



THE CITY OF KEY WEST

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

MEMORANDUM

TO: Greg Veliz, City Manager

Cc: Patti McLaughlin, Asst. City Manager

FROM: John Paul Castro, Utilities Director

DATE: July 29, 2020

SUBJECT: Authorizing a \$111.03 Annual Stormwater Utility ESU User Fee Charge for the City's Stormwater Annual Rate Resolution for FY 2021

Action statement:

The Stormwater Annual Rate Resolution is required in the process of billing for the Stormwater utility as non-ad valorem assessment on the property tax bill. Staff requests a rate increase of 3% to establish an Equivalent Stormwater Unit cost at \$111.03 annually.

Background:

The City Commission of Key West, Florida, has enacted Ordinance No. 13-09, which authorizes the 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 2021 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.
- Design and construction of Phase II piping in the Patricia and Ashby Neighborhood, Harris and 10th stormwater system and outfall, Fogarty and 3rd St. Pump station, Tide Valve Outfall Project.

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

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

FY 2021 - \$111.03
Maximum Rate over the next years - \$124.97

An advantage of having the stormwater fee on the property tax bill is that residents have the opportunity to receive a discount on their stormwater fees through early payment of property taxes.

City Staff recommended to the City Commission in initial budget workshops an increase of 6% due to capital requirements of the fund and management of maintenance costs. Staffs requested rate increase was derived from the Stormwater fund rate model presented by Raftelis Consulting. After receiving a favorable cost estimate for the Patricia and Ashby Phase II project staff is now requesting a 3% increase to meet the minimum operating reserve target.

Options:

- 1) The City may choose not to increase the Stormwater revenue compared to current levels. This option is not recommended by City Staff or our consultants due to the future capital requirements of the fund.

- 2) The City can approve an annual \$111.03 ESU rate for FY 2021.

Financial Impact:

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

	FY 2020 Budget (current)	Proposed FY 2021 Budget	Increase
ESU Rate	\$107.80(per year)	\$111.03(per year)	+\$3.23/yr.

Recommendation:

Staff recommends option #2, approving an annual ESU rate of \$111.03.