



THE CITY OF KEY WEST

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M E M O R A N D U M

TO: Jim Scholl, City Manager

Cc: Mark Finigan, Asst. City Manager
E. David Fernandez, Asst. City Manager-Operations

FROM: Jay Gewin, Utilities Manager

DATE: August 3, 2010

SUBJECT: Authorizing a \$26.60 Residential Monthly or \$319.20 per year Solid Waste Billing Rate, and a \$165.97 Rate per Ton of Solid Waste for Commercial Properties and the US Navy for FY 2011

Action statement:

This ordinance will authorize a 2.92% increase in the average monthly solid waste bill. The fees for residential solid waste removal include both hauling and disposal.

Background:

The City Commission establishes the solid waste rates for our residents and businesses each fiscal year. If there is an increase greater than the Consumer Price Index (CPI), then approval must come in the form of an ordinance. With the slowing economy lowering the CPI, this increase will require an ordinance for FY 2011.

In order to effectively fund our solid waste removal program, the City has established a long-term operations plan. The City has planned sufficient staffing to operate our new transfer station. An increase in the budget is necessary to achieve these objectives.

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

Purpose and Justification:

In setting the FY 2011 budget, the City plans on accomplishing the following goals:

- Fund our solid waste and recycling curbside collection, and the MSW hauling service from the Transfer Station.
- Creating a new Solid Waste Master Plan to develop a plan to improve our City's recycling rate.
- Funding the demolition of the old transfer station/waste-to-energy facility on Stock Island to allow for the construction of the new transit facility.
- Staffing (City and Waste Management) and equipment to ensure a safe and effective level of service.

At its last budget workshop, the City Commission directed staff to decrease costs in the solid waste budget. Staff has eliminated the purchase of new recycling totes (\$750,000) for residential properties from the FY 2011 budget. It also has eliminated the related curbside recycle service cost increase required with new larger totes (approximately \$300,000). These will be postponed until a future budget pending a recommendation from the Solid Waste Master Plan. These changes result in the proposed rate increase decreasing from 3.22% to 2.92%. The City Commission did not authorize an increase in Solid Waste rates for FY 2010. This increase is designed to ensure a positive fund balance for the solid waste budget over a 20 year period. The City will incur increased costs for services from Waste Management this year that are equal to 75% of the CPI (mandated by contract).

Options:

- 1) The City may choose to maintain the solid waste budget at current levels. This option is not recommended because it will hinder our ability to fund our goals, maintain adequate funding in reserves, and continuing our level of service.
- 2) The City can approve a \$26.60 residential monthly or \$319.20 per year solid waste rate, and a \$165.97 rate per ton of solid waste for commercial and Navy. This would be 2.92% increase for FY 2011.

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Financial Impact:

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

FY 2010 Budget	Proposed FY 2011 Budget		Increase	% Increase
Residential Rate (Hauling and Disposal)	\$25.84 (per month) \$310.08 (per year)	\$26.60 (per month) \$319.20 (per year)	\$0.76/mo . \$9.12/year	2.92%
Rate per Ton for Commercial and Navy	\$161.26/per ton	\$165.97 per ton	\$4.71 per ton	2.92%

Recommendation:

Staff recommends option #2, approving a 2.92% rate increase in the solid waste budget for FY 2011.

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