

M E M O R A N D U M

Date: June 08, 2016

TO: Dave Bullock, Town Manager
FROM: Juan Florensa, Public Works Director
SUBJECT: Resolution 2016-16, Solid Waste Franchise Agreement, Annual Service Rate Adjustment

The Town of Longboat Key entered into a Solid Waste Franchise Agreement, Ordinance 2014-21, with Waste Management, Inc. of Florida for the collection and disposal of solid waste, yard trash, and residential recyclable materials effective July 1, 2014, terminating June 30, 2021.

Pursuant to the Agreement, the Town is required to annually adjust the collection fee components of the service using a prescribed Consumer Price Index (CPI) and a formula provided for in the agreement. Such adjustments are effective beginning July 1, every year and calculated annually thereafter, during the term of the Agreement.

Per Exhibit D of the Agreement, the rate should be adjusted using the following formula:

- 1) Ninety percent (90%) of the collection fee shall be adjusted based on the percentage change in the Consumer Price Index between the month of December in the previous year and the month of December in the year prior to that, rounded to the nearest hundredth of a percent.
- 2) Ten percent (10%) of the rate shall be adjusted based on the percentage change in the average monthly Fuel Price during the previous calendar year and the average monthly Fuel Price during the year prior to that, rounded to the nearest hundredth of a percent.
- 3) The total adjustment to the collection fee component of the service rates in any given year shall not exceed four percent (4%) of the previous year's collection fee component of that rate.

The terms of the Agreement also provide that the Solid Waste disposal components of the service rates and Yard Trash processing shall be adjusted if and when the tipping fee charged at the Designated Facility for the Town's Solid Waste changes. Tipping fee charges increased \$0.31 from \$2.83 to \$3.14 per month per unit.

The CPI-U increased by .15%, and fuel decreased by -29.25%. Based on the calculation method, the new net rates indicate an overall decrease of -2.80%.

Residential services will decrease from \$11.00 per unit per month to \$10.69 per unit per month for an annual savings of \$3.72 per unit. This is the second year in which Solid Waste rates are lowered. In 2015, the rate decreased \$.05 from \$11.05 to \$11.00.

In summary, there is a \$0.31 increase in total monthly disposal fees per unit and a \$0.31 decrease in total monthly solid waste and yard waste collection fees based upon the franchise agreement formulas, maintaining a total monthly unit cost of \$14.55.

The Town's Finance Director has reviewed the calculations provided by Waste Management to ensure consistency with the Agreement.

This item was placed on the June 20, 2016 Regular Workshop Meeting for consideration and forwarded to the June 20, 2016 Special Meeting for formal action.

If you have any questions or need further information, please let me know.



WASTE MANAGEMENT OF MANATEE COUNTY
6120 21ST Street East
Bradenton, FL 34203
Office – 941 751 7511
Fax – 941 755 4854

May 31, 2016

Public Works Director
Juan Florensa
Town of Longboat Key
600 General Harris Street
Longboat Key, FL 34228

Re: **RATE ADJUSTMENT**

Dear Juan:

This letter is to advise you that the CPI/Fuel based adjustment of our service rates will go into effect on July 1, 2016. The increase is pursuant to Ordinance 2014-21, Exhibit D, dated June 30, 2014.

In summary, the CPI-U increased by .15%, and fuel decreased by -29.25%. Based on the calculation method using the constant 90%10% CPI/FUEL weighted system, the new net rates will indicate an overall decrease of -2.80%.

Attached is a detailed list of calculations as well as the new rates. Please feel free to contact me should you have any questions. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Bill Gresham'. The signature is written in a cursive style with a long horizontal flourish extending to the right.

Bill Gresham
Area Government Services
WASTE MANAGEMENT OF MANATEE COUNTY

**Town of Longboat Key
Franchise Agreement for Solid Waste Services**

Effective July 1, 2016

EXHIBIT A SERVICE RATES

RESIDENTIAL COLLECTION SERVICE RATES

	(a) Pounds/Unit/Month (Set for contract purposes)	(b) Tip Fee/Ton	(c) Disposal Fee/ Unit/Month ((a)/2000) x (b)
MATERIAL			
Solid Waste*	139.67	\$ 45.00	\$ 3.14
Yard Trash	57.33	\$ 25.00	\$ 0.72

*Tip Fees for Solid Waste are set for contract purposes through the Town's Interlocal Agreement with Manatee County, and represent a blended rate for materials collected in both Manatee and Sarasota Counties. See Exhibit D for disposal fee adjustments.

LEVEL OF SERVICE	2-1-1 SERVICE			
	Pick up	Monthly Collection Fee/Unit	Monthly Disposal Fee/Unit	Total Monthly Fee/Unit
Solid Waste – 96 gal. Carts (includes Bulk Waste)	2 x week	\$ 6.55	\$ 3.14	\$ 9.69
Recyclables – 64 gal. Carts 1 x week	1 x week	\$ 2.52	n/a	\$ 2.52
Yard Trash 1 x week	1 x week	\$ 1.62	\$ 0.72	\$ 2.34
TOTAL PER UNIT		\$ 10.69	\$ 3.86	\$ 14.55

ADDITIONAL RESIDENTIAL SERVICE FEES	
Non-Medical Door-side Service	\$8.00 per User per Month
In-ground Collection Service	\$0.00 per User per Month
Garbage Cart Exchange Fee (1 free per Residential User per Year)	\$30.00 per Exchange
Additional Garbage Cart Fee	\$60.00 per Garbage Cart
Additional Recycling Cart Fee	\$0.00

**Town of Longboat Key
Franchise Agreement for Solid Waste Services**

Effective July 1, 2016

EXHIBIT A SERVICE RATES

COMMERCIAL COLLECTION SERVICE RATES

County	(a) Tip Fee/Ton	*Tipping fees for Roll Off Containers are based on the actual tipping fee.				
		(b) Monthly Fee/Unit	(c) Lbs/Cubic Yard (set for contract purposes)	(d) Disposal Fee (c/2000) x (a)	(e) Franchise Fee ((b+d)/0.98) x 0.02	(f) Total Fee (b+d+e)
Manatee	\$ 40.00					
Sarasota	\$ 50.00					
A. Multifamily or Commercial Carts (2 x week) Collection Service and Container Maintenance						
32 Gallon Can - Manatee		\$ 9.36	\$ 87.20	\$ 1.74	\$ 0.23	\$ 11.33
65 Gallon Cart - Manatee		\$ 10.46	\$ 177.13	\$ 3.54	\$ 0.29	\$ 14.29
96 Gallon Cart - Manatee		\$ 10.55	\$ 261.60	\$ 5.23	\$ 0.32	\$ 16.10
32 Gallon Can - Sarasota		\$ 9.36	\$ 87.20	\$ 2.18	\$ 0.24	\$ 11.78
65 Gallon Cart - Sarasota		\$ 10.46	\$ 177.13	\$ 4.43	\$ 0.30	\$ 15.19
96 Gallon Cart - Sarasota		\$ 10.55	\$ 261.60	\$ 6.54	\$ 0.35	\$ 17.44
B. Multifamily Recycling Fee		\$ 1.80	n/a	n/a	\$ 0.04	\$ 1.84
C. Multifamily or Commercial Dumpsters Collection Service						
Uncompacted /cy - Manatee		\$ 2.52	\$ 98.00	\$ 1.96	\$ 0.09	\$ 4.57
Compacted /cy - Manatee		\$ 5.56	\$ 294.00	\$ 5.88	\$ 0.23	\$ 11.67
Uncompacted /cy - Sarasota		\$ 2.52	\$ 98.00	\$ 2.45	\$ 0.10	\$ 5.07
Compacted /cy - Sarasota		\$ 5.56	\$ 294.00	\$ 7.35	\$ 0.26	\$ 13.17
D. Dumpsters Maintenance						
1 Cubic Yard		\$ 42.59	n/a	n/a	\$ 0.87	\$ 43.46
2 Cubic Yard		\$ 42.59	n/a	n/a	\$ 0.87	\$ 43.46
3 Cubic Yard		\$ 42.59	n/a	n/a	\$ 0.87	\$ 43.46
4 Cubic Yard		\$ 42.59	n/a	n/a	\$ 0.87	\$ 43.46
6 Cubic Yard		\$ 42.59	n/a	n/a	\$ 0.87	\$ 43.46
8 Cubic Yard		\$ 42.59	n/a	n/a	\$ 0.87	\$ 43.46
E. Roll Off Collection Service *						
Open top lift/cy		\$ 9.64	n/a*	Actual	\$ 0.20	\$9.84 + Disposal including 2% Franchise Fee
Compactor/cy		\$ 11.19	n/a*	Actual	\$ 0.23	\$11.42 + Disposal including 2% Franchise Fee
F. Roll Off Maintenance						
10 Cubic Yard		\$ 59.37	n/a	n/a	\$ 1.21	\$ 60.58
20 Cubic Yard		\$ 74.19	n/a	n/a	\$ 1.51	\$ 75.70
30 Cubic Yard		\$ 89.04	n/a	n/a	\$ 1.82	\$ 90.86
20 Cubic Yard Compactor		\$ 148.40	n/a	n/a	\$ 3.03	\$ 151.43
G. Gate Service & Roll Out Fees						
Gate Service		\$ 17.89	n/a	n/a	\$ 0.37	\$ 18.26
Roll Out Fees (< 15 feet)		\$ 17.89	n/a	n/a	\$ 0.37	\$ 18.26
Roll Out Fees (> 15 feet)		\$ 35.77	n/a	n/a	\$ 0.73	\$ 36.50

Bureau of Labor Statistics

**Consumer Price Index - Urban Wage Earners and Clerical
Original Data Value**

For Longboat Key

Series Id: CWUR0300SA0
 Not Seasonally Adjusted
 Area: South urban
 Item: All items
 Base Period: 1982-84=100
 Years: 2005 to 2015

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2005	180.5	181.5	182.7	184.3	184.2	184.7	185.5	186.6	189.8	190.2	188.0	187.2	185.4	183.0	187.9
2006	188.8	188.9	189.9	192.1	192.9	193.5	194.3	194.5	192.9	191.5	191.1	191.8	191.9	191.0	192.7
2007	191.671	192.574	194.734	196.730	198.175	198.838	198.673	198.063	198.873	199.319	200.849	200.850	197.446	195.454	199.438
2008	201.814	202.291	204.044	205.669	207.912	210.469	211.438	210.362	210.572	207.312	201.821	199.399	206.092	205.367	206.817
2009	200.067	201.150	201.737	202.619	203.500	205.968	205.415	205.867	205.726	206.121	206.859	206.716	204.312	202.507	206.117
2010	207.405	207.325	208.621	209.017	208.920	208.640	208.440	208.740	209.155	209.376	209.352	209.994	208.749	208.321	209.176
2011	211.216	212.416	215.272	217.234	218.437	217.722	218.087	218.947	218.787	218.109	218.030	217.463	216.810	215.383	218.237
2012	218.571	220.080	221.792	222.872	221.690	221.077	220.705	222.250	223.497	222.779	221.361	220.975	221.471	221.014	221.928
2013	221.849	224.019	224.862	224.266	224.352	225.338	225.838	226.119	225.981	225.294	224.588	224.895	224.783	224.114	225.453
2014	225.459	226.443	227.975	229.519	229.901	230.476	230.195	229.594	229.666	228.724	226.959	225.251	228.347	228.296	228.398
2015	223.133	224.390	225.936	226.618	227.706	229.008	228.716	228.011	227.348	227.164	226.621	225.578	226.686	226.132	227.240

Index Change = 0.327

CPI Change = 0.15%

A) 90% of CPI Change = 0.13%

B) 10% of Fuel Change = -2.93%

C) Net Change to Rates = -2.80%

Longboat Key Fuel Change Calculation

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Sourcekey	EMD_EPD2DXL0_PTE_ R1Z_DPG Lower Atlantic (PADD 1C) No 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon)		
Date			
Jan-2013	3.910		
Feb-2013	4.087		
Mar-2013	4.037		
Apr-2013	3.902		
May-2013	3.803		
Jun-2013	3.764		
Jul-2013	3.802		
Aug-2013	3.847		
Sep-2013	3.902		
Oct-2013	3.833		
Nov-2013	3.797	12 Month Avg.	
Dec-2013	3.844	3.877	
Jan-2014	3.840		
Feb-2014	3.903		
Mar-2014	3.965		
Apr-2014	3.949		
May-2014	3.926		
Jun-2014	3.888		
Jul-2014	3.850		
Aug-2014	3.794		
Sep-2014	3.735		
Oct-2014	3.615		
Nov-2014	3.485	12 Month Avg.	
Dec-2014	3.303	3.771	Change -2.74%
Jan-2015	2.984		
Feb-2015	2.836		
Mar-2015	2.857		
Apr-2015	2.784		
May-2015	2.866		
Jun-2015	2.842		
Jul-2015	2.768		
Aug-2015	2.568		
Sep-2015	2.461		
Oct-2015	2.431		
Nov-2015	2.390	12 Month Avg.	
Dec-2015	2.231	2.668	Change -29.25%

RESOLUTION 2016-16

A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, PROVIDING FOR COLLECTION FEE, A SERVICE RATE ADJUSTMENT BASED ON THE SOLID WASTE FRANCHISE AGREEMENT WITH WASTE MANAGEMENT INC.; REPEALING ALL PROVISIONS IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The Town of Longboat Key (the "Town") entered into a Solid Waste Franchise Agreement ("the Agreement" also known as Ordinance 2014-21) with Waste Management, Inc. of Florida (the "Franchisee") for the collection and disposal of solid waste, yard trash, and residential recyclable materials effective July 1, 2014, and terminating June 30, 2021; and

WHEREAS, Exhibit D of the Agreement states beginning July 1, 2015, and the same date of each subsequent year during the term of the Agreement, the collection fee components of the service rates shall be adjusted; and

WHEREAS, Exhibit D of the Agreement states the collection fee rate shall be adjusted using the following formula:

- 1) Ninety percent (90%) of the collection fee shall be adjusted based on the percentage change in the Consumer Price Index (CPI) between the month of December in the previous year and the month of December in the year prior to that, rounded to the nearest hundredth of a percent. The CPI will be the Consumer Price Index for the South Urban Region, All Items – All Urban Wage Earners and Clerical Workers, published by the United States Department of Labor, Department of Labor Statistics (Series ID=CWUR0300SA0).
- 2) Ten percent (10%) of the rate shall be adjusted based on the percentage change in the average monthly Fuel Price during the previous calendar year and the average monthly Fuel Price during the year prior to that, rounded to the nearest hundredth of a percent. The Fuel Price will be the Lower Atlantic (PADD 1C) No. 2 Diesel Ultra Low Sulfur Diesel (0-15 ppm) Retail Price (cents per gallon) published by the United States Department of Energy.
- 3) The total adjustment to the collection fee component of the service rates in any given year shall not exceed four percent (4%) of the previous year's collection fee component of that rate.
- 4) If the source of the CPI or Fuel Price is discontinued or substantially altered, the Town may select another relevant price index published by the United States Government or by a reputable publisher of financial and economic indices.

WHEREAS, Exhibit D of the Agreement states the Solid Waste disposal components of the service rates shall be changed to incorporate the tipping fee charged at the Designated Facility for the Town's Solid Waste changes; and

WHEREAS, Exhibit D of the Agreement states the Yard Trash processing shall be adjusted if and when the tipping fee charged at the processing facility for the Town's Yard Trash changes; and

WHEREAS, the CPI in December 2014 for All Items for the South Urban Region was 225.347 and the CPI in December 2015 for All Items for the South Urban Region was 225.578 which resulted in a 0.15% change in CPI; and

WHEREAS, the average Fuel Price for the 2014 Lower Atlantic No. 2 Diesel Ultra Low Sulfur Diesel was \$3.771 and the average 2015 Fuel Price for the Lower Atlantic No. 2 Diesel Ultra Low Sulfur Diesel was \$2.668 which resulted in a -29.25% change in Fuel Price; and

WHEREAS, since entering into the Agreement with the Franchisee, tipping fees charged for the Town's Solid Waste and Yard Trash services were increased by \$.31; and

WHEREAS, based upon the foregoing and applying the formula provided for in Exhibit D to the Agreement, the overall change in 2015 for the collection fee component of service rate was -2.80% resulting in a \$0.31 decrease in the current rate of \$11.00 to form the new monthly collection fee rate of \$10.69, which results in a total monthly collection fee of \$14.55.

NOW, THEREFORE, be it resolved by the Town Commission of the Town of Longboat Key, Florida, that:

SECTION 1. The recitals and findings above, and any factual statements below, are ratified and confirmed as true and correct.

SECTION 2. Pursuant to the rate formula provided for in Exhibit D of the Agreement and the findings outlined herein, the Town Commission hereby determines that the new service rates for collection and disposal of Residential Solid Waste, Yard Trash, and Recyclable Materials beginning July 1, 2016, shall be as follows:

LEVEL OF SERVICE	2-1-1 SERVICE EFFECTIVE 07/01/16			
	Pick up	Monthly Collection Fee/Unit	Monthly Disposal Fee/Unit	Total Monthly Fee/Unit
Solid Waste – 96 gal. Carts (includes Bulk Waste)	2 x week	\$6.74 \$6.55	\$2.83 \$3.14	\$9.57 \$9.69
Recyclables – 64 gal. Carts	1 x week	\$2.59 \$2.52	n/a	\$2.59 \$2.52
Yard Trash	1 x week	\$1.67 \$1.62	\$0.72	\$2.39 \$2.34
TOTAL PER UNIT		\$11.00 \$10.69	\$3.55 \$3.86	\$14.55

SECTION 3. Pursuant to the rate formula provided for in Exhibit D of the Agreement and the findings outlined herein, the Town Commission hereby determines that the new service rates for collection and disposal of Commercial Solid Waste, Yard Trash, and Recyclable Materials beginning July 1, 2016 shall be as follows:

COMMERCIAL COLLECTION SERVICE RATES

COUNTY	(a) Tip Fee/Ton	*Tipping fees for Roll-Off Containers are based on actual tipping fee.				
		(b) Monthly Fee/Unit	(c) Lbs/Cubic Yard (set for contract purposes)	(d) Disposal Fee (c/2000) x (a)	(e) Franchise Fee ((b+d)/0.98) x 0.02	(f) Total Fee (b+d+e)
Manatee	\$ 40.00					
Sarasota	\$ 50.00					
A. Multifamily or Commercial Carts (2 x week) Collection Service and Container Maintenance 7/1/15						
32 Gallon Can - Manatee	\$ 9.36	\$ 87.20	\$ 1.74	\$ 0.23	\$ 11.43	11.33
65 Gallon Cart - Manatee	\$ 10.46	\$ 177.13	\$ 3.54	\$ 0.28	\$ 14.23	14.29
96 Gallon Cart - Manatee	\$ 10.55	\$ 261.60	\$ 5.23	\$ 0.32	\$ 15.88	16.10
32 Gallon Can - Sarasota	\$ 9.36	\$ 87.20	\$ 2.18	\$ 0.24	\$ 11.83	11.78
65 Gallon Cart - Sarasota	\$ 10.46	\$ 177.13	\$ 4.43	\$ 0.30	\$ 15.05	15.19
96 Gallon Cart - Sarasota	\$ 10.55	\$ 261.60	\$ 6.54	\$ 0.34	\$ 17.08	17.44
B. Multifamily Recycling Fee	\$ 1.80	n/a	n/a	\$ 0.04	\$ 1.89	1.84
C. Multifamily or Commercial Dumpsters Collection Service						
Uncompacted /cy - Manatee	\$ 2.52	\$ 98.00	\$ 1.96	\$ 0.09	\$ 4.44	4.57
Compacted /cy - Manatee	\$ 5.56	\$ 294.00	\$ 5.88	\$ 0.23	\$ 11.24	11.67
Uncompacted /cy - Sarasota	\$ 2.52	\$ 98.00	\$ 2.45	\$ 0.10	\$ 4.90	5.07
Compacted /cy - Sarasota	\$ 5.56	\$ 294.00	\$ 7.35	\$ 0.26	\$ 12.60	13.17
D. Dumpsters Maintenance						
1 Cubic Yard	\$ 42.59	n/a	n/a	\$ 0.87	\$ 44.78	43.36
2 Cubic Yard	\$ 42.59	n/a	n/a	\$ 0.87	\$ 44.78	43.36
3 Cubic Yard	\$ 42.59	n/a	n/a	\$ 0.87	\$ 44.78	43.36
4 Cubic Yard	\$ 42.59	n/a	n/a	\$ 0.87	\$ 44.78	43.36
6 Cubic Yard	\$ 42.59	n/a	n/a	\$ 0.87	\$ 44.78	43.36
8 Cubic Yard	\$ 42.59	n/a	n/a	\$ 0.87	\$ 44.78	43.36
E. Roll Off Collection Service *						
Open top lift/cy	\$ 9.64	n/a*	Actual	\$ 0.20	\$10.12 \$9.84 + Disposal including 2% Franchise Fee	
Compactor/cy	\$ 11.19	n/a*	Actual	\$ 0.23	\$11.74 \$11.42 + Disposal Including 2% Franchise Fee	
F. Roll Off Maintenance						
10 Cubic Yard	\$ 59.37	n/a	n/a	\$ 1.21	\$ 62.33	60.58
20 Cubic Yard	\$ 74.19	n/a	n/a	\$ 1.51	\$ 77.89	75.70
30 Cubic Yard	\$ 89.04	n/a	n/a	\$ 1.82	\$ 93.47	90.86
20 Cubic Yard Compactor	\$ 148.40	n/a	n/a	\$ 3.03	\$ 155.80	151.43
G. Gate Service & Roll Out Fees						
Gate Service	\$ 17.89	n/a	n/a	\$ 0.37	\$ 18.77	18.26
Roll Out Fees (< 15 feet)	\$ 17.89	n/a	n/a	\$ 0.37	\$ 18.77	18.26
Roll Out Fees (> 15 feet)	\$ 35.77	n/a	n/a	\$ 0.73	\$ 37.50	36.50

SECTION 4. Based upon the foregoing, the Town Commission hereby approves the total monthly service rates for the collection and disposal of solid waste, yard trash, and residential recyclable materials.

SECTION 5. All prior Town Resolutions in conflict herewith shall be and the same are hereby repealed.

SECTION 6. If any section, subsection, sentence, clause, or provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected.

SECTION 7. This Resolution shall become effective July 1, 2016.

Passed by the Town Commission of the Town of Longboat Key on the _____ day of _____, 2016.

Jack G. Duncan, Mayor

ATTEST:

Trish Granger, Town Clerk



End of Agenda Item