

**Indian River County, Florida
Solid Waste Disposal District
Board Memorandum**

Date: June 9, 2022

To: Jason E. Brown, County Administrator

From: Sean C. Lieske, Director of Utility Services

Prepared By: Himanshu H. Mehta, PE, Managing Director, Solid Waste Disposal District

Subject: Approval of FY 2023 CPI Adjustment Request by Waste Management for Franchise Agreement

Descriptions and Conditions:

On April 21, 2015, the Indian River County (IRC) Solid Waste Disposal District (SWDD) Board entered into a Franchise Agreement for the Solid Waste and Recyclables Collection with Waste Management Inc. of Florida (WMIF). WMIF started providing services on October 1, 2015. Article 16 of the Franchise Agreement provides for the compensation provision of the services specified in the referenced Exhibit 1, along with a rate adjustment process specified in the referenced Exhibit 4 of said agreement. Per Amendment No. 1 to the Franchise Agreement, dated October 4, 2016, the maximum rate adjustment was limited to 3%.

On June 2, 2022, WMIF submitted an annual rate adjustment request of 3.00% to be effective October 1, 2022, for Fiscal Year (FY) 2022/2023. In addition, due to extraordinary inflationary cost increases, WMIF requested a 17.43% adjustment to the residential subscription rates only for consideration by the County Administrator. On June 9, 2022, a conference call was held with WMIF to negotiate this request. WMIF understood that staff could not support the 17.43% increase and elected to maintain their original request of 3.00%.

This agenda item is requesting SWDD Board approval for the Consumer Price Index (CPI) adjustment request by WMIF.

Analysis:

Staff has reviewed, verified, and recommends the approval of the request by WMIF of 3.00% of the residential and commercial rates, as specified in the attached Exhibit 1. In summary, here are the changes:

Residential Unit	FY 2015/16 Rate	FY 2016/17 Rate	FY 2017/18 Rate	FY 2018/19 Rate	FY 2019/20 Rate	FY 2021/22 Rate	FY 2022/23 Rate	Change from Prior Year
Single Family Subscription	\$9.68	\$9.68	\$9.83	\$10.01	\$10.14	\$10.44	\$10.75	\$0.31
Single Family Universal/mo. *	\$7.73	\$7.73	\$7.85	\$8.00	\$8.10	\$8.34	\$8.59	\$0.25
Billed Cubic Yard	\$4.73	\$4.73	\$4.80	\$4.89	\$4.95	\$5.10	\$5.25	\$0.15
Billed Cart Service	\$9.46	\$9.46	\$9.60	\$9.78	\$9.91	\$10.21	\$10.52	\$0.31

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Residential Unit	FY 2015/16 Rate	FY 2016/17 Rate	FY 2017/18 Rate	FY 2018/19 Rate	FY 2019/20 Rate	FY 2021/22 Rate	FY 2022/23 Rate	Change from Prior Year
Container Maintenance Fee	\$100.00	\$100.00	\$101.51	\$103.42	\$104.77	\$107.91	\$111.15	\$3.24
15 Yard Open Top Per Pull	\$155.00	\$155.00	\$157.34	\$160.30	\$162.40	\$167.27	\$172.29	\$5.02
20 Yard Open Top Per Pull	\$170.00	\$170.00	\$172.57	\$175.81	\$178.11	\$183.45	\$188.95	\$5.50
30 Yard Open Top Per Pull	\$205.00	\$205.00	\$208.10	\$212.01	\$214.79	\$221.23	\$227.87	\$6.64
40 Yard Open Top Per Pull	\$235.00	\$235.00	\$238.55	\$243.03	\$246.21	\$253.60	\$261.21	\$7.61
Compactor - 20 cubic yards	\$245.00	\$245.00	\$248.71	\$253.38	\$256.70	\$264.40	\$272.33	\$7.93
Compactor - 30 cubic yards	\$245.00	\$245.00	\$248.71	\$253.38	\$256.70	\$264.40	\$272.33	\$7.93
Compactor - 40 cubic yards	\$245.00	\$245.00	\$248.71	\$253.38	\$256.70	\$264.40	\$272.33	\$7.93
Single Family Recycling/mo.	\$2.55	\$2.55	\$2.59	\$2.64	\$2.67	\$2.75	\$2.83	\$0.08
Multi-Family Recycling/mo.	\$2.04	\$2.04	\$2.07	\$2.11	\$2.14	\$2.20	\$2.27	\$0.07
Commercial Compactor	\$14.19	\$14.19	\$14.40	\$14.67	\$14.86	\$15.31	\$15.77	\$0.46
Exchange Solid Waste Cart	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$0.00
Additional Solid Waste Cart	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$0.00
Reinstate Service Charge	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$0.00
* The rates for Universal Collection listed here and as provided by WMIF in Exhibit 1 is calculated at 75% of the change in CPI; however, the Franchise Agreement stipulates that after October 1, 2018, the CPI rate for Universal Collection is to be calculated at 100% of the change in CPI.								

Upon approval of the CPI rate increase by the SWDD Board, and in accordance with Article 16.1.2.4 of the Franchise Agreement, WMIF will submit to SWDD staff, for approval, the notice to its customers of the rate increase prior to October 1, 2022.

Funding:

The majority of the services provided in the Franchise Agreement are directly paid by residential subscription customers or by commercial customers. The exception is the payment for the residential recycling services, which is paid to WMIF by SWDD. The annual cost for FY 2021/2022 was \$2,900,000. Funding, in the amount of \$3,100,000, for these recyclables collection services is budgeted in the SWDD recycling account for FY 2022/2023 under SWDD/CC & Recycling/Other Contractual Services, Account No. 41125534-033490, which is funded from SWDD assessments and user fees.

DESCRIPTION	ACCOUNT	AMOUNT
SWDD/CC & Recycling/Other Contractual Services – FY 22/23	41125534-033490	\$3,100,000

Recommendation:

Solid Waste Disposal District staff recommends that the Board approve the request for a 3.00% rate adjustment by Waste Management, Inc. of Florida, and authorize the County Administrator or his designee to send a letter of approval.

Attachment:

1. June 2, 2022 Rate Adjustment Letter from Waste Management