



ONE CITY. ONE JACKSONVILLE.

# City of Jacksonville, Florida

*Lenny Curry, Mayor*

Department of Public Works  
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**TO:** Jacksonville City Council & Steve Long, Director of Public Works  
**FROM:** 2022 Rate Review Committee  
**THRU:** Robert S. Campbell, Public Works Department – Vice Chairman 2022 Rate Review  
**DATE:** November 17, 2022  
**SUBJECT:** 2022 Rate Review Committee results and recommendations

## **Background:**

City residential solid waste (garbage, bulky waste, recycling, yard waste, white goods and tires) is collected and transported by contract garbage haulers, as well as City crews. Ordinance Code 382.309 and each hauler agreement requires a full rate review every three years on the contract garbage haulers to determine a proposed annual rate of compensation. The rate review team who will make rate recommendations to City Council is determined by the Public Works Department and includes at a minimum – a representative of the Administration and the Council Auditor's Office. The Administration and City Council President were notified on February 9, 2022 by former Public Works Director John Pappas that the Rate Review Committee was established and included the following members:

Robert S. Campbell, Public Works – 2022 Rate Review Vice Chairman  
Will Williams, Director of Operations - Public Works  
Tom Hudson, Solid Waste Compliance Manager  
Nickii Brookins, Solid Waste Accounting Manager  
Heather Reber, CPA, Council Auditor's Office  
Jeff Rodda, Council Auditor's Office

The Rate Review Committee performed rate reviews of two of the three haulers, Waste Management Inc. of Florida and Waste Pro of Florida. Each of these contract haulers are in the final year of the contract term which ends September 30, 2023. The third contract hauler, Meridian Waste, will begin a Rate Review in 2024 per the agreement.

## **Rate Review:**

By following Code 308.309 and each hauler agreement, the rate review team and the contract haulers worked to establish at a minimum:

- a. The adjusted number of premises in the contract area at October 1, 2022 and estimated for March 31, 2023
- b. The operator's reasonable and necessary expenses
- c. A projection of the operator's expenses for the upcoming fiscal year (FY 2022/2023)
- d. A recommended mark-up rate (rate of return) on operating expenses, before profit, interest expense and corporate taxes

## **Rate Review Results:**

**The Committee presents these results are reasonable, based on reasonable good faith review and reasonable consideration of all financial and operational information provided by the Contractors.**

**Legislation will be introduced to City Council for the following:**

For Waste Management Inc. of Florida, the Rate Review Committee recommends:

- Approve a Base Rate Component paid for each premise of \$14.00 effective October 1, 2022
- Approve projected Expenses of \$11,073,729 for FY 2022/2023
- Approve a Mark-up of 18% as Gross Profit Margin
- Approve Estimated Income before Taxes of \$1,993,271
- Approve the fuel usage caps for the next year for 351,287 gallons
- Approve the premise count adjustment for the contract at October 1, 2022
- Approve restated contract language within the agreement to reflect proposed changes;
  - The definition of “Centroid” has been updated with 2020 Census data
  - A monthly base rate component based on the Rate Review agreed expenses

For Waste Management, the above will result in an estimated FY 2022/23 Budget impact of an additional \$2,781,251

For Waste Pro of Florida, the Rate Review Committee recommends:

- Approve a Base Rate Component paid for each premise of \$19.01 effective October 1, 2022
- Approve projected Expenses of \$15,829,069 for FY 2022/2023
- Approve a Mark-up of 15% as Gross Profit Margin
- Approve Estimated Income before Taxes of \$2,374,360
- Approve the fuel usage caps for the next year for 535,100 gallons
- Approve the premise count adjustment for the contract at October 1, 2022
- Approve restated contract language within the agreement to reflect proposed change;
  - The definition of “Centroid” has been updated with 2020 Census data
  - The Base Rate be adjusted if/when Waste Pro Solid Waste Collection vehicles are added/removed which reflect an adjustment to the projected FY 2022/2023 Expenses – Depreciation. The change to the Base Rate will become effective the First Full month following the asset value is confirmed by both the City Council Auditors Office staff and Public Works staff and the vehicle is delivering residential solid waste to a City designated facility.

For Waste Pro, the above will result in an estimated FY 2022/23 Budget impact of an additional \$3,709,071

The 2022 Rate Review Committee thanks you in advance for your consideration of these results and recommendations.

cc: Honorable Terrance Freeman, City Council President

Brian Hughes, Chief Administrative Officer

Joey Greive, Director of Finance & CFO

Rachael Zimmer, Director of Intergovernmental Affairs

Monique O'Steen, Department of Public Works Policy Administrator

Dina Riddle, Department of Public Works Financial & Administrative Manager

Lee Dupree, Department of Public Works Assistant Financial & Administrative Manager