

**CITY COUNCIL RESEARCH DIVISION
LEGISLATIVE SUMMARY**



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Bill Type and Number: Ordinance 2020-206

Introducer/Sponsor(s): Council President at the request of the Mayor

Date of Introduction: April 14, 2020

Committee(s) of Reference: TEU, F

Date of Analysis: April 16, 2020

Type of Action: Amendment to waste management contract; designation of oversight agency

Bill Summary: The bill approves a third amendment to the City's amended and restated residential waste hauler contract with Waste Pro of Florida, LLC. The following terms will be amended: 1) the monthly base rate paid per premises; 2) the section regarding fuel caps for FY19-20, FY20-21, and FY21-22; 3) the premises count effective retroactively to October 1, 2019; 4) the hourly rate to be used in case of a disposal site change; 5) the section regarding the rate (per ton) to be paid for collection of storm yard waste, if and when the Mayor declares a storm emergency event; and 6) the section regarding adjustment of the base rate by markup and Consumer Price Index.

Background Information: The rate changes are recommended as a result of the recent rate review conducted by Public Works Department and Council Auditor's Office staff of the company's collection and hauling costs, pursuant to the requirements of the Ordinance Code and the current Agreement. Waste Pro's current agreement provides that the rate of payment for the coming year will be the lesser of 1) last year's rate increased by the CPI percentage (an effective markup of 0.82%, or 2) the result of the negotiated markup rate multiplied by the agreed-upon expenses verified by the rate study. The CPI calculation produced the lower rate of the two options. The administration recommends an amended contract that provides for a monthly base rate component of \$14.23 per premises, which represents the mark up of 10.00% from agreed upon operating expenses of \$11,985,122.00 before profit, interest expenses, and corporate taxes. For the following two years the rate will be set by means of a CPI adjustment. Waste Pro's premises count is increased by 317 residential premises for Service Area III from 76,370 to 76,687. The fuel cap numbers set forth shall be 515,251 gallons for fiscal year 2019/2020, 522,476 gallons for fiscal year 2020/2021 and 529,802 gallons for fiscal year 2021/2022. The City and Contractor agree that the rate per ton applicable to the terms of Section 20.2 is hereby adjusted to \$101.00 per ton effective upon the Effective Date of this Amendment and shall be adjusted thereafter pursuant to the Agreement. The hourly rate in the event of a disposal site change pursuant to Section 7.2.3 will be \$108.

See companion bills 2020-204 and -205 which approve the contracts for the other two waste haulers. This bill is the only one of the three contracts that does not implement the rate recommended by the rate study process.

Policy Impact Area: Solid waste hauler contractual terms.

Fiscal Impact: The use of the 10% markup on agreed expenses rather than the CPI adjustment of the current year's rate will incur an additional cost of approximately \$1 million for the contract year for Waste Pro. However, cost saving in the two companion bills will produce a net impact to the Solid Waste Enterprise budget from the three agreements of less than \$420,000 and according to the department will cause no budgetary stress.

Analyst: Clements