



THE CITY OF KEY WEST

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TO: Jim Scholl, City Manager

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

FROM: Jay Gewin, Utilities Manager

DATE: July 30, 2010

SUBJECT: Authorizing a \$7.50 Equivalent Stormwater Unit (ESU) Rate Component for FY 2011.

Action statement:

This resolution will authorize a 2.02% increase in the average monthly stormwater bill for Key West households.

Background:

The City Commission establishes the stormwater rates for our residents and businesses each fiscal year. If there is an increase that is equal or less than the Consumer Price Index (CPI), Staff will request that the Commission authorize this new rate via resolution. Since this proposed increase of 2.02% is equal to the CPI, this resolution will establish the new ESU rate of \$7.50 for FY 2011.

In order to effectively maintain our stormwater collection system, the City has established a long-term capital improvement and maintenance plan. The City also plans to maintain our current level of staff to maintain our collection system. An increase in the budget is necessary to achieve these objectives and help maintain an acceptable fund balance.

Purpose and Justification:

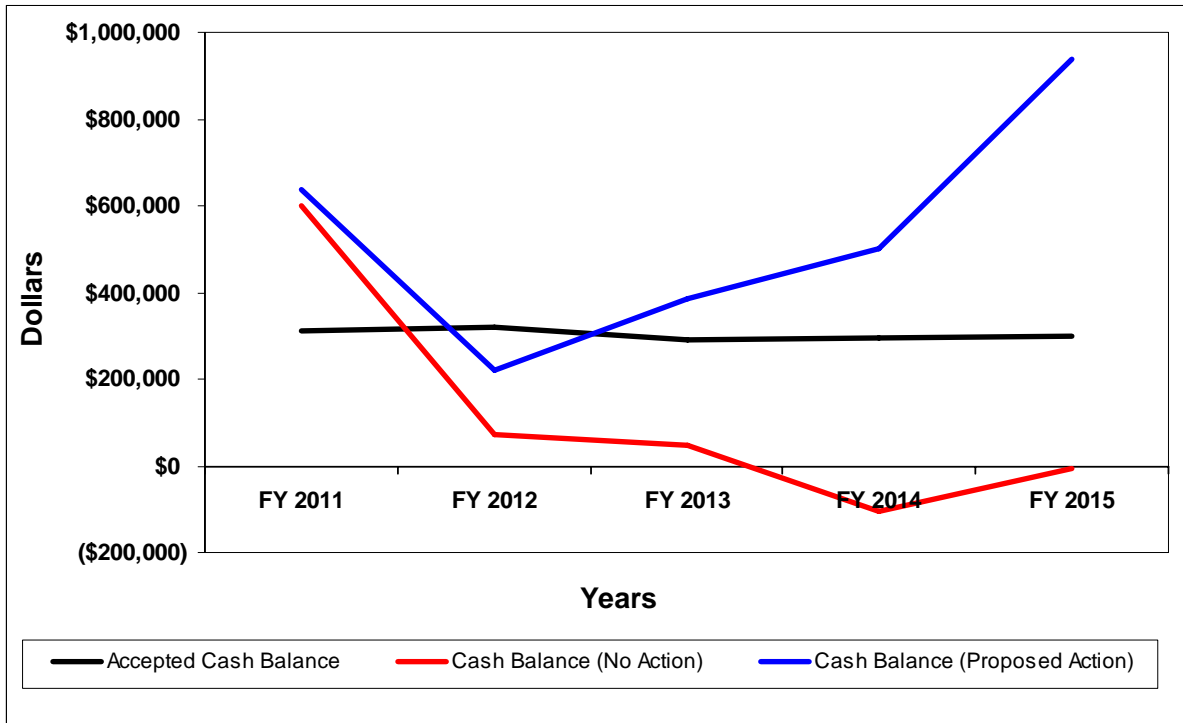
In setting the FY 2011 budget, the City plans on accomplishing the following goals:

- Completion of a new Stormwater Master Plan
- Construction of 3 gravity wells and improvements on Northside Dr., which will be 90% funded through FDOT grants.

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

- Continued staffing of Stormwater staff at current levels (OMI) to ensure a safe and effective level of service to maintain our collection system and ensure that storm drains and outfalls are regularly cleaned.

Options:



- The City may choose to maintain the stormwater budget at current levels. This option is not recommended because it will hinder our ability to continue our stormwater capital improvement plan.
- The City can approve a \$7.50 ESU rate for FY 2011. This would be 2.02% increase over the rate from last year and would match the Consumer Price Index.

Financial Impact:

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

	FY 2010 Budget	Proposed FY 2011 Budget	Increase	% Increase
ESU Rate	\$7.35	\$7.50	\$0.15	2.02%

Recommendation:

Staff recommends option #2, approving a 2.02% ESU increase for the stormwater budget.