

M E M O R A N D U M

TO: Howard Tipton, Town Manager
FROM: Isaac Brownman, Public Works Director
REPORT DATE: June 16, 2023
MEETING DATE: June 30, 2023
SUBJECT: Resolution 2023-20, Solid Waste Franchise Agreement,
Annual Service Rate Adjustment

Recommended Action

Pass Resolution 2023-20 following Public Hearing.

Background

The Town of Longboat Key entered into a Solid Waste Franchise Agreement with Waste Management, Inc., of Florida by adoption of Ordinance 2014-21. The agreement provides for the collection and disposal of solid waste, yard trash, and residential recyclable materials effective July 1, 2014, renewed July 2, 2021, and terminating June 30, 2024.

Pursuant to the Agreement, Waste Management can request an annual adjustment to the collection fee components of the service using a prescribed Consumer Price Index (CPI) and formula provided for within the agreement. Such adjustments are effective beginning July 1 of every year and calculated annually thereafter, during the term of the Agreement. Any CPI adjustment and fuel increase based on that formula is capped at 4% each year. In addition, the terms of the Agreement 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. At this time, there are no tipping fee adjustments related to the Manatee County landfill.

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.

Last year, Waste Management requested the contractual 4% increase added to the base rate plus a 6.01% extraordinary increase due to high inflationary conditions and fuel and energy pressures. The Town Commission approved the

extraordinary increase for one-year and that expires on June 30, 2023. Therefore, the current request reflects last year's base rate plus last year's 4% increase plus this year's 4% request.

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. No changes to tipping fees are proposed at this time.

The CPI-U increased by 6.66%, and fuel increased by 55.65%. Based on the contract, the new CPI rates indicate an overall increase of 4%, the maximum increase allowed.

In summary, the total monthly unit cost for all residential collection and disposal will decrease from \$17.72 (which included last year's 6.01% extraordinary increase) to \$17.56. Multi-family and commercial will increase according to attached exhibits.

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

Resolution 2023-20 is presented at the June 30, 2023, Regular Meeting for public hearing for the required annual rate adjustment, which is consistent with the terms of the Solid Waste Franchise Agreement. Upon approval, the new rates will take effect July 1, 2023.

Staff Recommendation

Pass Resolution 2023-20 following Public Hearing.

Attachment

- A. Resolution 2023-20 (Available in Town Clerk's Office)
- B. Waste Management 2023 Rate Adjustment Package (Available in Town Clerk's Office)

End of Agenda Item