwater unit

A single-family Residential parcel would be assigned 1 ESU.

One ESU is equal to 1,440 SF of impervious area.

Non-Residential ESUs would be calculated individually based on total IA.

Sanitary Sewer Impact Fee Comparison

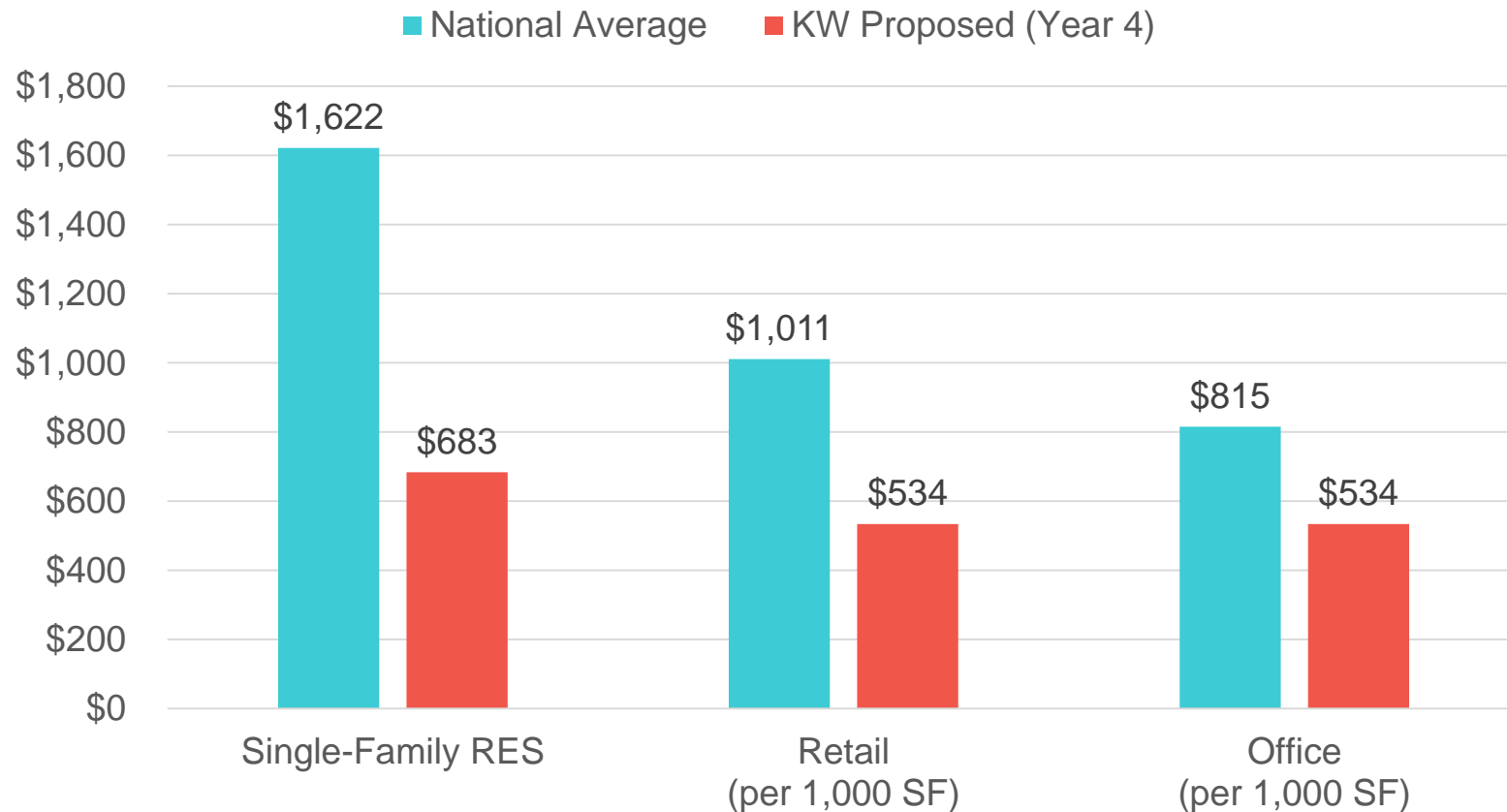


'KW Proposed Year 4' reflects 50% of the calculated maximum cost justified fee.

Proposed Sewer Impact Fees are lower than others:

- The average persons per household is less in the City than on average across the U.S.
- A large proportion of City residents are not full-time residents.

Stormwater Impact Fee Comparison



Proposed fees are lower than national average:

- The City has received more grant funding for SW infrastructure than other systems.
- The City has fewer miles of SW conveyance per IA.

Stormwater impact fees throughout Florida are relatively uncommon and thus are excluded from the comparison.



Thank you!

Contact: John Mastracchio

518 391 8944 / jmastracchio@raftelis.com

Contact: Phil Sapone

518 982 4223 / psapone@raftelis.com