



Waste Management Inc. of Florida
3411 N. 40th Street
Tampa, Florida 33605
Cell 716-913-9146

September 21, 2021

Ms. Patti McLauchlin
City Manager
City of Key West
1300 White Street
Key West, FL 33040

Dear Ms. McLauchlin:

In response to the City's final counter proposal dated August 30, 2021 and subsequent meeting September 8th, Waste Management Inc. of Florida (WMIF) is pleased to provide the City of Key West with a revised offer concerning an extension to the current solid waste franchise agreement.

The items set forth herein are part of a comprehensive package. Agreement by WMIF is subject to agreement by the City of the entirety of the proposal. Effective January 1, 2022:

- Commercial Recycling Processing Fee of \$3 per cubic yard or \$.93 per 64-gallon cart
- Commercial Trash Service Fee Increase of 2.5%
- Residential Collection Fee increase of \$.87 per unit per month
- Collection Fee Adjustment index changes to WST with a 2.5% cap per year.

In addition to the above, effective October 1, 2022:

- Commercial Recycling Processing Fee will be adjusted by an additional \$2.50 per cubic yard or \$.83 per 64-gallon cart
- Residential Collection Fee increase of \$.83 per unit per month
- These rates will be adjusted by the annual WST prior to the proposed increase.

Additional terms:

- WMIF must provide and change at every pick-up heavy duty 3.0mm trash bags for all city right-of-way cans.
- Collection Fee adjustment of WST will take affect October 1, 2022. WST adjustments will be based on the change in the index, rounded to the nearest hundredth, from February of the previous year to the February of the current year.
- Contractor must maintain third party contracts for transfer station office and restroom cleaning as well as ground maintenance, including but limited to mowing, edging, and weed control.
- WMIF to stencil commercial address of container customer with required service days of the week.

WMIF does not agree to an additional four-year City option extension of original terms and conditions plus amendments. Instead, WMIF requests that the second renewal be mutual (with WMIF agreeing to provide 545 days' notice of its intent to not renew if such is the case). Further, WMIF cannot waive its right to request cost increases for commercial recycling due to change in law if the Commission creates a mandatory single steam commercial recycling ordinance. This is due to the many unknowns regarding the program the City ultimately implements.

As discussed in our meeting September 8th, neither the City nor WMIF understands the financial implications following Board Approval to implement Mandatory and Incentivized Recycling for Businesses as part of the City's 2021-2024 Strategic Plan. Financial implications to WMIF include but are not limited to:

- Reduced commercial MSW revenue
- Increased commercial recycle rate adjustment that requires petition and City Commission approval for cost increase and/or recovery due to circumstances beyond our control
- Increased fleet and container capital
- Increased number of drivers to service 50% more recycling throughout the City at higher wages than originally anticipated at contract inception
- Increased WM staff related to site surveys and right-sizing proposals
- Increased recycle contamination:
 - Business owners will discover they pay less to dispose of contaminated recycle versus MSW
 - Container space constraints
 - Decreased recycle quality when commercial customers are "forced" to Recycle
- Unknown open market recycle service providers and their impact with the City

WMIF agrees to one four-year extension effective January 1, 2022 to December 31, 2025 that allows the City and WMIF to collaborate as the City seeks implementation of Mandatory and Incentivized Recycling for Businesses. Within the first two extension years, the City and WMIF agree to address financial implications, including but not limited to those mentioned above. The City and WMIF will mutually agree to the second four-year renewal period January 1, 2026 to December 31, 2029 with WMIF providing 545 days' notice of its intent to not renew the final extension period if such is the case.

WMIF proposes collaboration efforts related to implementation of Mandatory and Incentivized Recycling for businesses as follows:

- "Green Business" Recycle Survey
- Conduct a baseline composition study to benchmark commodities and contamination levels.
- Quarterly reviews with City Staff related to Best Practice Sharing and Outstanding Opportunities with the business establishments.

Waste Management remains committed to our partnership with the City of Key West and we will continue to provide exceptional service to your community. Thank you, and we look forward to hearing from you regarding our request.

Sincerely,

Lisa A. McNeight

Lisa A. McNeight
Area Public Sector Solutions Director

Cc: Greg Sullivan, Sr. District Manager
Henry Sori, Government Affairs