

## M E M O R A N D U M

**TO:** Thomas A. Harmer, Town Manager  
**FROM:** Isaac Brownman, Public Works Director  
**DATE:** April 22, 2019  
**SUBJECT:** Resolution 2019-05, Solid Waste Franchise Agreement, Annual Service Rate Adjustment

### **Recommended Action**

Pass Resolution 2019-05.

### **Background**

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 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.

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 remain at \$3.14 per month per unit for solid waste and yard trash disposal remains at \$0.72 per month per unit.

The CPI-U increased by 1.34%, and fuel increased by +18.57%. Based on the calculation method, the new net rates indicate an overall increase of 3.06%.

Residential collection services will increase from \$11.04 per unit per month to \$11.38 per unit per month for a total annual fee per unit increase of \$0.34.

In summary, there is no increase in total monthly disposal fees per unit, a \$0.34 increase in total monthly solid waste and yard waste collection fees based upon the franchise agreement formulas, increasing the total monthly unit cost for all collection and disposal from \$14.90 to \$15.24.

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

Resolution 2019-05 is presented at the May 6, 2019, 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, 2019.

**Staff Recommendation**

Pass Resolution 2019-05.

**Attachments**

Resolution 2019-05

Letter from Waste Management

## RESOLUTION 2019-05

### **A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, PROVIDING FOR COLLECTION FEE, A SERVICE RATE ADJUSTMENT EFFECTIVE JULY 1, 2019, 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 2017 for All Items for the South Urban Region was 234.361 and the CPI in December 2018 for All Items for the South Urban Region was 237.492 which resulted in a 1.34% change in CPI; and

**WHEREAS**, the average Fuel Price for the 2017 Lower Atlantic No. 2 Diesel Ultra Low Sulfur Diesel was \$2.583 and the average 2018 Fuel Price for the Lower Atlantic No. 2 Diesel Ultra Low Sulfur Diesel was \$3.062 which resulted in a 18.57% change in Fuel Price; and

**WHEREAS**, tipping fees charged for the Town's Solid Waste and Yard Trash services are set by Interlocal Agreement between the Town and Manatee County at \$40.00 per ton; and

**WHEREAS**, based upon the foregoing and applying the formula provided in Exhibit D to the Agreement, the overall 2019 change for the collection fee component of service rate was 3.06%, resulting in a \$0.34 increase to the current rate of \$11.04 to the new monthly collection fee rate of \$11.38, which results in a total monthly collection fee of \$15.24.

**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, 2019, shall be as follows:

- **Solid waste – 96 gal. carts (includes bulk waste) with 2 times per week pick up**
  - Monthly collection fee/unit \$6.98
  - Monthly disposal fee/unit \$3.14
  - Total Monthly Fee/Unit \$10.12
  
- **Recyclables – 64 gal. carts with 1 time per week pick up**
  - Monthly collection fee/unit \$2.68
  - Monthly disposal fee/unit n/a
  - Total Monthly Fee/Unit \$2.68
  
- **Yard Trash – with 1 time per week pick up**
  - Monthly Collection Fee/Unit \$1.72
  - Monthly disposal fee/unit \$0.72

- Total Monthly Fee/Unit \$2.44
- **Total Per Unit**
  - Monthly Collection Fee/Unit \$11.38
  - Monthly Disposal Fee/Unit \$3.86
  - Total Monthly Fee/Unit \$15.24

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, 2019 shall be as follows:

### **COMMERCIAL COLLECTION SERVICE RATES**

- **Manatee County Tipping Fee/Ton - \$40.00**
- **Sarasota County Tipping Fee/Ton - \$50.00**
- **Multifamily or Commercial Carts (2 x week) Collection Service and Container Maintenance**
  - 32 Gallon Can - Manatee
    - Monthly Fee/Unit \$9.98
    - Pounds/Cubic Yard \$87.20
    - Disposal Fee \$1.74
    - Franchise Fee \$0.24
    - Total Fee \$11.96
  - 65 Gallon Cart - Manatee
    - Monthly Fee/Unit \$11.15
    - Pounds/Cubic Yard \$177.13
    - Disposal Fee \$3.54
    - Franchise Fee \$0.30
    - Total Fee \$14.99
  - 96 Gallon Cart - Manatee
    - Monthly Fee/Unit \$11.24
    - Pounds/Cubic Yard \$261.60
    - Disposal Fee \$5.23
    - Franchise Fee \$0.34
    - Total Fee \$16.81
  - 32 Gallon Can - Sarasota
    - Monthly Fee/Unit \$9.98
    - Pounds/Cubic Yard \$87.20
    - Disposal Fee \$2.18
    - Franchise Fee \$0.25
    - Total Fee \$12.41
  - 65 Gallon Cart - Sarasota
    - Monthly Fee/Unit \$11.15
    - Pounds/Cubic Yard \$177.13
    - Disposal Fee \$4.43
    - Franchise Fee \$0.32
    - Total Fee \$15.90

- 96 Gallon Cart - Sarasota
  - Monthly Fee/Unit \$11.24
  - Pounds/Cubic Yard \$261.60
  - Disposal Fee \$6.54
  - Franchise Fee \$0.36
  - Total Fee \$18.14
  
- **Multifamily Recycling Fee**
  - Monthly Fee/Unit \$1.92
  - Pounds/Cubic Yard n/a
  - Disposal Fee n/a
  - Franchise Fee \$0.04
  - Total Fee \$1.96
  
- **Multifamily or Commercial Dumpsters Collection Service**
  - Uncompacted/cy – Manatee
    - Monthly Fee/Unit \$2.68
    - Pounds/Cubic Yard \$98.00
    - Disposal Fee \$1.96
    - Franchise Fee \$0.09
    - Total Fee \$4.73
  - Compacted/cy – Manatee
    - Monthly Fee/Unit \$5.93
    - Pounds/Cubic Yard \$294.00
    - Disposal Fee \$5.88
    - Franchise Fee \$0.24
    - Total Fee \$12.05
  - Uncompacted/cy – Sarasota
    - Monthly Fee/Unit \$2.68
    - Pounds/Cubic Yard \$98.00
    - Disposal Fee \$2.45
    - Franchise Fee \$0.10
    - Total Fee \$5.23
  - Compacted/cy – Sarasota
    - Monthly Fee/Unit \$5.93
    - Pounds/Cubic Yard \$294.00
    - Disposal Fee \$7.35
    - Franchise Fee \$0.27
    - Total Fee \$13.55
  
- **Dumpsters Maintenance**
  - 1 Cubic Yard
    - Monthly Fee/Unit \$45.39
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.93
    - Total Fee \$46.32
  - 2 Cubic Yard
    - Monthly Fee/Unit \$45.39
    - Pounds/Cubic Yard n/a

- Disposal Fee n/a
    - Franchise Fee \$0.93
    - Total Fee \$46.32
  - 3 Cubic Yard
    - Monthly Fee/Unit \$45.39
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.93
    - Total Fee \$46.32
  - 4 Cubic Yard
    - Monthly Fee/Unit \$45.39
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.93
    - Total Fee \$46.32
  - 6 Cubic Yard
    - Monthly Fee/Unit \$45.39
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.93
    - Total Fee \$46.32
  - 8 Cubic Yard
    - Monthly Fee/Unit \$45.39
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.93
    - Total Fee \$46.32
- **Roll Off Collection Service**
  - Open top lift/cy
    - Monthly Fee/Unit \$10.28
    - Pounds/Cubic Yard n/a
    - Disposal Fee Actual
    - Franchise Fee \$0.21
    - Total Fee \$10.49 + disposal including 2% Franchise Fee
  - Compactor lift/cy
    - Monthly Fee/Unit \$11.92
    - Pounds/Cubic Yard n/a
    - Disposal Fee Actual
    - Franchise Fee \$0.24
    - Total Fee \$12.16 + disposal including 2% Franchise Fee
- **Roll Off Maintenance**
  - 10 Cubic Yard
    - Monthly Fee/Unit \$63.26
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$1.29
    - Total Fee \$64.55
  - 20 Cubic Yard

- Monthly Fee/Unit \$79.06
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$1.61
    - Total Fee \$80.67
  - 30 Cubic Yard
    - Monthly Fee/Unit \$94.88
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$1.94
    - Total Fee \$96.82
  - 20 Cubic Yard Compactor
    - Monthly Fee/Unit \$158.14
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$3.23
    - Total Fee \$161.37
- **Gate Service & Roll Out Fees**
  - Gate Service
    - Monthly Fee/Unit \$19.06
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.39
    - Total Fee \$19.45
  - Roll Out Fees (< 15 feet)
    - Monthly Fee/Unit \$19.06
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.39
    - Total Fee \$19.45
  - Roll Out Fees (> 15 feet)
    - Monthly Fee/Unit \$38.12
    - Pounds/Cubic Yard n/a
    - Disposal Fee n/a
    - Franchise Fee \$0.78
    - Total Fee \$38.90

SECTION 4. Based upon the foregoing, the Town Commission hereby approves the above referenced 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, 2019.



Passed by the Town Commission of the Town of Longboat Key following public hearing on the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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George L. Spoll, Mayor

ATTEST:

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Trish Shinkle, Town Clerk



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

February 22, 2019

Public Works Director  
Isaac Brownman  
Town of Longboat Key  
600 General Harris Street  
Longboat Key, FL 34228

Re: **RATE ADJUSTMENT**

Dear Isaac:

This letter is to advise you that the CPI/Fuel based adjustment of our service rates and the CPI Recycling Processing Fee adjustment will go into effect on July 1, 2019. The increase is pursuant to Ordinance 2014-21, Exhibit D and E, dated June 30, 2014.

In summary, the CPI-U increased by +1.34%, and fuel increased by +18.57%. Based on the calculation method using the constant 90%10% CPI/FUEL weighted system, the new net rates will indicate an overall increase of +3.06%. The Recycling Fee is based on 75% of the CPI calculation. The Recycling Fee will increase 1.00%.

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,

Bill Gresham  
Area Government Services  
WASTE MANAGEMENT OF MANATEE COUNTY

**End of Agenda Item**