



MEMORANDUM

January 6, 2026

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

From: Matt Willman
Utilities Director

Subject: **Approving Amendments to the Agreement 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 Amend Terms to the Agreement For Consideration and Approval of the City Commission; and Providing For an Effective Date.**
File ID 25-4881

Introduction

Approving Amendments to the Agreement 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 Amend Terms to the Agreement For Consideration and Approval of the City Commission.

Background

The City Commission approved an extension of the agreement with terms of the current agreement via resolution 25-361 on December 2, 2025. The intent is to now update the agreement with negotiated modifications.

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 agree that 100% of CPI should be applied annually on 95% of the base rate. An adjustment to the full index effective upon the execution of the agreement to be applied to the remaining 9 months of FY2026. The request is based on the October 1, 2025, annual increase being capped at 2.5%, while CPI was 5.31%. The increase shall not to be applied retroactively prior to January 1, 2026. The monthly per unit cost for FY 2026 will increase from \$17.35 to \$18.28, a \$0.93 increase per residential unit. This is an annual increase of \$121,800 to the City.

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 **no** increase beyond CPI @ 100%, WM’s request is to increase the monthly per unit collection fee from \$17.35 to \$19.09 (\$1.74). The annual increased rate per residential unit would be \$20.88, this equates to an annual increase of \$304,000

3. Delete “sticker” program for yard waste and recycling. Residents should use their own 32 - 40gal 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.

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) would raise collection costs to the city rate payers collectively by \$425,000 per year.

The suggested adjustment to 100% of CPI from staff totals an annual increase to WMI of \$121,783.50, which is budgeted for FY2026

Recommendation

The City Manager's Office recommends the Mayor and Commission approve and execute a 4 year extension agreement negotiated by the City Manager or their Designee, approve 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.