



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 6, 2019

SUBJECT: Amending Section 74-746 of the Code of Ordinances to Amend the Sewer Rates for FY 2020

Action statement:

Staff request amending section 74-746, sewer rates, charges and components, to amend the base sewer service user charge to \$23.57 and the proportional use charge to \$4.67 per 1,000 gallons per month.

Background:

City of Key West sewer charges are billed monthly by Florida Keys Aqueduct Authority (FKAA). The FY 2019 rate is currently \$22.77 base charge per user and \$4.51 proportional use charge per 1,000 gallons per user. The fees per the ordinance are currently \$23.23 and \$4.60 respectively.

Ordinance section 74-746 requires an ordinance amendment to increase the rate for sewer base and user fees in excess of CPI-U, U.S. City Averages as of June, which was 1.6% for June 2019.

Purpose and Justification:

In setting the FY 2020 budget, the City plans on accomplishing the following goals:

- Fund our sewer operations for pump stations and the wastewater treatment plant.
- Continue implementation of the capital plan set forth in rate model presented to the city commission.
- Work towards successfully implementing the 2019 WWTP energy efficiency master plan.
- Work toward physical asset and operational resiliency.
- Maintain adequate capital and operational reserves.

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

City Staff believes that to achieve these goals an increase of 3.5% for the base and proportional use fee.

Options:

- 1) The City may choose to maintain the sewer budget at its current level. This option is not recommended by City Staff or our consultants.
- 2) The City can approve a \$23.57 base charge and \$4.67 user fee for FY 2020 as presented to the commission by staff and the City's financial consultant.

Financial Impact:

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

	FY 2019 Budget (current)	Proposed FY 2020 Budget	Increase
Base Fee	\$22.77(per BCU/Mo)	\$23.57(per BCU/Mo)	+\$0.80/mo.
User Fee	\$4.51(per 1,000 gal)	\$4.67(per 1,000 gal)	+\$0.16/1,000 gal

Recommendation:

Staff recommends option #2, amending code of ordinances section 74-746 to amend the base user fee from \$23.23 to \$23.57 and the proportionate use fee from \$4.60 to \$4.67.