



THE CITY OF KEY WEST

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

MEMORANDUM

TO: Jim Scholl, City Manager

Cc: Greg Veliz, Asst. City Manager
Sarah Spurlock, Asst. City Manager

FROM: John Paul Castro, Utilities Director

DATE: August 11, 2015

SUBJECT: Authorizing a \$98.65 Annual Stormwater Utility ESU User Fee Charge for the City's Stormwater Annual Rate Resolution for FY 2016

Action statement:

This is the Stormwater Annual Rate Resolution that is required in the process of billing for the Stormwater utility as non-ad valorem assessment on the property tax bill. It will represent an increase equal to 2.5% and establish Equivalent Stormwater Unit cost at \$98.65 annually.

Background:

The City Commission of Key West, Florida, has enacted Ordinance No. 13-09, which authorizes the annual re-imposition of annual Stormwater Service Assessments for Stormwater Management Services, facilities or programs against real residential property specifically benefited by the City's Stormwater Management Services

The City Commission also establishes the Stormwater rates for our residents each fiscal year.

Purpose and Justification:

In setting the FY 2016 budget, the City plans on accomplishing the following goals:

- Continue staffing of maintenance functions at current levels (OMI) to ensure a safe and effective level of service to maintain our stormwater collection system, safeguard that storm drains and outfalls are regularly cleaned, and that the City's stormwater pump-assist wells and generators are fully operational.

Last year notices were sent out with max rates that cannot be exceeded without new notices sent out and commission approval. The rates on this notice for future years were:

FY 2017 - \$103.01
FY 2018 - \$105.89

An advantage of having the utility billing on the property tax roll is that residents have the opportunity to receive a discount on their utility user fees through early payment of property taxes.

City Staff recommended to the City Commission in initial budget workshops an increase of 2.5% due to the increases in maintenance costs and planned capital expenditures from the 2010 Stormwater master plan to expand the collection system. The rate increase request was derived from the Stormwater fund rate model presented by Arcadis U.S., Inc.

Options:

- 1) The City may choose to maintain the Stormwater budget at current levels. This option is not recommended by City Staff or our consultants due to increase maintenance costs and capital planning.

- 2) The City can approve an annual \$98.65 ESU rate for FY 2016.

Financial Impact:

The financial impact of this proposed increase would be as follows:

	FY 2015 Budget (current)	Proposed FY 2016 Budget	Increase
ESU Rate	\$96.24(per year)	\$98.65(per year)	\$2.41/yr.

Recommendation:

Staff recommends option #2, approving an annual ESU rate that increases the annual ESU rate 2.5% to a new total of \$98.65 annually.