



THE CITY OF KEY WEST

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MEMORANDUM

TO: Jim Scholl, City Manager
Cc: Greg Veliz, Asst. City Manager
FROM: John Paul Castro, Utilities Director
DATE: October 10, 2018
SUBJECT: Solid Waste Fund
Fiscal Year 2017-18 Budget Amendment

Action statement:

This resolution would authorize a budget amendment to the Fiscal Year 2017-18 Solid Waste Fund. Specifically, the transfer of \$400,227 from Solid Waste reserves to Solid Waste collections for \$227,626, Transfer Station Operations for \$26,100 and Hauling for \$146,501.

Background:

The City utilities department creates yearly rate models and budgets that are approved by the commission. The model is based on maximum contractual increases in future years. Annual Solid Waste budgets presented to and subsequently approved by the City Commission for any given year are based off current costs with projected house counts.

To avoid large over budgeting for the utility (which has created excess reserves in the past) the budgeted amount is created to match forecast tonnages for the current year at the current rate. The model then uses the contractual 2.5% maximum increases from two fiscal years in the future, outward to plan for future increases.

Put simply, the model will account for worst case scenario increases in the future to plan conservatively but the budgeted amounts usually do not have overages. Until the current year we have not received any fuel index increases since Q1 2015.

Purpose and Justification:

The collection rate changes that occurred during Fiscal Year 2017-18 were as follows:

- Residential collection (garbage/yard waste/recycling) increased from \$13.37 to \$13.86 per month per household.
- City Street Cans increased from \$1.26 to \$1.27 per pick up.

The Transfer station operations are billed per ton, the increase is as follows:

- \$16.37 to \$16.59

The hauling contract is priced per ton, increase as follows:

- Yard Waste \$63.36 to \$64.22
- Garbage \$71.06 to \$72.72

The budget amendment amounts required to pay final Fiscal Year 2018 invoices are as follows:

- Hauling 403-3405-534-3400 increase by \$146,501.00
- Collection 403-3404-534-3400 increase by \$227,626.00
- Transfer Station Operations 403-3402-534-3100 increase by \$26,100.00

The increases needed are due to increase cost of service but also increase number of street cans and can pick-ups, Solid Waste taking on the cost of roll off dumpsters used for City cleaning, increased tonnages going through the transfer station, increase of housing units due to Legal Unit Determination (LUD) process and development.

The hauling account and transfer operations account in the 2019 rate model was projected to cover the increased costs that were transferred to pay the 2018 invoices. The collection account will need to be adjusted in FY19 if costs stay the same.

Recommendation:

Staff recommends approving a budget amendment authorizing the transfer from the Utilities/Solid Waste/Reserve account 403-3401-534-9900 of \$400,227 to Utilities/Solid Waste/Hauling account 403-3405-534-3400 in the amount of \$227,626.00, to Utilities/Solid Waste/Collections account 403-3404-534-3400 in the amount of \$146,501.00, and to Utilities/Solid Waste/Transfer Station Operations account 403-3402-534-3100 in the amount of \$26,100.00

