



MEMORANDUM

Date: September 3, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso,
City Manager

From: Matt Willman,
Utilities Director

Subject: **File ID 25-4349 - An Ordinance Amending and Updating Article V. – Stormwater Utility System, Section 74-387. -Equivalent Stormwater Unit (ESU) Rate to \$171.31 Pursuant of the Code of Ordinances**

Introduction

Chapter 74, Article V, Section 74-387, Equivalent Stormwater Unit (ESU) Rate, originally established in 2002, states that the user fee charged on each ESU shall be \$7.80 and may be adjusted by resolution annually up to 100% of the percentage increase in CPI-U as of June. The Ordinance also states that the City Commission shall enact an ordinance amendment in order to increase the ESU in excess of the CPI. This amendment would provide a new base user fee for an ESU which will then be adjusted annually up to 100% of the percentage increase in CPI-U as of June.

Background

Each year, in conjunction with preparations for the Stormwater Fund budget, City staff and our financial rate model consultants analyze our stormwater utility financial data, including all projected revenue and expenditures, for the upcoming year in order to recommend the rate to be assessed. This user fee supports capital improvements, operations, and maintenance of the stormwater sewer collection system, pump stations and associated infrastructure. Using this analysis, the City Commission establishes Stormwater rates for the residents of the City of Key West each fiscal year through an annual rate resolution.

The June 2025 CPI was 2.7%. The proposed increase of the ESU rate from \$121.32 per year to \$171.31 per year is the equivalent of a 42% increase, which is needed to support the City's stormwater infrastructure and operational need for the upcoming years.

Procurement

For the Fiscal Year beginning October 1, 2025, the estimated Stormwater Service Cost of \$3,595,233 shall be allocated among all parcels of assessed property, based upon each parcels number of net ESUs.

The rate of assessment for each ESU for Stormwater attributable to each Parcel for Stormwater facilities improvements and services provided for Fiscal Year 2025-26 is \$171.31.

Recommendation

The City Manager's Office recommends the Mayor and City Commission approve this draft ordinance adjusting the annual stormwater base user fee charged per ESU to \$171.31, pursuant to Section 74-387 of the Code of Ordinances.