

RESOLUTION NO. 22-212

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, ADJUSTING ANNUAL SEWER RATES, CHARGES AND COMPONENTS SET FORTH IN SECTION 74-246 OF THE CODE OF ORDINANCES IN THE CITY OF KEY WEST; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Key West finds that it is necessary to adjust the annual sewer rates by amounts that are below the CPI, to cover the actual cost of providing sewer service, and that it is necessary to do so by resolution; and

WHEREAS, an amendment to the rates established in section 74-246 of the Code of Ordinances will promote the safety and welfare of the citizens and visitors of the City of Key West.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AS FOLLOWS:

Section 1: That the annual sewer rates, charges and component rates set forth in Section 74-246 of the Code of Ordinances are amended as follows:

**Sec. 74-246. - Annual sewer rates, charges and components.**

(a) The base charge unit component (BCU) of the sewer service user charge is determined to be \$24.28. The BCU may be adjusted each October 1, by resolution of the city commission by up to 100 percent of the percentage increase in the CPI-(U), U.S. City Averages (as of June). The city commission shall

enact an ordinance amendment to this section in order to increase the BCU in excess of the CPI.

(b) The proportional use charge component of the sewer service user charge is determined to be \$4.81 per 1,000 gallons per month of actual or estimated sewage flow per user. The proportional use charge may be adjusted each October 1, by resolution of the city commission by up to 100 percent of the percentage increase in the CPI-(U), U.S. City Averages (as of June). The city commission shall enact an ordinance amendment to this section in order to increase the proportional use charge in excess of the CPI.

(c) The extra-normal strength charge component of the sewer service user charge is determined to be \$0.57 per pound of biochemical oxygen demand (BOD) and \$0.26 per pound of total suspended solids (TSS) contributed per month per user in excess of the amount accounted for in waste at a rate of 350 mg/l for BOD and for TSS.

(d) The flat monthly alternative water surcharge is determined to be \$9.62.

(e) The assumed percentage of water being contributed to the sewer system, as referred to in Ordinance No. 89-33, subsection (b)(1), continues to be 80 percent. This figure times the average monthly residential water consumption, the product then divided by the average number of residential dwelling

units, yields an average residential monthly wastewater production (rounded to the nearest hundred gallons) or monthly base charge unit (BCU) of 3,600.

Section 2: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the Presiding Officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this 20th day of September, 2022.


Authenticated by the Presiding Officer and Clerk of the Commission on 21st day of September, 2022.

Filed with the Clerk on September 21, 2022.

Mayor Teri Johnston	<u>Yes</u>
Vice Mayor Sam Kaufman	<u>Yes</u>
Commissioner Gregory Davila	<u>Yes</u>
Commissioner Mary Lou Hoover	<u>Yes</u>
Commissioner Clayton Lopez	<u>Yes</u>
Commissioner Billy Wardlow	<u>Yes</u>
Commissioner Jimmy Weekley	<u>Yes</u>

  
TERI JOHNSTON, MAYOR

ATTEST:

  
CHERYL SMITH, CITY CLERK



THE CITY OF KEY WEST

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

MEMORANDUM

TO: Patti McLauchlin, City Manager

Cc: Todd Stoughton, Asst. City Manager  
Kelly Crowe, Utilities Director

FROM: Matt Willman, Utility Administrator

DATE: August 24, 2022

SUBJECT: Resolution amending Sewer Rates for FY 2023 pursuant  
Section 74-246 of the Code of Ordinances

Action Statement:

Staff suggests adjusting sewer rates pursuant to **Section 74-246 (a), (b), and (d) - Annual Sewer Rates, Charges and Components**, (a) to amend the base sewer service user charge to \$24.28/BCU (base charge unit), (b) the proportional use charge to \$4.81 per 1,000/gal flow per month, and (d) the flat monthly surcharge to \$9.62.

Background:

City of Key West sewer charges are billed monthly by Florida Keys Aqueduct Authority (FKAA). The FY 2022 rate per Ordinance is currently \$23.57 base charge per user, \$4.67 proportional use charge per 1,000 gallons per user, and \$8.51 Monthly Flat Surcharge. Staff proposes increasing the rates to \$24.28 base charge per user, \$4.81 proportional use charge per 1,000 gallons per user, and the flat monthly surcharge to \$9.62, which represents an increase of 3%.

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 9.1% for June 2022. 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 2023.

A Public Hearing is scheduled for September 20, 2022 @ 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 two August billing cycles and will be done in the first cycle in September, along with a notice in the Key West Citizen newspaper advising of said hearing.

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

**Purpose and Justification:**

In setting the FY 2023 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 of 3.0% for the base charge and proportional use fee is required.

**Options:**

- 1) The City Commission may approve a \$24.28 base charge, \$4.81 user fee, and flat monthly surcharge of \$9.62 for FY 2023 as presented to the commission by staff and the City's rate model consultant.
- 2) The City Commission may choose to maintain the sewer budget at its current level. This option is not recommended by City Staff or our consultants

**Financial Impact:**

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

	FY 2022 Budget (current)	Proposed FY 2023 Budget	Increase
Base Fee	\$23.57(per BCU/Mo)	\$24.28(per BCU/Mo)	+\$0.71/BCU/Mo.
User Fee	\$4.67(per 1,000 gal)	\$4.81(per 1,000 gal)	+\$0.14/1,000 gal
Flat Monthly Surcharge	\$8.51/Month	\$9.62/Month \$4.81 x 2	+\$1.11/Month

**Recommendation:**

Staff recommends Option #1, amending sewer rates for fy 2023 pursuant to **Section 74-246** (a), (b), and (d) to amend the base user fee from \$23.57 to \$24.28, the proportionate use fee from \$4.67 to \$4.81/1,000 gal, and the flat monthly surcharge fee to \$9.62.