

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA HEREBY APPROVING THE TEN (10) YEAR CONTRACT AND BILLING AGREEMENT BETWEEN THE NAVY AND THE CITY OF KEY WEST FOR THE NAVY'S USE OF THE CITY'S WASTEWATER INFRASTRUCTURE AND TREATMENT FACILITY; HEREBY AUTHORIZING THE CITY MANAGER TO EXECUTE THE TEN (10) YEAR CONTRACT AND BILLING AGREEMENT AND ANY NECESSARY RELATED DOCUMENTS AND BUDGET TRANSFERS/AMENDMENTS, UPON THE ADVICE AND CONSENT OF THE CITY ATTORNEY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on March 31, 1986, the City of Key West agreed to accept wastewater from the Navy's specific connection points for the use of Navy land on Fleming Key. This agreement reserved the Navy a 23% plant capacity for a ten (10)-year contract with the option for two (2) additional ten (10)-year contracts; and

WHEREAS, since the expiration of the last agreement in 2016, the City has had numerous communications with the Navy attempting to renegotiate the agreement. Their constant request has been to reduce their reserve capacity from 23% to 18% and/or to be charged like Key West civilian customers; and

WHEREAS, the City has explained why billing them for wastewater services as typical residential or commercial properties is not only impossible but impractical. The City has in place flow meters for Navy generated wastewater.

Typical billing for other customers is derived from a percentage of potable water flows, the metered/billable flow to the Navy is much more accurate; and

WHEREAS, the parties agree to a current Capacity Reservation/Billing Rate of 23% until the end of FY2027 or until the current capital improvement project(s) established at 23% funding are complete. Upon completion of the project(s) funded at 23%, the rate applied to new projects and similar projects not currently budgeted within the capital improvement plan would be adjusted to an 18% Capacity Reservation Rate. Accordingly, the Navy would relinquish 5% of its previously reserved wastewater treatment capacity at the Wastewater Treatment Plant (WWTP); and

WHEREAS, depending on the amount of capital projects billed to the Navy, the City may experience an annual reduction in revenue from the Navy in the amount of \$100,000.00 to \$150,000.00, commencing October 1, 2027; and

WHEREAS, the 5% capacity surrendered by the Navy, however, holds value to the City, as it may be utilized to accommodate additional system connections. In the event this 5% capacity is utilized by civilian users, the corresponding increase in the City's available reserve capacity may represent an estimated revenue of approximately \$1,100,000.00 annually; and

WHEREAS, this effort aligns with the City's Strategic Plan Initiative of Financial Stability;

WHEREAS, the City Manager's Office recommends the Mayor and Commission approve this resolution approving a ten (10) year contract and billing agreement with the Navy and authorize the City Manager to execute the ten (10) year contract and billing agreement and other necessary related documents and budget transfers/amendments, upon the advice and consent of the City Attorney;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA AS FOLLOWS:

Section 1. That the City Commission hereby approves and authorizes the City Manager to execute a ten (10) year Contract and Billing Agreement between the City of Key West and the United States Navy for wastewater services and billing associated with the Navy's use of the City's wastewater infrastructure and treatment facilities, subject to the review, approval, and legal sufficiency of the City Attorney.

Section 2. That the City Commission hereby approves and authorizes any necessary related budget transfers and/or adjustments associated with the execution and implementation of the Contract and Billing Agreement.

Section 3: That this Resolution shall go into effect

immediately upon its passage and adoption and authentication by the signature of the Presiding Officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this \_\_\_\_ day of \_\_\_\_\_, 2026.

Authenticated by the Presiding Officer and Clerk of the Commission on the \_\_\_\_ day of \_\_\_\_\_, 2026.

Filed with the Clerk on \_\_\_\_\_, 2026.

Mayor Danise Henriquez	_____
Vice Mayor Donald "Donie" Lee	_____
Commissioner Lissette Carey	_____
Commissioner Aaron Castillo	_____
Commissioner Monica Haskell	_____
Commissioner Sam Kaufman	_____
Commissioner Greg Veliz	_____

\_\_\_\_\_  
DANISE HENRIQUEZ, MAYOR

ATTEST:

\_\_\_\_\_  
KERI O'BRIEN, CLERK