MEMORANDUM

Date: September 3, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

From: Matt Willman,
Utilities Director

Subject: **Authorizing a $171.31 Annual Stormwater Non-Ad Valorem Assessment Charge for the City's Stormwater Annual Rate Resolution for FY 2025-26** (file id 25-4201)

Introduction

The Stormwater Annual Rate Resolution is required in the process of billing for the Stormwater Utility as non-ad valorem assessment on the property tax bill. The rate request is to establish an annual stormwater service charge of $171.31.

Background

The City Commission of Key West, Florida, enacted Ordinance No. 13-09, which authorizes the re-imposition of annual Stormwater Service Assessments for Stormwater Management Services, facilities or programs against real residential property specifically benefited by the City's Stormwater Management Services. The user fee is expressed in terms of Equivalent Stormwater Units (ESU). The unit of ESU is based on the average impervious area of developed property.

The following are examples of the stormwater utility core functions that are supported by the fee:

- Support City of Key West staff administrative operation of the utility.
- Continued support of operations and maintenance crews through our contract operator, OMI, to ensure:
    - A safe and effective level of service to maintain our stormwater collection system. Crews ensure that storm drains and outfalls are regularly cleaned, and that the City's stormwater pump-assist wells and generators are fully operational.
    - Respond to emergency situations as required.
    - Initiate repairs and select replacement of system infrastructure.

- Fund capital planning and improvement projects.

The City Commission establishes the Storm Water rates for our residents each fiscal year through an annual rate resolution. Each year, staff and our financial rate consultant analyze the storm water utility financial data which includes all projected revenue and expenditures for the upcoming year and recommends the rate to be assessed.

Procurement

Per Section 74-387 of the Code of Ordinances, a user fee is charged per ESU. This rate may be adjusted each October 1, by up to 100 percent of the percentage increase in the CPI-(U), the U.S. City Averages (as of June). The city commission shall enact an ordinance amendment to this section in order to increase the ESU in excess of the CPI. The CPI for June 2025 was 2.7%, the suggested increase is a 42% increase thus supporting an ordinance amendment. The proposed ESU rate for Fiscal Year 2025-26 is as follows:

	FY 2025 Budget (current)	Proposed FY 2026 Budget	Increase
ESU Rate	$121.32 (per year)	$171.31 (per year)	$49.99/ESU

Per the Uniform Assessment Collection Act, notices were sent August 13, 2025, by mail to Key West property owners who acquired new units or adjustments. These notices inform the property owners of the public hearing to be held at the September 3, 2025 City Commission Meeting. The hearing notices the rate payers of the proposed rate and allows for the adoption of the final assessment by ordinance and approval of the stormwater assessment roll. 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.

Last year notices were sent out with a maximum rate ($124.97) that cannot be exceeded without new notices being mailed to all parcel owners and commission approval. The maximum rate is expected to be exceeded this year. The rates on this year's notice are:

FY 2024 - $171.31
Maximum Rate Future Years - $271.31

Recommendation

The City Manager's Office recommends the Mayor and City Commission approve an annual Stormwater rate of $171.31 per ESU.