



## THE CITY OF KEY WEST

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MEMORANDUM

**TO:** Jim Scholl, City Manager

**Cc:** Sarah Spurlock, Asst. City Manager

**FROM:** Michael Turner, Utilities Collection Manager

**DATE:** July 23, 2014

**SUBJECT: Authorizing a \$356.28 Annual Solid Waste Residential User Fee Charge for the City's Initial Solid Waste Assessment Resolution for FY 2015**

**Action statement:**

This is the Preliminary Solid Waste Assessment Resolution that is required in the process of billing for the solid waste utility as non-ad valorem assessment on the property tax bill. It will represent an increase that will establish annual service charge at \$356.28 annually.

**Background:**

The City Commission of Key West, Florida, has enacted Ordinance No. 13-09, which authorizes the annual reimposition of annual Solid Waste Service Assessments for Solid Waste collection and disposal services, facilities or programs against real residential property specifically benefited by the City's Solid Waste Management Services

The City Commission also establishes the solid waste rates for our residents each fiscal year. This year we have a new contract with Waste Management for collection and disposal as well as taking over transfer station operations. Staff and our financial rate consultant with CDM Smith have analyzed in detail the solid waste utility financials.

**Purpose and Justification:**

In setting the FY 2015 budget, the City plans on accomplishing the following goals:

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

- Fund our solid waste and recycling curbside collection, and the MSW hauling service from the Transfer Station.
- Continue implementation of our new Solid Waste Master Plan to improve our City's recycling rate and better manage our utility.
- Continued maintenance of the City's landfill and successful operation of the City's Transfer Station
- Staffing (City and Waste Management) and equipment to ensure a safe and effective level of service.

After the initial assessment notice is approved, notices will be sent to by mail to Key West property owners. These notices will inform the public of the imminent shift in billing to the property tax that will begin arriving in November. They will also include a maximum rate that could only be exceeded if approved by the Commission, and if notices were re-sent by mail to all those paying the user fee. The rates that will be included on these notices will be:

FY 2015 - \$356.28  
Max Rate over the next 4 years- \$393.08

An initial assessment notice must be approved at the August 5<sup>th</sup> City Commission meeting in order to meet the schedule set by state statute to move the utility billing to the property tax roll for FY 2015. This is because the initial assessment notice will state that a public hearing for final approval will be held at the September 3<sup>rd</sup> City Commission meeting.

There are a specified number of days by statute between the initial assessment and the final assessment resolution. The August 5<sup>th</sup> (initial assessment) and September 3<sup>rd</sup> (final approval) schedule is how we can approve the rate for the ad valorem assessment to the property tax roll within state statute without scheduling a special City Commission meeting for just this topic.

**Options:**

- 1) The City may choose to maintain the solid waste budget at current levels. This option is not recommended by City Staff or our consultants.
- 2) The City can approve a \$356.28 annual residential solid waste rate fee for FY 2015.

Whichever rates the City Commission selects will need to be approved at the August 5<sup>th</sup> City Commission meeting.

Another advantage of 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.

**Financial Impact:**

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

	FY 2014 Budget (current)	Proposed FY 2015 Budget	Increase
Residential Rate (Hauling and Disposal)	\$319.05(per year)	\$356.28(per year)	\$37.23/yr.

**Recommendation:**

Staff recommends option #2, approving an initial rate assessment that increases the annual residential rate to a new total of \$356.28 annually.