



City of Key West Sewer Charges Study (2022)

July 22, 2021



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Existing Sewer Rates

Description	Existing Rates
Base Charge (Residential) per Month	\$23.57
Commodity Charge (per 1,000 Gallons)	\$4.67

Note:

The Base Charge is assessed per Base Charge Unit or BCU (1 BCU = 3,600 gallons). There is no minimum sewer flow allowance included in the Base Charge.

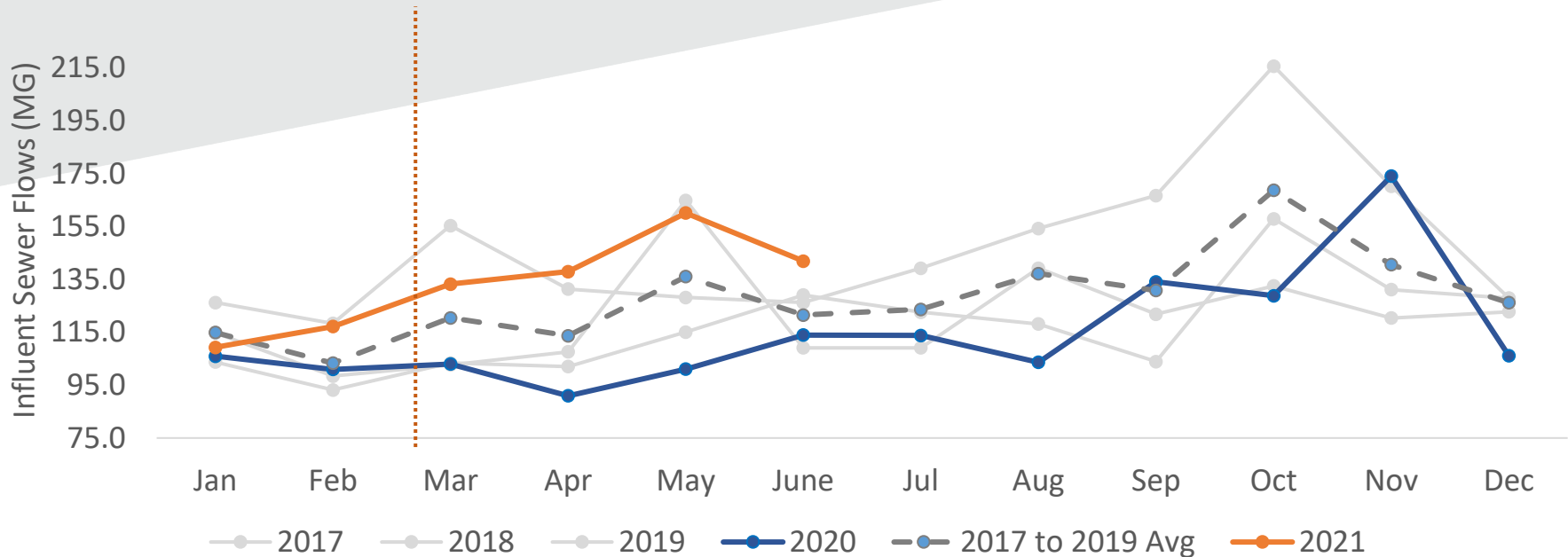


Rates Support Operation, Maintenance, and Capital Needs of the Sewer System

- Wastewater Treatment Plant
 - › 10 MGD capacity
 - › Contract operator OMI employs approximately 29 staff
- Sewer Collection System
 - › 60 miles of collection pipe
 - › 26 pump stations

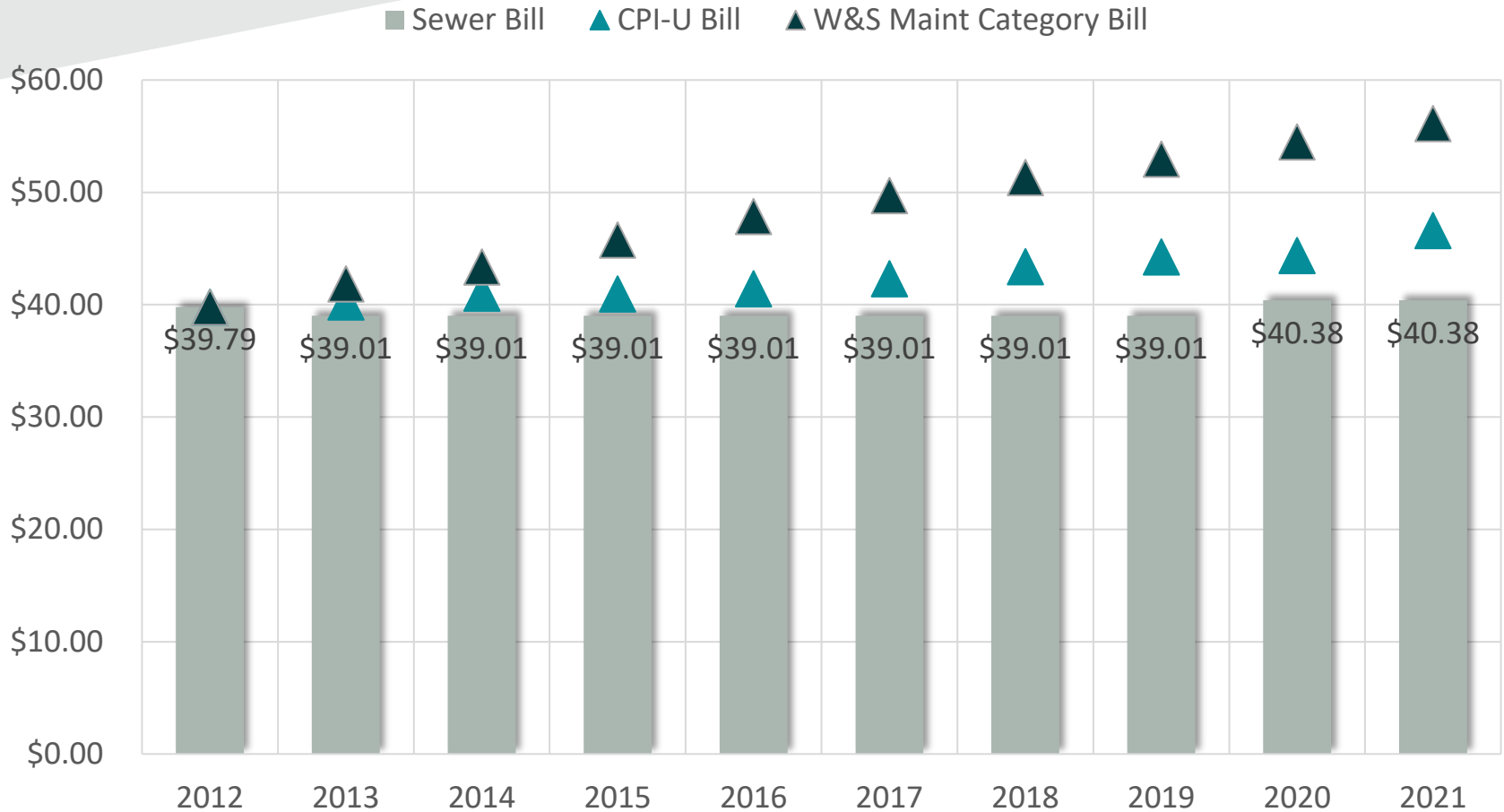


COVID-19 Impact on Sewer Flows



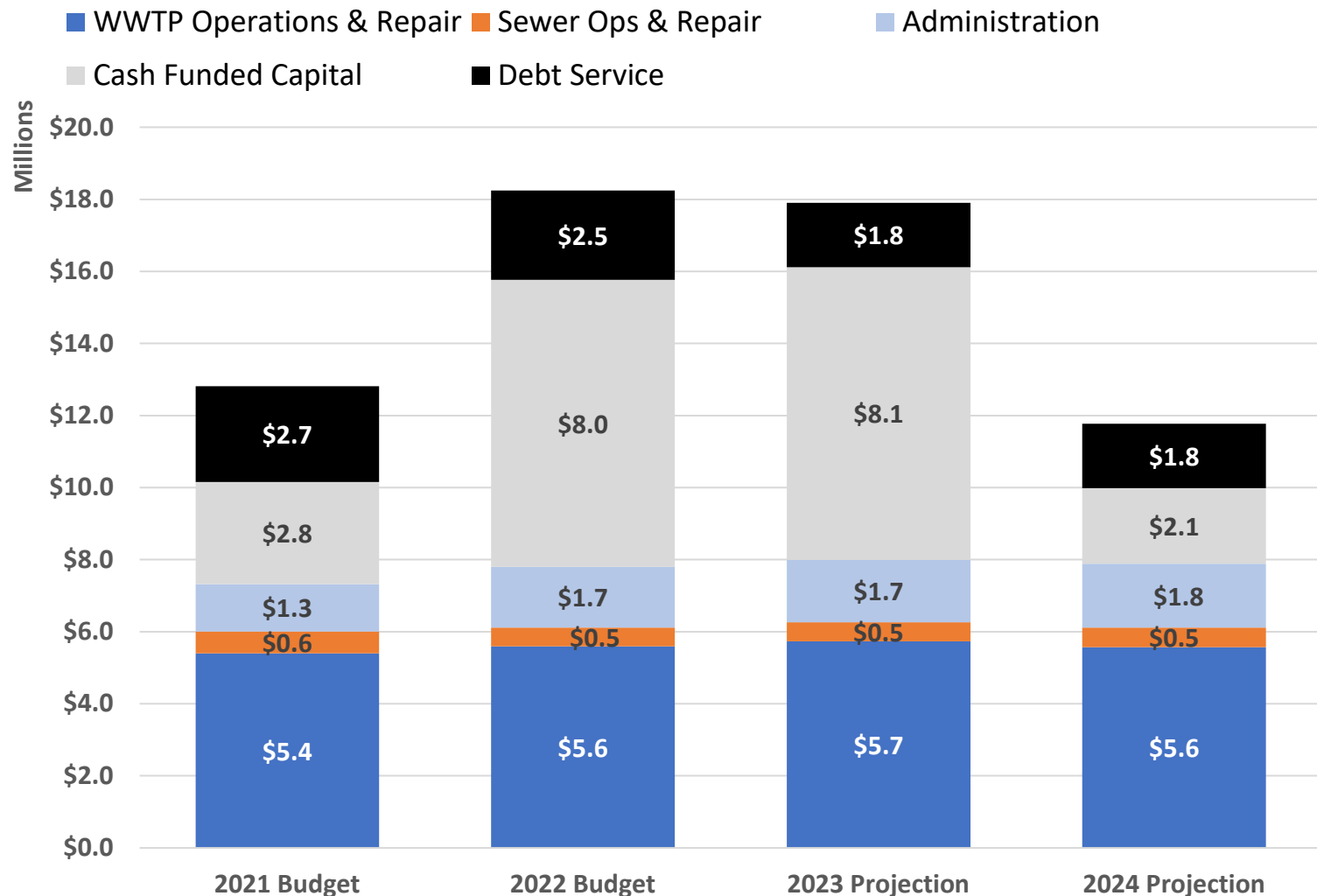
- Last year, commodity revenues were adjusted down by 10% in FY 2021, as a result of COVID-19.
- However, monthly influent flows to the plant in FY 2021 indicate a 'return to normal' during FY 2022.
- Therefore, no adjustment was made to commodity revenues in FY 2022 to reflect the continued impact of COVID-19.

The Residential Sewer Bill Has Increased at a Rate Below Inflation



Monthly Sewer Bills based on Actual Sewer Rates (1 BCU/month and 3,600 gallons per month)

Sewer System Revenue Requirements



Capital Improvement Plan

Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
WWTP Upgrades	\$2,608,146	\$5,500,000	\$0	\$0	\$0
WWTP R&R	2,800,000	275,000	100,000	0	0
Collection R&R	2,490,944	2,350,000	2,000,000	4,553,551	4,553,551
Other	<u>70,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$7,969,090	\$8,125,000	\$2,100,000	\$4,553,551	\$4,553,551

Capital Project Highlights



Fleming Force Main Relocation
\$1.5 million in FY 2022

Electrical Main Distrib Upgrade
\$2.3 million in FY 2022



Compost Facility Project
\$5.5 million in FY 2023

Future Lift Station Repairs
\$1.5 million / year FY 2024-26

Financial Plan Objectives

Maintain

Maintain ability to fund planned capital projects

- No new debt – Fund with current revenues, cash reserves, grant monies, and payments from U.S. Navy.

Meet or exceed

Meet or exceed established financial metrics

- Minimum operating cash target of 90 days
- Minimum debt service coverage target of 1.25x

Minimize

Minimize the need for large sewer rate increases

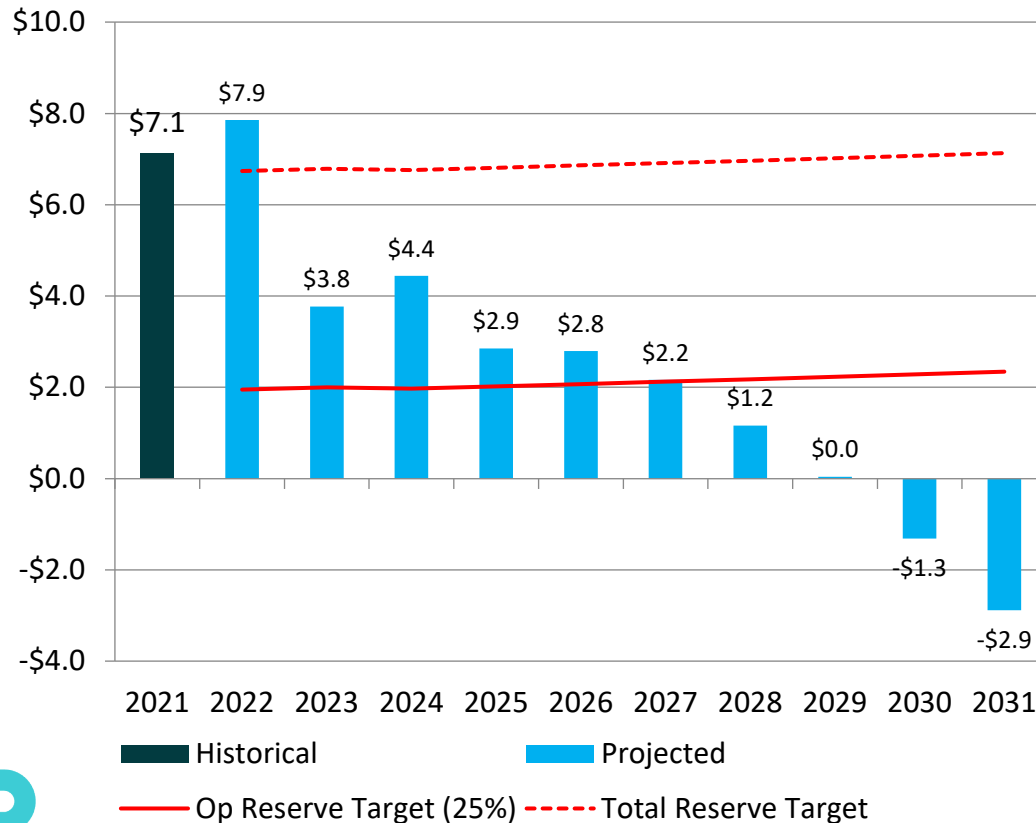
- Implement small inflationary rate increases when necessary



Financial Impact

No Changes to Sewer Charges

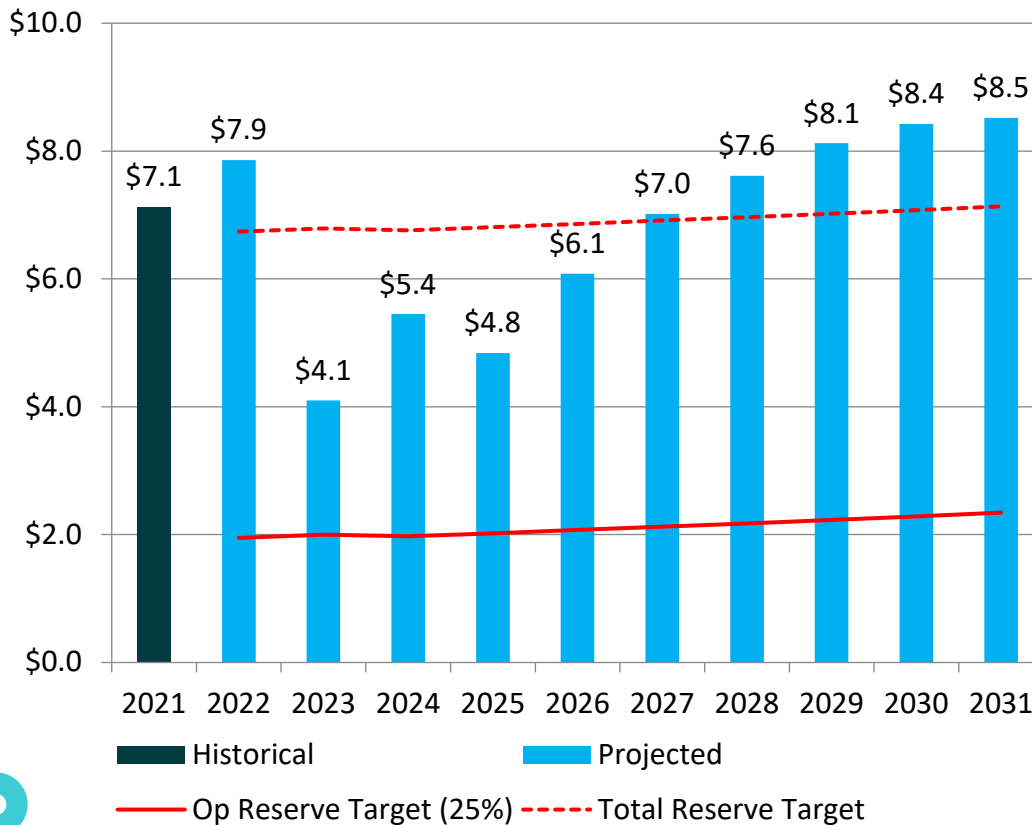
Projected Operating Cash vs. Reserve Target
(\$ shown in Millions)



Year	Rate Increase	Base Charge	Commodity Charge	Typical Monthly Bill
2021	0.0%	\$23.57	\$4.67	\$40.38
2022	0.0%	\$23.57	\$4.67	\$40.38
2023	0.0%	\$23.57	\$4.67	\$40.38
2024	0.0%	\$23.57	\$4.67	\$40.38
2025	0.0%	\$23.57	\$4.67	\$40.38
2026	0.0%	\$23.57	\$4.67	\$40.38
2027	0.0%	\$23.57	\$4.67	\$40.38
2028	0.0%	\$23.57	\$4.67	\$40.38
2029	0.0%	\$23.57	\$4.67	\$40.38
2030	0.0%	\$23.57	\$4.67	\$40.38
2031	0.0%	\$23.57	\$4.67	\$40.38

Recommended Changes to Sewer Charges

Projected Operating Cash vs. Reserve Target
(\$ shown in Millions)



Year	Rate Increase	Base Charge	Commodity Charge	Typical Monthly Bill
2021	0.0%	\$23.57	\$4.67	\$40.38
2022	0.0%	\$23.57	\$4.67	\$40.38
2023	3.0%	\$24.28	\$4.81	\$41.59
2024	3.0%	\$25.01	\$4.95	\$42.84
2025	2.5%	\$25.63	\$5.08	\$43.91
2026	2.5%	\$26.27	\$5.21	\$45.01
2027	2.0%	\$26.80	\$5.31	\$45.91
2028	0.0%	\$26.80	\$5.31	\$45.91
2029	0.0%	\$26.80	\$5.31	\$45.91
2030	0.0%	\$26.80	\$5.31	\$45.91
2031	0.0%	\$26.80	\$5.31	\$45.91

Recommended Sewer Charges Adjustments — Recommended Financial Plan

Description	FY 2021 (Existing)	FY 2022 (Proposed)	\$ Change	% Change
Base Charge per BCU/month	\$23.57	\$23.57	\$0.00	0.0%
Commodity Charge per 1,000 gallons	<u>\$4.67</u>	<u>\$4.67</u>	\$0.00	0.0%
Typical Monthly Bill 1 BCU / 3,600 gal.	\$40.38	\$40.38	\$0.00	0.0%



Base Charge Unit (BCU) Analysis

BCU = Amount of billed flow from a typical residential customer.

Unit of measure for the monthly Base Charge

1 BCU = 3,600 gallons per month.

Fiscal Year	Flow per BCU (gals.)
2015	3,684
2016	3,766
2017	3,724
2018	3,820
2019	3,820
2020	3,755
2021	3,602
3 Year Average	3,726
5 Year Average	3,744

No change recommended,
but continue to monitor.



Typical Monthly Residential Sewer Bill Comparison



Based on 1 BCU and 3,600 gallons of billed usage per month

Q&A

CONTACT

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Historical Sewer Charges and Bills

Fiscal Year	Base Charge per BCU/Mo.	Commodity Charge per 1,000 gal.	Typical Monthly Bill
2012	\$23.23	\$4.60	\$39.79
2013	\$22.77	\$4.51	\$39.01
2014	\$22.77	\$4.51	\$39.01
2015	\$22.77	\$4.51	\$39.01
2016	\$22.77	\$4.51	\$39.01
2017	\$22.77	\$4.51	\$39.01
2018	\$22.77	\$4.51	\$39.01
2019	\$22.77	\$4.51	\$39.01
2020	\$23.57	\$4.67	\$40.38
2021	\$23.57	\$4.67	\$40.38

Historical monthly bill amounts calculated based on 1 BCU and 3,600 gallons of billed use.

