

Indian River County, Florida
Solid Waste Disposal District
Board Memorandum

Date: August 9, 2021
To: Jason E. Brown, County Administrator
From: Matthew Jordan, Interim Director of Utility Services
Prepared By: Himanshu H. Mehta, PE, Managing Director, Solid Waste Disposal District
Subject: Approval of 2022 CPI Adjustment Request by Republic Services

Descriptions and Conditions:

On November 16, 2010, the Solid Waste Disposal District (SWDD) Board authorized the Solid Waste Operations and Maintenance (O&M) Agreement (Agreement) with Republic Services of Florida, LP (Republic). The agreement is for the operation and maintenance of the County's Class 1 landfill, as well as non-Class 1 landfill services. The contract began January 1, 2011, with an initial term of seven (7) years with an option for one (1) renewal term of seven (7) years. On February 21, 2017, the SWDD Board approved the Ninth Amendment and extension to the contract agreement with Republic, extending the agreement for another seven (7) years beginning on January 1, 2018, and expiring on December 31, 2024. Section 4 of this renewal agreement includes an annual escalation provision allowing 100% change in the Consumer Price Index (CPI) with the maximum rate adjustment set to 3.0%.

On August 18, 2020, the SWDD Board approved an annual request by Republic Services for a CPI increase of 2.25% for Calendar Year (CY) 2021 to be effective January 1, 2021. This approval resulted in the Class 1 landfill O&M, including the landfill gas system, increasing from a rate of \$13.65 per ton for CY 2020 to a rate of \$13.96 per ton for CY 2021. In addition to the CPI increase, the SWDD Board approved Amendment No. 15 on February 16, 2021, which increased the non-Class 1 landfill services, primarily the operation of the five customer convenience centers, from \$3,187,823.65 per year to \$3,206,347.65 for CY 2021.

On May 28, 2021, Republic submitted a request for a 1.64% adjustment to be effective January 1, 2022. This agenda item is requesting SWDD Board approval for the CY 2022 CPI adjustment request by Republic.

Analysis:

On August 9, 2021, staff approved additional monthly O&M services for the activation of the 16 vertical landfill gas wells and 24 side-slope collection gas wells in Segment 3 Cell 1 for the remaining five months of CY 2021. This cost consists of \$400 per month for wellfield operations and a cost of \$2,000 for one semi-annual pump maintenance service. This results in a total cost, with a 10% management fee, of \$4,400. For the next calendar year, the total cost is \$9,680, which includes 12 months of O&M whereby the annual non-Class 1 landfill services would increase to \$3,216,027.65.

Staff has reviewed, verified, and recommends the approval of the request by Republic of the 1.64% CPI increase for the Class 1 landfill rate and the Non-Class 1 landfill rate. In summary, here are the changes:

Services	CY 2021 Rate	CY 2022 Rate	Change from Prior Year	% Change
Class 1 Landfill	\$13.96 per ton	\$14.19 per ton	\$0.23 per ton	1.64%
Non-Class 1 Landfill	\$3,216,027.65 per year	\$3,268,770.50 per year	\$52,742.85	1.64%

Based on the new rate of \$14.19 per ton and a conservative estimate of 18,205 tons per month of waste disposal, staff has requested a budgetary funding of \$3,100,000 for Fiscal Year (FY) 21/22 for the Class 1 Landfill Services.

For the Non-Class 1 Landfill Services, it is anticipated that the new household hazardous waste and recycling transfer facility, which is in its final site plan approval process, will be out to bid in a few months. Staff is expecting this facility to be in operation next calendar year, which will require additional O&M services from Republic. Therefore, staff has requested a budgetary funding of \$3,400,000 for FY21/22 to cover these anticipated costs; however, a formal amendment to the agreement will be presented to the Board for approval at a future date.

Funding:

Funding for the SWDD Class 1 landfill services is budgeted and available in the SWDD landfill account, and the funding for the SWDD non-Class 1 landfill services is budgeted and available in the SWDD recycling account. Both are funded from SWDD assessments and user fees.

Below are the proposed funding allocations for Fiscal Year (FY) 21/22, which are expected to be sufficient for the recommended CPI increase:

Description	Account Number	Amount
Landfill – Contractual Services	41121734-033489	\$3,100,000
Recycling – Contractual Services	41125534-033489	\$3,400,000

Recommendation:

Solid Waste Disposal District staff recommends the following for Board review and approval:

1. Approve the Calendar Year 2022 request for a 1.64% Consumer Price Index rate adjustment by Republic Services of Florida, LP, to be effective January 1, 2022, and authorize the County Administrator to take any necessary actions to effectuate the change.

Attachment:

1. Rate Adjustment Letter Request from Republic Services