



THE CITY OF KEY WEST

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MEMORANDUM

TO: Patti McLauchlin, City Manager
Cc: Todd Stoughton, Assistant City Manger
FROM: John Paul Castro, Utilities Director
DATE: November 4th, 2021
SUBJECT: Waste Management, Inc. Collections Contract Amendment

Action Statement:

Amending the collections contract with Waste Management, Inc. to increase the residential collections rate, increase the commercial service fee, changing the adjustment index from CPI-U to CPI-WST.

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 expires December 31, 2021. There were two amendments approved by the commission, resolution 14-254 and 16-048.

The contract renewals are unilateral city options that extend the current terms and conditions, plus amendments.

WMI Request:

On April 1, 2021 the city received a request from WMI to increase rates and change indexes as listed below:

- Replace current index of CPI-U to CPI-WST (water, sewer, trash).
- Increase the residential rate from \$14.36 to \$16.01 per month. The request is to make up for difference from CPI-U to CPI-WST for the initial term of the contract.
- 5% increase to the commercial service fee.
- Add a processing fee for commercial recycling equal to \$5.50 per cubic yard (per WMI, value of recycling has no profit).

Agreement:

On November 3, 2021, City staff and WMI agreed on terms that are mutually beneficial. The terms are as follows:

- Replace current index of CPI-U to CPI-WST with a 2.5% annual cap.
- Increase the residential rate \$0.87 from \$14.36 to \$15.23 per unit per month.
- Increase the commercial service fee 2.5%.
- City to negotiate commercial recycling processing cost with WMI no later than December 31, 2022.

In return the City would receive the following:

- WMI must provide and change heavy duty 3.0 mm trash bags for all city right-of-way cans every pick-up.
- 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 February of the current year.
- Contractor must maintain third party contracts for transfer station office and restroom cleaning as well as grounds maintenance, including but not limited to mowing, edging, and weed control.
- WMI is required to permanently stencil the address and pick-up days of the week on all commercial carts.
- WMI to provide new or clean/newly painted containers, when requested by the City for projects promoting art, recycling, or beautification. The city will make the final decision for placement of the improved carts.
- City cans are a non-exclusive service that must be provided at the request of the City. The City shall provide 30 days' notice to implement or cancel city can service.
- WMI will provide a "Green Business" recycling survey.
- WMI is to conduct a baseline waste composition study to benchmark commodities and contamination levels.
- Quarterly reviews with City staff related to best practices sharing and outstanding opportunities with the business establishments.

The effects of the terms as agreed upon are as follows:

Residential

- Increase of \$0.87 per house/unit to WMI will cost solid waste \$124,046.00, in 2022.
- Changing the index to WST will create an increase over current costs of \$302,062.00, in 2023.

Commercial

- 2.5% increase service fee will cost a medium-size restaurant ~\$14.21 per month (\$170.52/year) for garbage and a school ~\$94 per month (\$1,128/year) for garbage (this example is from actual accounts).

Options:

1. Accept Waste Management's contract amendment request.
2. Deny the Waste Management contract amendment request, renew the contract with current terms and conditions, including amendments, prior to December 31, 2021.
3. Deny the Waste Management contract amendment request, direct staff to advertise the services for new proposals.

Recommendation:

Staff recommends amending the contract as agreed upon by City staff and WMI, to become effective January 1, 2022.