



THE CITY OF KEY WEST

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MEMORANDUM

TO: Jim Scholl, City Manager

Cc: Greg Veliz, Asst. City Manager

FROM: John Paul Castro, Utilities Director

DATE: August 11, 2016

SUBJECT: Authorizing a \$305.63 Annual Solid Waste Residential User Fee Charge and a \$157.61 Tipping Fee for the City's Solid Waste Annual Rate Resolution for FY 2017

Action statement:

This is Solid Waste Annual Rate Resolution that is required in the process of billing for the solid waste utility as non-ad valorem assessment on the property tax bill. It will represent a decrease that will establish annual service charge at \$305.63 annually and a Tipping Fee of \$157.61.

Background:

The City Commission of Key West, Florida, has enacted Ordinance No. 13-09, which authorizes the annual re-imposition of annual Solid Waste Service Assessments for Solid Waste collection and disposal services, facilities or programs against real residential property specifically benefited by the City's Solid Waste Management Services.

The City Commission also establishes the solid waste rates for our residents each fiscal year. Staff and our financial rate consultant, Arcadis U.S., have analyzed in detail the solid waste utility financials.

Purpose and Justification:

In setting the FY 2017 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.
- Continue implementation of our new Solid Waste Master Plan to improve our City's recycling rate and better manage our utility.

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

- Maintain the City’s landfill and successful operation of the City’s Transfer Station
- Implement reserves for disaster collection and haul out and a long term capital reserve

After the preliminary assessment notice was approved, notices were sent to by mail to Key West property owners who acquired new units or adjustments. These notices informed the public of the public hearing for final approval to be held at the September 7th City Commission Meeting. They also included a maximum rate that could only be exceeded if approved by the Commission, and if notices were re-sent by mail to all those paying the user fee. The rates included on these notices was:

FY 2017 - \$305.63
 Max Rate over the next 3 years- \$393.08

An advantage of having the utility billing on the property tax roll is that residents have the opportunity to receive a discount on their utility user fees through early payment of property taxes.

Options:

- 1) The City may choose to maintain the solid waste budget at current levels. This option is not recommended by City Staff or our consultants.
- 2) The City can approve a \$305.63 annual residential solid waste rate fee and a Tipping Fee of \$157.61 for FY 2017.

Another advantage of the utility billing on the property tax roll is that residents have the opportunity to receive a discount on their utility user fees through early payment of property taxes.

Financial Impact:

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

	FY 2016 Budget (current)	Proposed FY 2017 Budget	Increase
Residential Rate	\$321.72(per year)	\$305.63(per year)	-\$16.09/yr.
Tipping Fee	\$168.11(per Ton)	\$157.61(per Ton)	-\$10.05/Ton

Recommendation:

Staff recommends option #2, approving an annual rate assessment that decreases the annual residential rate to a new total of \$305.63 annually and the Tipping Fee to \$157.61.