

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

**Date:** August 7, 2020

**To:** Jason E. Brown, County Administrator

**From:** Vincent Burke, PE, Director of Utility Services

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

**Subject:** Approval of 2021 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 Agreement (Agreement) with Republic Services of Florida, LP (Republic Services). 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 contract agreement with Republic Services 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 July 2, 2019, the SWDD Board approved an annual request by Republic Services for a CPI increase of 1.16% effective January 1, 2020. This approval resulted in the Class 1 landfill operations and maintenance including the landfill gas system increasing from a rate of \$13.49 per ton for Calendar Year (CY) 2019 to a rate of \$13.65 per ton for CY 2020. The Fiscal Year (FY) 2019/2020 expenditures to date for the first nine months are \$2,046,646.93 out of a total fiscal year budget of \$2,791,675.00. For the non-Class 1 landfill services, primarily the operation of the five customer convenience centers, the compensation to Republic Services increased from \$3,028,056.48 for CY2019 to \$3,063,181.94 for CY2020. The FY 2019/2020 expenditures to date for the first nine months are \$2,314,130.16, out of a total fiscal year budget of \$3,097,900.00.

On May 19, 2020, Republic Services submitted an annual rate adjustment request of 2.276% to be effective January 1, 2021. On June 22, 2020, per approval by the County Administrator, a letter of CPI adjustment disapproval was sent to Republic Services due to the economic hardship of COVID-19 and clarifying that there was a calculation error and the correct CPI adjustment was 2.25%. On June 26, 2020, Republic Services responded acknowledging the 2.25% CPI correction and stated the decision to not award the CPI increase was not reasonable and should be reversed. On July 2, 2020, the County Attorney responded to Republic Services stating that it was reasonable to refuse the request in the CPI increase.

At the preliminary budget hearing on July 15, 2020, the SWDD Board directed staff to include the CPI increase in the next fiscal year budget to Republic Services. Therefore, this agenda item is requesting SWDD Board approval for the 2021 CPI adjustment request by Republic Services.

**Analysis:**

On March 3, 2020, the SWDD Board approved the 13<sup>th</sup> Amendment to Republic Services for additional lump sum compensation for the Landfill Gas System Operation and Maintenance (O&M) services. This approval increased the overall payment for the Non-Class 1 Landfill services from \$3,063,181.94 per calendar year to \$3,104,585.94 per year. On July 14, 2020, the SWDD Board approved the 14<sup>th</sup> Amendment to Republic Services for additional lump sum compensation for the Landfill Gas System Operation and Maintenance (O&M) services. This approval increased the overall payment for the Non-Class 1 Landfill services from \$3,104,585.94 per calendar year to \$3,117,675.94 per year.

Staff has reviewed, verified, and recommends the approval of the request by Republic Services of 2.25% of the Class 1 landfill rate and the Non-Class 1 landfill rate. In summary, here are the changes:

Services	Calendar Year 2020 Rate	Calendar Year 2021 Rate	Change from Prior Year	% Change
Class 1 Landfill	\$13.65 per ton	\$13.96 per ton	\$0.31 per ton	2.25%
Non-Class 1 Landfill	\$3,117,675.94 per year	\$3,187,823.65 per year	\$70,147.71	2.25%

**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 FY20/21, which are expected to be sufficient for the recommended CPI increase:

Description	Account Number	Amount
Landfill – Contractual Services	41121734-033489	\$3,000,000
Recycling – Contractual Services	41125534-033489	\$3,200,000

**Recommendation:**

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

1. Approve the Calendar Year 2021 request for a 2.25% Consumer Price Index rate adjustment by Republic Services of Florida, LP, to be effective January 1, 2021, and authorize the County Administrator to take any necessary actions to effectuate the change.

**Attachment:**

1. Rate Adjustment Letter Request from Republic Services