



## THE CITY OF KEY WEST

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**TO:** Jim Scholl, City Manager

**Cc:** Mark Finigan, Asst. City Manager  
E. David Fernandez, Asst. City Manager-Operations

**FROM:** Jay Gewin, Utilities Manager

**DATE:** July 30, 2010

**SUBJECT: Establishing a Monthly Base Charge Unit of 3,600 Gallons for Sewer Utility Billing.**

**Action statement:**

This ordinance will amend City Code Section 74-246 (e) to establish 3,600 gallons as the monthly base charge unit (BCU) for sewer utility billing.

**Background:**

Section 74-246 (e) of the Code of Ordinances reads:

*“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 3,700. “*

The Monthly Base Charge Unit (BCU) represents the gallons of sewer usage in an average residential household. This figure is needed to establish the base charge rates for sewer billing for our commercial properties.

**Purpose and Justification:**

In setting the FY 2011 sewer rate model, it was determined based on actual flow calculations that 3600 gallons would be a more accurate reflection of average household wastewater consumption.

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

<u>Line</u>	<u>Description</u>	<u>Calculated BCUs</u>
1	2003	3,625
2	2004	3,624
3	2005	3,619
4	2006	3,889
5	2007	3,626
6	2008	3,740
7	2009	3,467
8	2010	3,398
<b>Currently in Effect</b>		<b>3,700</b>
<b>Calculated per City Code:</b>		
9	- 3-Yr Rolling Average	3,535
10	- 5-Yr Rolling Average	3,624
11	- 7-Yr Rolling Average	3,623
12	<b>Proposed FY 2011</b>	<b>3,600</b>

<u>Line</u>	<u>Fiscal</u>	<u>Monthly</u>	<u>Residential BCUs</u>		
	<u>Year</u>	<u>Flow (Gals.)</u>	<u>Billed</u>	<u>Inactive</u>	<u>Active</u>
1	2008	42,313,387	11,313	316	10,997
2	2009	38,557,040	11,120	276	10,844
3	2010	38,586,880	11,357	274	11,083
			<u>Residential Wastewater Flow</u>		
			<u>Billed</u>		<u>Active</u>
4	2008		3,740		<b>3,848</b>
5	2009		3,467		<b>3,556</b>
6	2010		3,398		<b>3,481</b>
6			<b>Proposed BCU</b>		<b>3,600</b>

For purposes of rate equity between residential and commercial customers, it is important that the BCU figure utilized by the City reflects a figure that is near the actual average gallons of household wastewater use.

#### Options:

- 1) The City may choose to maintain its BCU figure at 3700 gallons. This option is not recommended because the average gallons of wastewater consumed per household has been decreasing in recent years, resulting in our current tabulation being inaccurate.

- 2) The City can reduce its BCU figure to 3600 gallons. This option will better approximate actual household sewer consumption, and will improve our rate equity between commercial and residential customers.

**Financial Impact:**

Reducing the BCU figure has minimal impact to the revenues of the Sewer Fund as a whole. It could result in higher costs to some larger commercial properties should they maintain existing sewer flow. The BCU change could increase revenues to the sewer fund by an approximate amount of \$90,000. However, the move is designed to ensure that we fairly allocate the cost burden between residential and commercial billing classes.

**Recommendation:**

Staff recommends option #2, reducing the City's BCU total to 3,600 gallons of wastewater consumed.