



THE CITY OF KEY WEST

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MEMORANDUM

TO: Patti McLauchlin, City Manager

Cc: Todd Stoughton, Assistant City Manager
Christina Bervaldi, Finance Director
Kelly Crowe, Utilities Director

FROM: Matt Willman, Utility Administrator

DATE: October 18, 2022

SUBJECT: Budget Amendment for Solid Waste Operations Accounts in Fiscal Year 2021 (FY 21) Exceeding \$50,000.00

Action Statement:

Authorizing a budget amendment to the Fiscal Year 2021 (FY 21) solid waste fund in the amount of \$568,000.00. Transfer surplus funds from Solid Waste revenue accounts to Transfer Station Operations in the amount of \$90,000, and Hauling/Contractual Services in the amount of \$478,000.

Background:

The City's Utility department creates annual rate models and budgets that are approved by the City Commission. The models are used to propose any new rate adjustments. In order to evaluate the rates, staff forecasts both revenues and expenditures based on the totals from previous years along with assumed increases in those totals. Staff is typically conservative in the forecasting revenues and expenditures to avoid shortfalls in the expenditure accounts and mitigate the need to transfer funds from reserves. In FY 21, the city experienced an increase in both revenue and expenditures above what was originally forecast.

Waste Management is the City of Key West's contract waste collector and hauler. The original contract was authorized per Resolution 14-134. Per Resolution 21-259, the City Commission approved a rate increase to Waste Management; however, the approval occurred after October 1, 2021, when FY 21 began. The forecasted expenditures did not account for the increase in Waste Management's rates. As a result, both the revenue and expenditure accounts need to be amended to balance the changes in the fund totals and pay final year end invoices from Waste Management. It should be noted that authorization of this budget amendment should have been included as part of Resolution 21-259 since the increases in revenues and expenditures was expected at that time.

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

The revenue increases are primarily due to the revenue generated from the commercial rate increase and improvements in transfer station payment collection. The increases in revenues are sufficient to cover the increases in expenditures, therefore, a budget transfer from reserves is not required.

Purpose and Justification:

The total amount of the budget amendment is \$568,000. Budget amendments in excess of \$50,000 require City Commission approval per City of Key West Municipal Code Section 2-739(b). The budget amendment was expected in November 2021 and should have been a part of the rate increase approval per Resolution 21-259. The amendment does not require the transfer of funds from reserves.

Financial Impact:

The budget amendment of \$568,000 will increase the funds in the following accounts:

- Solid Waste Dumping (Revenue) 4030000-3434500: \$90,000.00
- Solid Waste – Commercial (Revenue) 4030000-3434600: \$478,000
- Transfer Station Operation (Expenditure) 4033402-5343100 \$90,000
- Hauling/Contractual Services (Expenditure) 4033405-5343400: \$478,000.

Recommendation:

Staff recommends approving a budget amendment in the amount of \$568,000 and authorizing budget transfers to Transfer Station Operations, and Hauling/Contractual Services accounts to pay final Waste Management invoices for Fiscal Year 2021.