



MEMORANDUM

Date: August 8, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton; Interim City Manager

From: Matt Willman, Interim Utilities Director

Subject: **Ordinance Amending Sewer Rates for FY 2024-25 Pursuant Section 74-246 of the Code of Ordinances (File Id 6087)**

Introduction

An adjustment of the annual sanitary sewer rates, charges, and components pursuant to Section 74-246 of the Code of Ordinances to support the operations, maintenance and capital improvements of the sanitary sewer collection system, wastewater treatment plant and associated infrastructure.

Background

The City of Key West sewer charges are billed monthly by Florida Keys Aqueduct Authority (FKAA). The FY 2024 rate is currently \$25.01 (BCU) base charge unit per user, \$4.95 proportional use charge per 1,000 gallons per user, and \$9.62. Monthly Flat Surcharge. Staff proposes increasing the rates over the CPI-(U), U.S. City Averages (June '24), of an increase of 10%.

Ordinance section 74-246 requires a resolution of the City Commission to increase the rate for sewer base and user fees up to 100% of CPI-U, U.S. City Averages as of June, which was 3.00% for June 2024, the City utilizes the expertise of Raftelis Financial Consultants for rate modeling on an annual basis. The information within is derived from the sewer fund rate model for the fiscal year 2025.

A Public Hearing is scheduled for August 8, 2024 @ 5:00pm at City Hall, 1300 White Street. Florida Statute Sec 180.136 requires the utility shall provide notice of the proposed increase to each customer of the utility through the utility's billing process. This has been done by FKAA in the July billing cycles, along with a notice in the Key West Citizen newspaper advising of said hearing.

Procurement

In setting the FY 2025 budget, the City plans on accomplishing the following goals:

- Fund our sewer operations for pump stations and the wastewater treatment plant.
- Continue implementation of the capital plan set forth in the rate model presented to the city commission.
- Work toward physical asset and operational resiliency.
- Maintain adequate capital and operational reserves.

City Staff believes that to achieve these goals an increase to the base charge and proportional use fee is required. The fees for each component are as follows:

Fee Component	FY 2024 Budget (current)	Proposed FY 2025 Budget	Increase
Base Fee	\$25.01(per BCU/Mo)	\$27.51(per BCU/Mo)	+\$2.50/BCU/Mo.
User Fee	\$4.95(per 1,000 gal)	\$5.45(per 1,000 gal)	+\$0.60/1,000 gal
Flat Monthly Surcharge	\$9.90/Month	\$10.89/Month	+\$0.99/Month

Recommendation

The City Manager's Office recommends the Mayor and City Commission approve the sewer rates for Fiscal Year 2024/25 and pursuant to Section 74-246 (a), (b), and (d), amend the base user fee to \$27.51 per month, the proportionate use fee to \$5.45 per 1,000 gallons, and the flat monthly surcharge fee to \$10.89 per month.