



THE CITY OF KEY WEST

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MEMORANDUM

EXECUTIVE SUMMARY

TO: Jim Scholl, City Manager
Sarah Spurlock, Assistant City Manager

FROM: Michael Turner, Utilities Collection Manager

DATE: August 04, 2014

RE: **Approval of Amendments to the City's Solid Waste Ordinances authorizing a \$356.28 Annual Solid Waste Residential User Fee Charge and authorizing a \$168.11 Per Ton Solid Waste Tipping Fee**

ACTION STATEMENT:

The Amendments proposed to Chapter 58 of the City's Code of Ordinance are a result of an increase in the Solid Waste rates above a Consumer Price Index (CPI) increase.

BACKGROUND:

The City Commission passed Resolution 14-134 approving a contract renewal for Waste Management and as a result, the City established an additional trash collection day and Waste Management will be taking over the operation of the Transfer Station.

The City Commission establishes the Solid Waste rates for our residents each fiscal year. Staff and our financial rate consultant along with the City's consultant CDM Smith have incorporated the recent changes to the renewal of the Waste Management contract and have analyzed in detail the Solid Waste Utility financials.

PURPOSE AND JUSTIFICATION

According to Chapter 58 of the City's Solid Waste Ordinances, a rate change over CPI requires an amendment to the Ordinance. Due to the changes in service a rate of \$356.28 for the Annual Solid Waste Residential User Fee charge and a \$168.11 Per Ton Solid Waste Tipping Fee were recommended.

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

The rates proposed by City staff consisted of adding the cost of an additional pick up to the included in the residential rate. The additional cost of the Transfer Station would be split up between the Residential and Commercial customers with the additional amount from reserves to responsibly draw them down.

Options:

- 1) The City may choose to maintain the Solid Waste budget at current levels. This option is not recommended by City Staff because it would draw down reserves too fast and put the fund in jeopardy.
- 2) The City can approve a \$356.28 annual residential Solid Waste Rate Fee and a \$168.11 Tipping Fee Rate per ton of Solid Waste for Commercial.

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.
Rate per Ton for Commercial and Navy	\$165.90/per ton	\$168.11/per ton	\$2.21/per ton

RECOMMENDATION:

Staff recommends that the City Commission select Option 2, approving the amendments to Chapter 58 of the Solid Waste Code of Ordinances. This would cover the costs of the new contract and responsibly draw down reserves keeping the fund healthy.