

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

Date: June 13, 2024

To: The Solid Waste Disposal District Board of Commissioners

Through: John A. Titkanich, Jr., County Administrator
Sean C. Lieske, Director of Utility Services

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

Subject: Approval of FY 2025 Annual Adjustment Requests by Waste Management, Atlas Organics, and Indian River Sustainability Center

Descriptions and Conditions:

The Indian River County (IRC) Solid Waste Disposal District (SWDD) Board has the following agreements with contractual partners that include an annual adjustment clause:

Waste Management Inc. of Florida (WM) - On April 21, 2015, the SWDD Board entered into a Franchise Agreement for the Solid Waste and Recyclables Collection with WM. WM 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 Consumer Price Index (CPI) 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%.

Furthermore, on January 9, 2018, SWDD entered into a Recycling Services at Government Buildings and Facilities Agreement with WM. Article 4 of this agreement provides for the compensation provision of the services specified in the referenced Exhibit A, along with a CPI rate adjustment process specified in the referenced Exhibit B of said agreement. On April 7, 2020, a First Amendment to this Agreement was approved by the SWDD Board to extend the due date for the annual rate adjustment from April 30th to June 1st. Article 4 of the Agreement provides for the compensation provision of the services specified in the referenced Exhibit A, along with a rate adjustment process specified in the referenced Exhibit B of said agreement with the maximum rate adjustment limited to 3%.

Atlas Organics Indian River, LLC (Atlas) - On November 19, 2019, the SWDD Board authorized the Yard Waste Processing and Disposal Services Agreement with Atlas for a period of 10 years. This agreement commenced on January 1, 2020, and approved the rates for processing of yard waste and the recycling of the yard waste. Article 4 of this agreement provides a CPI rate adjustment process specified in the referenced Exhibit A of said agreement with the maximum rate adjustment limited to 3%.

Indian River Sustainability Center, LLC (IRSC) - On July 13, 2021, the SWDD Board approved the Wastewater Treatment Agreement between SWDD and the IRSC. This agreement is for the design, construction, and operation of a 30,000 gallon per day (GPD) Wastewater Treatment Plant (i.e., Evaporator). Section 4.4 of this agreement provides a CPI rate adjustment process specified in the referenced Exhibit F of said agreement with the maximum rate adjustment limited to 3%.

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The purpose of this agenda is to obtain SWDD Board input and approval on the Annual adjustments and costs requested by these vendors.

Analysis:

Staff has received the request from our vendors as shown in the table below and is requesting SWDD Board input and approval.

Vendor	Contract Allowance			Vendor Request		Staff Recommendation
	CPI % Change from Prior Year	CPI % per Contract	Maximum CPI % Collar per Contract	CPI %	Date Received	
WM - Residential Recycling Collections	3.29%	2.47% ^(a)	3.00%	2.47%	5/24/2024	2.47%
WM - Govt Recycling Collections	3.29%	2.47% ^(a)	3.00%	2.47%	5/24/2024	2.47%
Atlas	3.32%	2.49% ^(a)	3.00%	2.49%	5/24/2024	-
	Amendment to a simplified pricing structure with 24% cost increase with a 1.5 acre in site improvements valued at \$250,000.			5/24/2024	Approve the request	
IRSC	3.44%	2.58% ^(b)	3.00%	3.44% ^(c)	5/29/2024	3.44%

(a) CPI South for Urban Wage Earners and Clerical Workers; April to April at 75% change in CPI.
(b) CPI South Urban Consumers, All Items, January to January at 75% change in CPI.
(c) Plus \$0.009 per gallon for Chemical adjustment

Staff supports WM's request for a 2.47% increase for both the residential collection and the government recycling collection, recognizing that this is the final increase for both agreements.

Staff have met with Atlas to discuss their request for a simplified pricing structure and have negotiated with them in good faith that if the Board were to approve the request that a future amendment would be required. In addition, staff have negotiated that Atlas would provide all costs associated with the expansion of the yard waste site by an additional 1.5 acres and make the necessary site improvements valued by staff at approximately \$250,000. This additional improved capacity would provide more space in case of major storms or hurricanes. Based on these discussions and the continued expansion of Atlas's compost operations in Indian River County, staff supports their request.

Staff are actively engaged with IRSC and recognize the efforts that have been made to maximize efficiency of the leachate evaporation system. IRSC has provided extensive evaluations of the increase in their chemical costs and the steps that they have taken to explore options. Given that our leachate quality is at higher concentrations than allowed by our agreement, staff supports the request by IRSC for a 3.44% CPI increase as well as a \$0.009 per gallon adjustment per tier to adjust the contractual leachate parameters to actual operating conditions and to operate at 95% contractual efficiency.

Funding:

WM RESIDENTIAL RECYCLING AND GOVERNMENT RECYCLING:

The majority of the services provided in the Franchise Agreement are directly paid for by residential subscription customers or by commercial customers. The exception is the payment for the residential recycling services, which is paid to WM by SWDD. Similarly, WM provides the recycling services for government buildings and facilities, which is also paid to WM by SWDD. Funding for both recycling services,

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in the amount of \$3,200,000, is budgeted in the SWDD recycling account for FY 2024/2025 under SWDD/CC & Recycling/Other Contractual Services, Account No. 41125534-033490, which is funded from SWDD assessments and user fees.

ATLAS ORGANICS – YARD WASTE RECYCLING:

Funding for yard waste processing for FY2024/2025 is budgeted and available in the SWDD/CC & Recycling/Other Professional Services account, number 41125534-033190 in the amount of \$2,845,300, which is funded from SWDD assessments and user fees.

INDIAN RIVER SUSTAINABILITY CENTER:

Funding for the SWDD leachate treatment project for FY2024/2025 is budgeted and available in the SWDD /Landfill/Leachate Evaporator Expenses account, number 41121734-033493 in the amount of \$2,491,300, in the SWDD Landfill Fund, which is funded from SWDD assessments and user fees.

VENDOR	DESCRIPTION	ACCOUNT	AMOUNT
WM - Recycling Collections	SWDD/CC & Recycling/Other Contractual Services	41125534-033490	\$3,200,000
Atlas	SWDD/CC & Recycling/Other Professional Services	41125534-033190	\$2,845,300
IRSC	SWDD/Landfill/Leachate Evaporator Expenses	41121734-033493	\$2,491,000

Recommendation:

Solid Waste Disposal District staff recommends that the Board approve the calculated Consumer Price Index of 2.47% be granted to Waste Management, Inc. of Florida with a 3.44% CPI allowance and a \$0.009 per gallon chemical adjustment for Indian River Sustainability Center, LLC, and approve staff recommendation to accept the simplified pricing structure as proposed by Atlas Organics Indian River, LLC, authorize the County Administrator or his designee to send a letter of approval.

Attachment:

1. Rate Adjustment Letters from Waste Management
2. Rate Adjustment Letter from Atlas
3. Rate Adjustment Letter from IRSC