

M E M O R A N D U M

TO: Howard Tipton, Town Manager
FROM: Isaac Brownman, Public Works Director
REPORT DATE: March 21, 2024
MEETING DATE: April 1, 2024
SUBJECT: Ordinance 2024-05, Solid Waste Franchise Agreement, Contract Renewal

Recommended Action

Adopt Ordinance 2024-05.

Background

This item was first discussed at the February 20, 2024, Town Commission Regular Workshop. The Ordinance is now being brought forward to this Regular Meeting for a second reading and public hearing.

The Town of Longboat Key entered into a Solid Waste Franchise Agreement with Waste Management, Inc., of Florida (“Waste Management”) by adoption of Ordinance 2014-21. The agreement provides for the collection and disposal of solid waste, yard waste, and residential recyclable materials effective July 1, 2014, renewed July 2, 2021, and terminating June 30, 2024. The current agreement includes one more optional three (3) year renewal term, which would extend the agreement to June 30, 2027.

As part of our negotiations with Waste Management, they have indicated that economic conditions since 2020 have significantly impacted their operational ability to deliver services under existing rates. Waste Management has submitted proposed rate increases for consideration for the final three (3) year renewal period. The proposed rate increases are summarized as follows:

- Residential Single-Family Rate: \$22.60 per month from \$17.56 per month, a proposed increase of \$5.04 per month (approximately 28.7%).
- Commercial Collection Service Rates: there are six (6) multi-family and commercial categories with a total of twenty-six (26) individual collection types and sizes. The negotiated rate increase for these is also 28% on the monthly fee per unit components. In a number of these cases, this was negotiated downward from a variety of different and higher values. Overall, this represents nominal increases in real dollars and cents.

The current agreement with Waste Management has capped any rate increases related to the Consumer Price Index and Fuel costs (“CPI/Fuel”) to a maximum of 4% per year. Waste Management has been operating under this term since 2014, and it did not become an issue until the 2020 through 2023 period. Many years since 2014, the requests were under 4%.

Based on Waste Management’s justification letter and comparison documents, Public Works research on professional publications and also conversations with industry professionals, data from a 2023 presentation by the Solid Waste

Association of North America, further research by the City of Cape Coral, the quality of services being provided by Waste Management, and the likelihood that a solicitation at this time would yield even higher rates, it is Public Works opinion that the requested rates are not unreasonable. The Town is pleased with Waste Management's service as expressed in past Annual Citizen's surveys and general citizen input.

The current agreement with Waste Management provides four (4) collections per week: 2 solid waste trash pick-ups, 1 recycling pick-up, and 1 yard waste pick-up.

Waste Management also provides bulk, special pick-ups, plus storm support (at no cost after Hurricane Idalia). During covid-19 labor shortages and challenges, Waste Management was able to provide seamless service to the Town. As Waste Management is a major provider in our region, they are able to divert resources to our area when needed and have done so after recent holiday events.

Waste Management is working to improve their new master call center service and protocols, which is one area where they recognize improvements are needed and are pursuing improved service delivery.

Staff recommends accepting the proposed rates for the final term of the Town's agreement. Because Waste Management is requesting these increases in the final term, the Town would recommend reducing the maximum CPI/Fuel cap amount to a maximum of 3% for the final term. As the requested rate increases would be effective July 1, 2024, Waste Management will not be requesting a CPI/Fuel increase for the July 1, 2024 through June 30, 2025 service period.

Recommendation

Adopt Ordinance 2024-05.

Attachments

- A. Ordinance 2024-05 (Available in the Town Clerk's Office)
- B. WM Solid Waste Contract Renewal and Rates PowerPoint Presentation (Available in the Town Clerk's Office)
- C. 2023 WM Longboat Key contract renewal letter (1) (Available in the Town Clerk's Office)
- D. 2023 WM Longboat Key contract renewal letter (2) (Available in the Town Clerk's Office)
- E. July 1, 2023 Exhibit A Service Rates (Current) (Available in the Town Clerk's Office)
- F. July 1, 2024 Exhibit A Service Rates (Proposed) (Available in the Town Clerk's Office)
- G. 2019 to 2023 Florida Bid Activity Exhibit (Available in the Town Clerk's Office)
- H. Business Impact Estimate (Available in the Town Clerk's Office)

End of Agenda Item