



## THE CITY OF KEY WEST

Post Office Box 1409 Key West, FL 33041-1409 (305) 809-3700

MEMORANDUM

### EXECUTIVE SUMMARY

**TO:** Bogdan Vitas, City Manager  
E. David Fernandez, Asst. City Manager - Operations

**FROM:** Jay Gewin, Utilities Manager

**DATE:** September 17, 2013

**RE:** **Approval of an Interlocal Agreement for the Allocation of Mayfield Grant Funding for Sewer Improvements from the State of Florida Through the Florida Communities Trust.**

#### ACTION STATEMENT:

This resolution will approve an interlocal agreement between Monroe County, Key Colony Beach, Marathon, the Key Largo Wastewater Treatment District, Islamorada, and the City of Key West related to wastewater Mayfield Grant funding from the State of Florida through the Florida Communities Trust.

The agreement provides the City of Key West with a total of \$12 million in wastewater funding, pending appropriation from the State in future years. The City of Key West would receive \$3 million in year two, \$4 million in year three, and \$5 million in year four of the four-year agreement.

#### BACKGROUND:

The State of Florida has required under a consent order that Monroe County and its municipalities switch from septic sewer systems to central sewer systems. The goal is to be able to improve our nearshore water quality in our marine sanctuary waters.

These improvements are very costly, particularly for areas with limited population. Therefore the municipalities and Monroe County have sought funding assistance from our State and Federal partners to complete these sewer improvements.

The City of Key West was experiencing beach closures throughout the island back in 1999 due to fecal matter in our nearshore waters. At that time, due to

*Key to the Caribbean – Average yearly temperature 77° F.*

the urgency of the need to remedy the situation, the City of Key West voters approved issuance of bonds that would fund complete rehabilitation of our sewer collection system, and allowed our wastewater treatment plant to be improved to an AWT (Advanced Wastewater Treatment) facility. The City then expedited a 7 year capital repair program into a 2.5 year program, and completed the sewer collection system rehabilitation. Residents and businesses also spent millions of dollars repairing their sewer laterals under the City's testing program.

The City has therefore sought funding assistance from our grant partners in recognition of the millions we have spent on sewer improvements to date. Additionally, there are several components of our sewer system that are in need of repairs. Our sewer lift stations are showing signs of age, and there are areas at our treatment plant (concrete, roof, etc.) in need of repair, along with other capital projects needed to keep our infrastructure in repair and using current technologies.

## **PURPOSE AND JUSTIFICATION**

Working together, the municipalities and Monroe County were successful in persuading the State of Florida to allocate \$200 million to help improve the sewer systems in the Florida Keys. This would be appropriated in four \$50 million yearly grants. The first year's funding was given to Islamorada and the Cudjoe Key Regional Wastewater Project. Therefore, the cities and county are now seeking an agreement on how the funding for the remaining three years should be dispersed.

After several meetings with the stakeholders, an agreement was reached. The City of Key West would receive \$3 million in year two of the agreement, \$4 million in year three, and \$5 million in year four, for a total of \$12 million. Year two would correspond with FY 2014, assuming that the State appropriates funds in all years of the agreement.

## **OPTIONS / ADVANTAGES / DISADVANTAGES:**

1. The City Commission can agree to the interlocal agreement and receive \$12 million in sewer funds for capital improvements from the State. This will provide the City with funding assistance we can use to maintain and improve our existing infrastructure and facilities.
2. The City Commission can decline the agreement. This option is not recommended by City staff, and we could run the risk of being excluded from funding assistance from the State if a subsequent agreement was not reached. Management believes the funding distribution is a fair formula for all parties involved in the current interlocal agreement.

## **FINANCIAL IMPACT:**

The \$12 million the City would receive under the program would greatly assist the City's efforts to maintain and improve our utility infrastructure. It would also help our utility's ratepayers' ability to fund these projects and maintain our future rates.

**RECOMMENDATION:**

Staff recommends that the City Commission select option 1, approving the interlocal agreement for wastewater grant funding from the State of Florida through the Florida Communities Trust.