



THE CITY OF KEY WEST

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MEMORANDUM

EXECUTIVE SUMMARY

TO: Bob Vitas, City Manager
E. David Fernandez, Asst. City Manager - Operations

FROM: Jay Gewin, Utilities Manager

DATE: October 10, 2012

RE: **Approval of a Notice of Intent to Move Billing for the Solid Waste and Stormwater Utilities to the Property Tax Roll.**

ACTION STATEMENT:

This resolution will authorize a notice of intent for the City to move our billing for solid waste and stormwater utilities as a non-ad valorem assessment to the property tax bill for FY 2014. This notice is required by Florida State Statutes as part of the legal process for creating a new assessment.

This notice will be forwarded to the Monroe County Tax Collector, Monroe County Property Appraiser, and Florida Department of Revenue. It does not legally commit us to creating the new assessment, but is a required step in the process to do so.

BACKGROUND:

The City of Key West has struggled with excessive past-due accounts for our solid waste and stormwater utilities. While the total sum of delinquencies is now decreasing over last year, there is still a significant amount of funds that need to be collected by the City. As of July 1, 2012, there is \$664,214 in past due solid waste user fees, and \$79,307 in past due stormwater fees. (The stormwater total does not include those governments which are legally challenging the fee)

To remedy this situation, and to improve our collection rate going forward, the City Commission has given City Staff direction to move our solid waste and stormwater utility billings as a non-ad valorem assessment on the property tax roll. The Monroe County Tax Collector is supportive of this plan, and will work

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

with the City to implement the transition.

Due to the requirements set forth in state statute, the soonest the City could move our billing to the tax roll would be FY 2014, which would be mailed to the public in November of 2013.

PURPOSE AND JUSTIFICATION

Section 197.3632, Florida Statutes, requires that the City hold a public hearing and adopt a resolution of intent to use the uniform method of collection for any assessment program in the calendar year prior to any such collection. This resolution, which does not obligate the City to use the method or impose a special assessment, must be adopted by January 1st and sent to the Monroe County Tax Collector, the Monroe County Property Appraiser and the Florida Department of Revenue by January 10th.

This resolution only assists the City in meeting statutory notice requirements necessary to preserve this collection approach. To reiterate, this resolution is non-binding and the City may reduce the areas covered by any future assessments or decide not to go forward with the assessment programs at a later date. By adopting the attached resolution, the City is simply reserving the right to use the tax bill collection method beginning in November of 2013.

That being said, City Staff and our consultant Government Services Group strongly recommend we continue to move forward in creating a non ad-valorem assessment for the solid waste and stormwater utilities. Our ability to collect will be improved dramatically, since failure to pay these assessments will cause a tax certificate to be issued against the assessed property which may result in a loss of title to a property.

Once these assessments are created, combined with moving of sewer billing to the Florida Keys Aqueduct Authority, the City will no longer bill customers monthly for utility services. There will be savings in the cost of billing, and our collection rates will vastly improve. The cost to the customer will be the same – just billed on an annual basis.

OPTIONS / ADVANTAGES / DISADVANTAGES:

1. The City Commission can approve the resolution so that we can proceed forward in eliminating the City's monthly solid waste and stormwater billing in favor of creating two non ad-valorem assessments on the property tax bill. This option will result in an improved collection rate, and the elimination of costs relating to monthly utility billing. This option is recommended by City Staff.
2. The City Commission can decline the resolution. This option is not recommended because failing to approve the resolution eliminates our ability to move the solid waste and stormwater utility billings to the tax roll. The City would not be able to achieve the vastly improved collection rates that we will garner by creating the assessments.

FINANCIAL IMPACT:

Moving the solid waste and stormwater utilities to the tax roll achieves the following financial benefits to the City:

- 1) Improved collection rate
- 2) Past-due balances can be added to the tax roll
- 3) The City will not have to incur costs relating to producing monthly billings, an estimated \$139,100 per year plus staffing costs.

RECOMMENDATION:

Staff recommends that the City Commission select option 1, approving the notice of intent to move the solid waste and stormwater utility billings to the property tax roll.