



THE CITY OF KEY WEST

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MEMORANDUM

TO: Jim Scholl, City Manager
Greg Veliz, Assistant City Manager

FROM: John Paul Castro, Utilities Director

DATE: November 6, 2017

SUBJECT: Extending the City' Solid Waste Hauling and Disposal Contract with Waste Management Inc. for the second extension and final 6-year Term Within the 20-year Contract.

Action Statement:

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 for the final 6-year term.

Background:

On February 19, 2004, the City Commission approved a 20-year contract establishing Waste Management 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 has an initial 7-year term, a renewal 7-year term, and a final 6-year renewal term.

This contract was initiated after the City made the decision to close the former Waste-to-Energy site on Stock Island, and convert the facility to a temporary transfer station while the new site on Rockland Key was being constructed. 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 add a new Waste-To-Energy Facility as an extra disposal facility to Section 5.6.

City staff is requesting to extend the Solid Waste Hauling and Disposal Contract with Waste Management, Inc. as referred to in Article 8, the second and final extension for a 6-year period.

Key to the Caribbean – Average yearly temperature 77° F.

Purpose and Justification:

City staff recognizes that the City is receiving favorable disposal costs for our waste and it is in our interest to maintain our current hauling and disposal rates. It is in the City's interest to maintain its current favorable hauling and disposal rates. This is a critical component in establishing long-term Solid Waste Utility budgets, maintaining acceptable reserve fund balances, and limiting risk of utility rate adjustments to our customers. Maintaining hauling and disposal contracts that ensure capacity for solid waste processing are a key concurrency requirement within our City's comprehensive plan.

Moving forward, the City looks ahead to new ideas and plans to help increase our recycling rate. Many proposals will be generated through the Solid Waste Master Plan. However, we need to remember that however successful we are in the future, we will always need a contract for the hauling and disposal of solid waste. It will be our goal to divert as much recycled materials out of the waste stream in the future as possible, thereby lowering the amount of solid waste hauled to the mainland under this contract and to ensure that as much solid waste as possible is going to a Waste-To-Energy Facility as directed in Section 5.6.

Approval of this contract extension will help ensure we are providing the best service for the City.

Options:

1)The City can issue an RFP and seek proposals for solid waste hauling and disposal services. RFP could result in higher costs.

2) The City can approve Amendment # 3 to the MSW hauling and disposal contract with Waste Management. This amendment will help lock in favorable long-term hauling and disposal rates and will help protect the City recycling credit for utilizing waste-to-energy, and will contain mechanisms that will help minimize barriers in future recycling efforts.

Financial Impact:

Maintaining the favorable financial terms within the long-term solid waste hauling and disposal contract helps protect the Solid Waste Utility fund balance and minimize the chances of requiring a sudden rate increase in the future. Staff believes that the provisions of this contract would be favorable should the proposed contract amendment be enacted.

Recommendation:

City Staff recommends option number 2, approving the second and final extension, for a 6-year period, to the hauling and disposal services contract with Waste Management, Inc.