



## THE CITY OF KEY WEST

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**TO:** Patti McLauchlin, City Manager

**FROM:** John Paul Castro, Utilities Director

**CC:** Todd Stoughton, Assistant City Manager

**DATE:** January 24, 2021

**SUBJECT: Interlocal Agreement with FKAA for the Acceptance of Limited Wastewater Flow from the Big Coppitt Key Treatment Plant**

### ACTION STATEMENT:

This resolution will approve an interlocal agreement (ILA) between the City of Key West and the Florida Keys Aquaduct Authority (FKAA) for the collection and billing of wastewater flows from FKAA's Big Coppitt Wastewater treatment plant for a term of 20 years.

### BACKGROUND:

FKAA has a need for increased wastewater treatment due to permitting regulations and increased flows coming online to their treatment plants. FKAA has met the maximum flow for the Big Coppitt treatment plant and per Florida Department of Environmental Protection (FDEP) must either expand their treatment capacity or send flows elsewhere.

FKAA reached out to City staff requesting availability of flow capacity and connection possibilities to divert flow to the City of Key West wastewater treatment plant (WWTP). The requested flow from the Big Coppitt plant is 150,000 gallons per day.

### PURPOSE & JUSTIFICATION:

The City of Key West WWTP has a permit capacity of 10 million gallons per day. WWTP flows currently average 4.5 million gallons per day (MGD). Capacity exists at the City's WWTP to accept additional flows. The requested .15 MGD is acceptable under the current operations permit.

A connection point has been identified at the end of Duck Ave. at South Roosevelt Blvd. that can accommodate both the physical connection needed by FKAA and then handle the flows being diverted.

The City hired Raftelis Financial Consulting to run a rate model for the wholesale pricing of wastewater from FKAA. The connection fee and commodity flow rate within the ILA are a result of a 5-year capital plan rate model in which only costs associated with the FKAA flow were considered. The results of the financial model are a connection fee of \$1,076,369.00 and a flow rate of \$6.46 per 1,000 gallons. The estimated yearly revenue is \$353,685.00.

All costs to connect into the City's system, flow meters, and all future costs for the maintenance of the connection point are 100% allocable to FKAA.

MEMORANDUM

**OPTIONS:**

1. The City Commission can approve the attached ILA with FKAA and accept .15 MGD into the City's wastewater collection system. This would allow FKAA to meet regulatory compliance at the Big Coppitt treatment plant and save FKAA an estimated \$15 million in expansion costs and multiple years of construction.
2. The City Commission could not approve the ILA or request additional/amended terms and conditions.

**FINANCIAL IMPACT:**

A one-time connection paid to fund 401 of \$1,076,369.00 would be collected from FKAA for their proportionate flow reserve plus \$6.46 per 1,000 gallons of flow read and billed on a monthly basis.

**RECOMMENDATION:**

City Staff recommends the City Commission select Option 1; approve the attached ILA with FKAA to accept .15 MGD of wastewater flows which is a mutually beneficial agreement.