



MEMORANDUM

Date: June 4, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

Cc: Todd Stoughton
Assistant City Manager

From: Matt Willman
Utilities Director

Subject: **25-3825 Authorizing FY 2026 Preliminary Solid Waste Assessment Resolution, in the amount of \$393.08 per Dwelling Unit, for the Annual Solid Waste Residential User Fee.**

Introduction

The preliminary solid waste assessment resolution is necessary for the process of setting a maximum annual residential solid waste service charge of \$393.08 per dwelling unit, as a non-ad valorem assessment on the property tax bill.

Background

Per Chapter 58, Article V of the Code of Ordinances, the City Commission has the authority to impose an annual solid waste service assessment upon residential properties prior to the start of each fiscal year. The rate generally covers the cost of collection and disposal of municipal solid waste, yard waste and recycling and includes two (2) free bulk household item pick-ups of two (2) cubic yards or less each and monthly household hazardous waste and E-waste drop off collection events.

There are two main components for the process of adopting the rates: adopting a preliminary rate resolution and a final rate resolution. This resolution will adopt a preliminary rate.

The preliminary rate resolution authorizes a public hearing to receive and consider comments from the public and consider adoption of the final rate resolution for the solid waste service assessment. The final

rate resolution public hearing will be held on August 6, 2025, at 5:00pm in the City Commission chambers.

The Annual Solid Waste budget is being established to accomplish the following goals:

- Fund curbside collection of solid waste, yard waste and single stream recyclables and hauling and disposal of all waste streams from the City of Key West Transfer Station, located on Rockland Key, to appropriate mainland disposal and recycling facilities.
- Continue to review and revise current recycling practices, policies and procedures, expand recycling data collection and opportunities, and implement educational programs to realistically reduce contamination and increase recycling rates.
- Continued maintenance of the closed Stock Island Landfill and modernization of the City of Key West Transfer Station operation.
- Provide staff and equipment to ensure a safe and effective level of service is provided for the community.

To set a proposed rate, staff develops rate models that consider: operating costs, maintenance costs and capital improvement costs with the goal of maintaining an appropriate reserve balance. Staff compares any proposed increase versus the Consumer Price Index (CPI) for the preceding year.

Staff propose a preliminary rate increase from the FY25 rate of \$357.59 to the max rate of \$393.08 for FY26. This is a \$35.49 per unit or a 9.925% increase which is higher than CPI-U. Waste hauling and disposal comprise a significant portion of the operating costs. As disposal facilities have changed acceptance policies, round trip waste hauling has increased from 336 miles to 550 miles (214 miles per load). The current Haul Out contract has been placed out to bid with the possibility of significant increases to the base disposal rate. Fuel price fluctuations continue to be adjusted monthly to reflect real time costs and prevent rate spikes, which benefit both the City and the haul out contractor.

Procurement

Staff is working with Anser Advisory, formerly known as Government Services Group (Anser) to mail notices to Key West property owners who were not noticed last year, i.e., new property owners. Previous and current notices inform residential property owners as to the MAXIMUM solid waste assessment rate, a rate which could only be increased if approved by the City Commission, and only after additional public notices are sent by mail to property owners who are assessed the user fee.

Notices mailed last year stated:

Maximum solid waste rate for FY 2025 - **\$357.59**

Maximum solid waste rate for future fiscal years - \$393.08

Notices to be mailed this year will state:

Maximum solid waste rate for FY 2026 - **\$393.08**

Maximum solid waste rate for future fiscal years - \$393.08

Projected assessments to be apportioned among benefited parcels for the Fiscal Year commencing October 1, 2025, is \$5,183,939.04 held in fund 4030000-3434201.

Pursuant to 197.3632, F.S., not less than twenty days shall pass between the notice of the preliminary solid waste rate of assessment and the final solid waste assessment resolution which shall establish the solid waste rate of assessment and approve the assessment tax roll. The City Commission may approve the preliminary solid waste assessment at the June 4, 2025, meeting, and adopt a final assessment

resolution and approve collecting the solid waste assessment on the property tax bill, at the city commission meeting scheduled for August 6, 2025.

Recommendation

The City Manager's office recommends adopting a 2026 preliminary solid waste rate assessment, in the amount of \$393.08 per dwelling unit, to be charged as an annual non-ad valorem assessment on the property tax bill and direct the City Manager to prepare an updated assessment roll for FY 2025-26.