



MEMORANDUM

Date: December 2, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

From: Matt Willman
Utilities Director

Subject: **Approving Staff recommendation to extend the contract with Waste Management Inc. of Florida to Provide Solid Waste Collection and Processing Services and Operation of The Transfer Station for a final term of four (4) years; Authorizing the City Manager To Execute any Necessary Related Documents, and Budget Transfers/Adjustments, Upon Consent of the City Attorney; Directing the City Manager or Designee to Pursue Negotiations with WMI for Amended Terms to the Agreement For Consideration and Approval of the City Commission; and Providing For an Effective Date. File ID 25-4677**

Introduction

Requesting Approval of a Second and final four-year Extension to the contract to "Provide Solid Waste Collection and Processing Services and Operation of The Transfer Station" between the City of Key West and Waste Management of Florida, Inc. (WMI); consideration of WMI's request to modify annual rate adjustment calculation, increase the residential collection rate, eliminate the "Sticker" Program, modify the Commercial Ancillary Fees and modify contract language pertaining to contractually provided residential containers; Authorizing the City Manager to Execute any Necessary Related Documents, and Budget Transfers/Adjustments, Upon Consent of the City Attorney; Directing the City Manager or Designee to Pursue Negotiations with WMI for Amended Terms to the Agreement for Consideration and Approval of the City Commission at a future City Commission meeting.

Background

The City advertised a bid for solid waste and recycling services in 2014 with contract services to begin on January 1, 2015. The city commission awarded the contract to Waste Management, Inc. (WMI) with an initial term of 7 years plus the availability of 2 additional 4-year extensions. The initial 7-year term (Resolution 14-134) expired December 31, 2021, was extended via Resolution 21-267 December 8, 2021, with an expiration date of December 31, 2025. There are four prior amendments approved by the commission, resolution 14-254, 16-048, and 21-259, 21-267, and 23-040.

WMI PROPOSED MODIFICATIONS AND POTENTIAL ADJUSTMENTS:

1. Change CPI-WST to full index. (Currently only applies at 75% of CPI and is capped at 2.5%, which has not kept pace with costs of providing service.)

Staff suggest negotiation.

2. Increase all rates by 10% January 1, 2026, just to “catch up” to actual CPI not passed through in current term. (See tables below.)

Full WST for Current Term		
Month	Year	WST %
August	2022	4.60%
August	2023	5.80%
August	2024	4.20%
August	2025	5.30%
Cumulative		19.90%
Actual CPI is DOUBLE what contract allows.		

Max. CPI Allowed Per Contract		
Month	Year	Cap
August	2022	2.50%
August	2023	2.50%
August	2024	2.50%
August	2025	2.50%
Cumulative		10.00%
WM is short 10% cumulatively over the current term		

Chart does not include compounding of annual adjustments, which would show an even larger gap between actual WST and the cap allowed per contract.

Staff suggest negotiation.

3. Delete “sticker” program for yard waste and recycling. Residents should use their own 32-gal cans, not get stickers to place on carts that are designed for garbage or recycling. (Secs. 8.1.6 & 8.1.7 of Agreement.)

Staff agree.

4. Container rollout and gate fees (Ancillary Fees) should apply for any dumpsters that must be moved in order to be dumped. (Rollouts increase maintenance costs due to frequent caster replacements and increase service time for.)

Staff agree, in all cases there being the initial level of service.

5. Residents should be limited to one cart each for garbage and recycling. Additional carts should require additional fees so that heavy generators are not subsidized by residents with more reasonable volumes.

Staff agree. Associated Code Amendment shall address options above 1 cart each.

6. Verbal request for cost sharing to purchase 2000-3000 replacement recycling carts that are reaching their end of service life.

Staff believe effort should be put forth to collect excess carts when located. Staff suggest negotiation.

Procurement

Pursuant to section 1.3 of the contract, with the option of the City, the contract may be renewed for 1 additional term of four (4) years each under the same terms and conditions as the initial term, including amendments, subject to the approval of the City Commission. It is in the City's best interests to extend the current contract with WMI as the long-term contract is advantageous to the rate payers in Key West and provides stability to the enterprise fund.

The estimated increase requested of WMI in future years compared to the previous term of the contract (at fy 2025 numbers) could raise costs to the city rate payers collectively by \$425,000 per year.

Recommendation

The City Manager's Office recommends the Mayor and Commission Authorize the City Manager or their Designee to negotiate terms of an extension agreement, any budget transfers/adjustments, and execute necessary documents upon advice and consent of the City Attorney, with WMI pursuant to section 1.3 of the contract. And shall present any negotiated amendments to the City Commission for its consideration and approval at a future City Commission meeting.