

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

Date: July 5, 2019

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 2019 CPI Adjustment Request by Waste Management

Descriptions and Conditions:

On April 21, 2015, the Indian River County 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) (the "Franchise Agreement"). 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.

On October 4, 2016, the SWDD Board approved the First Amendment to the Franchise Agreement, which updated the rate adjustment process wherein all unit prices remained the same for the first two years, i.e. through September 30, 2017. The natural gas component was removed, and the maximum rate adjustment was set to 3.0%.

On May 25, 2017, in accordance with Article 16.1.2. "Rate Adjustment", WMIF submitted an annual rate adjustment request of 1.51% to be effective October 1, 2017. The SWDD Board approved this request on August 15, 2017. On May 29, 2018, WMIF submitted an annual rate adjustment request of 1.88% to be effective October 1, 2018. The SWDD Board approved this request on August 14, 2018.

On May 28, 2019, WMIF submitted an annual rate adjustment request of 1.31% to be effective October 1, 2019, for Fiscal Year (FY) 2019/2020. This agenda item is requesting SWDD Board approval for the 2019 Consumer Price Index (CPI) adjustment request by WMIF.

Analysis:

Staff has reviewed, verified and recommends the approval of the request by WMIF of 1.31% of the residential and commercial rates as specified in the attached Exhibit 1. In summary, here are the changes:

SWDD Item

| Residential Unit | FY2015/16 Rate | FY2016/17 Rate | FY2017/18 Rate | FY2018/19 Rate | FY2019/20 Rate | Change from Prior Year |
|--|----------------|----------------|----------------|----------------|----------------|------------------------|
| Single Family Subscription | \$9.68 | \$9.68 | \$9.83 | \$10.01 | \$10.14 | \$0.13 |
| Single Family Universal/mo. * | \$7.73 | \$7.73 | \$7.85 | \$8.00 | \$8.10 | \$0.10 |
| Billed Cubic Yard | \$4.73 | \$4.73 | \$4.80 | \$4.89 | \$4.95 | \$0.06 |
| Billed Cart Service | \$9.46 | \$9.46 | \$9.60 | \$9.78 | \$9.91 | \$0.13 |
| Container Maintenance Fee | \$100.00 | \$100.00 | \$101.51 | \$103.42 | \$104.77 | \$1.35 |
| 15 Yard Open Top Per Pull * | \$155.00 | \$155.00 | \$157.34 | \$160.30 | \$162.40 | \$2.10 |
| 20 Yard Open Top Per Pull * | \$170.00 | \$170.00 | \$172.57 | \$175.81 | \$178.11 | \$2.30 |
| 30 Yard Open Top Per Pull * | \$205.00 | \$205.00 | \$208.10 | \$212.01 | \$214.79 | \$2.78 |
| 40 Yard Open Top Per Pull * | \$235.00 | \$235.00 | \$238.55 | \$243.03 | \$246.21 | \$3.18 |
| Compactor - 20 cubic yards * | \$245.00 | \$245.00 | \$248.71 | \$253.38 | \$256.70 | \$3.32 |
| Compactor - 30 cubic yards * | \$245.00 | \$245.00 | \$248.71 | \$253.38 | \$256.70 | \$3.32 |
| Compactor - 40 cubic yards | \$245.00 | \$245.00 | \$248.71 | \$253.38 | \$256.70 | \$3.32 |
| Single Family Recycling/mo. | \$2.55 | \$2.55 | \$2.59 | \$2.64 | \$2.67 | \$0.03 |
| Multi-Family Recycling/mo. | \$2.04 | \$2.04 | \$2.07 | \$2.11 | \$2.14 | \$0.03 |
| Commercial Compactor | \$14.19 | \$14.19 | \$14.40 | \$14.67 | \$14.86 | \$0.19 |
| Exchange Solid Waste Cart | \$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 | \$0.00 |
| Reinstate Service Charge | \$25.00 | \$25.00 | \$25.00 | \$25.00 | \$25.00 | \$0.00 |
| * The rates for Universal Collection listed here and as provided by Waste Management in Exhibit 1 is calculated at 75% of the change in CPI; however, the Agreement stipulates that after October 1, 2018, the CPI rate for Universal Collection is to be calculated at a 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 Agreement, Waste Management will submit to SWDD staff, for approval, the notice to its customers of the rate increase prior to October 1, 2019.

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 funding for these recyclables collection services are in the SWDD recycling account under Other Contractual Services, Account No. 41125534-033490, which is funded from SWDD assessments and user fees.

Below is the proposed funding allocation for FY19/20 which is expected to be sufficient for the recommended CPI increase:

| DESCRIPTION | ACCOUNT | AMOUNT |
|----------------------------|-----------------|-------------|
| Other Contractual Services | 41125534-033490 | \$2,700,000 |

Recommendation:

SWDD staff recommends that the Board approve the request for a 1.31% rate adjustment by Waste Management, Inc. of Florida and authorize the County Administrator or his designee to send a letter of approval.

Attachment:

1. Rate Adjustment Letter from Waste Management