




MEMORANDUM

Date: March 14, 2024

To: Honorable Mayor and Commissioners

Via: Albert P. Childress 
City Manager

From: Kelly Crowe, P.E.
Utilities Director

Subject: **24-5502 Approval of Amendment #3 of the City of Key West's Solid Waste Hauling and Disposal Contract with Waste Management Inc. and Granting and Extension Until December 31, 2025**

Introduction

This resolution will approve Amendment # 3 to the City of Key West's contract for municipal solid waste (MSW) hauling and disposal with Waste Management and grant an extension to the contract and add leachate to the hauling and disposal cost schedule.

Background

On February 19, 2004, the City Commission approved a 20-year contract establishing Waste Management (WM) to provide municipal solid waste hauling and disposal services for the City of Key West.

(Resolution 04-082). This contract governs the hauling of the City's solid waste from the Transfer Station in Rockland Key, to approved disposal sites where the waste is typically converted to energy, with limited waste landfilled. The contract had an initial 7-year term, a renewal 7-year term, and a final 6-year renewal term. The contract expires on March 30, 2024, unless another extension is agreed to.

This contract was initiated after the City made the decision to close the former Waste-to-Energy site on Stock Island. The RFP for this contract was developed in conjunction with the City's Solid Waste Technical Advisory Committee, which sought to develop a solid waste site for a minimum 20-year period. The City's Comprehensive Plan also requires the City to provide solid waste collection, hauling, and disposal services to our residential and commercial customers, and our capacity and ability to provide solid waste services is a key concurrency requirement to accommodate development plans. In 2016 Waste Management requested an Amendment to Section 5.6 to add a new Waste-To-Energy Facility as an extra disposal facility.

City staff and Waste Management are requesting to extend the Solid Waste Hauling and Disposal Contract with Waste Management, Inc. to December 31, 2025. The Municipal Solid Waste (MSW) Collection and Transfer Station Operation contract will be eligible for renewal in December 2025 and the hauling components can be incorporated into the MSW contract by amendment and the original hauling contract can be terminated or allowed to expire. One master contract will be easier to track and monitor in the future.

In addition to the time extension, staff proposes adding leachate from the Transfer Station to the cost schedule in Exhibit 'F'. Leachate is the liquid material that is collected from waste as well as the wash down of the tipping floor. It is temporarily disposed of in tanks and treated onsite. Per the Transfer Station operating permit with the Florida Department of Environmental Protection (FDEP), the leachate was directed to the City's wastewater treatment plant (WWTP) on Fleming Key. FDEP's guidance did not indicate whether the operating permit for the WWTP would need to be modified or what standards the leachate would need to be treated to. Theoretically, WWTP staff would need to test the leachate prior to disposal. This would further encumber WWTP staff time by having to monitor the leachate.

In December, staff directed WM not to dispose of the leachate into the wastewater system and they have arranged for a third party to safely dispose of the material. The cost to dispose of the leachate is \$550/ton which is approximately \$21,000 per month. The annual cost would be approximately \$250,000.

Having a third party safely dispose of the leachate greatly reduces the risk of regulatory exposure and staff believes the cost is warranted. This contract amendment will add leachate to the cost schedule in Exhibit 'F' of the contract. Disposal of leachate at the WWTP would be permanently discontinued.

Procurement

Hauling operations are a necessary function of the Solid Waste Utility and a lapse in contract coverage cannot occur. Extending the existing contract until December 31, 2025 will allow staff and Waste Management to review the MSW Collections contract and make any recommended changes including the addition of hauling and disposal prior to a possible contract extension in 2025.

The addition of leachate to the cost schedule will have a cost impact. Current costs are \$550/ton of leachate which is approximately \$21,000 per month or \$250,000 per year. Commercial revenues are projected to be approximately \$500,000 greater than the budgeted amount therefore, the cost increase will be offset by the increase in revenue from commercial customers. The increase in cost will require a budget transfer in the amount of \$250,000 from Account 403-4301-534-9900 (General Administration/Other Uses) to Account 403-4305-534-3400 (Hauling and Disposal/Other Contractual Service).

Recommendation

The City Manager's Office recommends the Mayor and City Commission approve Amendment #3 to the Municipal Solid Waste Hauling and Disposal contract with Waste Management, Inc. and grant an extension until December 31, 2025, add leachate to the schedule of costs and authorize the City Manager to execute any necessary documents and budget transfers upon the consent of the City Attorney.