

City of Key West

Stormwater Rate Study Update Presentation

July 27, 2010

Project Highlights

- **Realize the FY 2011 budgeted expenditure for administration, project management, and operations (O&M)**
- **The stormwater fund continues to pay-down the inter-fund loan from the Sewer Fund**
- **The stormwater Master Plan project places a great financial demand on the stormwater fund**
- **Maintaining the minimum ending cash balances**
 - **60 – Day Cash Balance (Acceptable)**
 - **90 – Day Cash Balance (Target)**

Capital Improvement Program (“CIP”)

CIP Drivers:

- *George St. Pump Asst. Outfall*
- *STM P.S. Hurr Bypass*
- *College Road Outfall*
- *N. Side Dr. @ Ballfields*

Line	Capital Projects	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
1	George St. Pump Asst. Outfall	\$0	\$1,556,550	\$221,000	\$0	\$0	\$1,777,550
2	Misc. Stormwater Projects	80,000	80,000	82,800	85,698	88,697	417,195
3	Collection System Expansion	0	0	0	0	150,075	150,075
4	STM P.S.Hurr. Bypass (Patricia/Ashb)	0	905,050	940,800	0	0	1,845,850
5	College Road Outfall & Culvert Clearii	0	0	30,000	425,000	0	455,000
6	4th St Pump Asst. Outfall	0	0	0	0	355,212	355,212
7	Elizabeth/Olivia Constr. Mgt	310,737	0	0	0	0	310,737
8	20th/Duck Constr. Mgt	307,774	0	0	0	0	307,774
9	17th/17 Terr.- Constr. Mgt	295,737	0	0	0	0	295,737
10	N. Side Dr. @ Ballfields	463,401	0	0	0	0	463,401
11	Total Capital Projects	\$1,457,649	\$2,541,600	\$1,274,600	\$510,698	\$593,984	\$6,378,531

Capital Improvement Program (“CIP”)

Funding Assessment

Line	Capital Projects	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
1	Total Capital Projects	\$1,457,649	\$2,541,600	\$1,274,600	\$510,698	\$593,984	\$6,378,531
	Sources of Funding:						
2	Federal ACOE	\$0	\$0	\$0	\$0	\$97,549	\$97,549
3	Federal 319	0	0	0	0	0	0
4	Federal Earmarks, FEMA	0	1,815,069	866,930	0	266,409	2,948,408
5	State SFWMD	0	0	0	0	0	0
6	State FDOT - STP	1,051,616	0	0	0	0	1,051,616
7	City Share	406,033	726,531	407,670	510,698	230,027	2,280,959
8	Other Local	0	0	0	0	0	0
9	Total Sources of Funding	\$1,457,649	\$2,541,600	\$1,274,600	\$510,698	\$593,984	\$6,378,531

Line	Funding Split	Total	Percentage
	FY 2011:		
10	Grant Funding	\$1,131,616	77.63%
11	Rate Revenue Funding	326,033	22.37%
12	Other Funding	0	0.00%
13	Total Funding	\$1,457,649	100.00%

Financial Forecast

Line	Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<u>Revenues:</u>						
1	ESU Charge Revenues (Base Case)	\$2,040,424	\$2,116,510	\$2,195,416	\$2,277,159	\$2,361,985
2	Penalties	10,000	10,000	10,000	10,000	10,000
3	Interest Income	19,247	16,346	22,960	23,282	17,373
4	Recovered Delinquencies	35,000	0	0	0	0
5	Total Revenues	\$2,104,671	\$2,142,856	\$2,228,376	\$2,310,441	\$2,389,358
<u>Expenses:</u>						
6	Administration	\$873,429	\$879,855	\$886,441	\$894,542	\$902,887
7	New Construction	408,200	435,750	241,644	248,893	256,360
8	Stormwater Operations - O&M	577,000	591,425	606,211	624,397	643,129
9	Bad Debt & Offsets/Credits	5,000	5,000	5,000	5,000	5,000
10	Debt Service	0	0	0	0	0
11	Total Expenses	\$1,863,629	\$1,912,030	\$1,739,295	\$1,772,832	\$1,807,375
12	Ending Annual Surplus/(Deficit)	\$241,042	\$230,826	\$489,080	\$537,609	\$581,982
13	Funds Carried Forward	\$723,346	\$638,355	\$222,650	\$386,860	\$499,469
14	Plus Net Income from Operations	\$241,042	\$230,826	\$489,080	\$537,609	\$581,982
15	Less: Capital Funded From Rates	(326,033)	(646,531)	(324,870)	(425,000)	(141,329)
16	Ending Fund Balance	\$638,355	\$222,650	\$386,860	\$499,469	\$940,122
17	Recommended ESU Charge (per Year)	\$89.98	\$93.13	\$96.39	\$99.76	\$103.25
18	Recommended ESU Charge (per month)	\$7.50	\$7.76	\$8.03	\$8.31	\$8.60
19	CPI-U Annual Rate Adjustment	\$1.78	\$3.15	\$3.26	\$3.37	\$3.49
20	Percentage Increase over Prior Year	2.02%	3.50%	3.50%	3.50%	3.50%

Rate Increase Determinants

- **Funding budgeted expenditures for administration, project management, and operations (O&M)**
- **Stormwater Master Plan Project**
- **Capital Improvement Projects over the planning horizon**
- **Maintaining the appropriate levels of ending cash balances**
- **Developing a plan that provides the lowest possible impact on the monthly sewer bills of existing customers**

Top Ten Customers

Top Ten			
Line	Customers	ESUs	Annual Revenues
1	AIRPORT	1,885	\$166,257
2	FL KEYS COLLEGE	440	\$38,808
3	KEY PLAZA SHOPPING CENTER	410	\$36,162
4	CITY OF KW SOLID WASTE FACILITY	386	\$34,045
5	SEARSTOWN SHOPPING CENTER	382	\$33,692
6	OCEANWALK APTS	373	\$32,899
7	OVERSEAS MARKET SHOPPING CENTER	345	\$30,429
8	KEY WEST HIGH SCHOOL	344	\$30,341
9	MONROE COUNTY DETENTION CENTER	325	\$28,665
10	CASA MARINA RESORT	200	\$17,640

Typical Monthly Stormwater Bills

Line	Description	Existing	Proposed	Monthly Increase	Monthly Increase
1	Casa Marina (Large Hotel)	\$1,470.00	\$1,499.69	\$29.69	2.02%
2	Days Inn (Medium Hotel)	\$573.30	\$584.88	\$11.58	2.02%
3	El Rando (Small Hotel)	\$117.60	\$119.98	\$2.38	2.02%
4	Pilot House (Guest House)	\$36.75	\$37.49	\$0.74	2.02%
5	Benihana (Restaurant)	\$227.85	\$232.45	\$4.60	2.02%
6	Attorney	\$14.70	\$15.00	\$0.30	2.02%
7	Nautical Treasure (Downtown Shop)	\$14.70	\$15.00	\$0.30	2.02%
8	Key West Landrette (Laundry)	\$7.35	\$7.50	\$0.15	2.02%
9	Household (Typical Residential)	\$7.35	\$7.50	\$0.15	2.02%

Recommendations

- **Recommend increasing the monthly ESU charge from \$7.35 to \$7.50 reflecting an increase of 2.0% or (\$0.15) over the FY 2010 monthly charge**
- **Assess the impact of grant funding on operations, rate increases, and ending cash balances.**
- **Establish a cash reserve policy with the goal of maintaining at least 90 days of operating expenses in ending cash balances**

Questions?

