



Legislation Text

File #: 19-3511, Version: 1

ITEM: AUTHORIZATION TO RENEW AN EXCLUSIVE FRANCHISE AGREEMENT BETWEEN THE VILLAGE OF WELLINGTON AND WASTE MANAGEMENT, INC. OF FLORIDA, FOR SOLID WASTE AND RECYCLABLE MATERIALS COLLECTION SERVICES

REQUEST: Authorization to renew an Exclusive Franchise Agreement with Waste Management, Inc. of Florida ("Waste Management") for the collection of solid waste and recyclable materials, in the amount of approximately \$3,914,832 for Fiscal Year 2021.

EXPLANATION: On April 14, 2015, the Village Council awarded a franchise agreement to Waste Management for the collection of solid waste and recyclable materials Village-wide. The initial term of the contract was for five (5) years with three one (1) year renewal options. As part of the contract renewal Waste Management is proposing the following revisions:

1. Increase the existing curbside residential pickup rate from \$12.56 to \$13.46. The proposed increase would offset losses incurred by Waste Management due to excess tonnage and bulky waste generated by Wellington residents throughout the initial term of the contract. Based on 20,698 residential curbside units, the increase amounts to approximately \$223,000 annually.
2. Convert the existing Consumer Price Index (CPI) annual price adjustment metric, to the Water Sewer and Trash index (WST). The Solid Waste Authority and most local governments have converted from the CPI to the WST index as it more accurately tracks actual costs of providing waste collection service. Based on the annual index percentage change, the cost to convert indices amounts to an increase of approximately \$88,800 annually.
3. Revise financial sponsorship allocations in the amount of \$25,000 annually, to a variety of non-profit organizations and programs selected collectively by Waste Management and The Village of Wellington.
4. Add recycling services, to be provided by Waste Management, the day after Thanksgiving and the day after Christmas (for those residents where regularly scheduled pickup day falls on the actual holiday).

The revisions to the contract listed above, amounts to an overall increase of approximately \$296,000 for FY 2021 as summarized below:

Description	Amount
Number of Curbside Residential Units	20,698
Proposed increase per Residential Curbside Unit	\$0.90
Total Monthly Increase	\$18,628.20
Number of Months	12
Annual Increase in Residential Curbside Cost	\$223,538.40

Estimated WST Index Increase	\$88,800.00
Total Increase	\$312,338.40
Franchise Fee 5% Returned to Village	(\$15,616.92)
Total Proposed Increase Including Franchise Fee	\$296,721.48

Under this renewal, the proposed per unit cost would increase from \$12.56 to \$13.46. In order to ensure competitive pricing, staff researched and found the average cost for residential curbside pickup for the City of Delray Beach, Royal Palm Beach, Jupiter, Lantana, Palm Beach County, Green Acres, Boca Raton and the City of West Palm Beach is \$17.38 or \$3.92 per unit more than the proposed \$13.46 by Waste Management as part of this renewal.

In addition, as part of Waste Management's contract they are responsible for the following in-kind services:

- Provide 1,000 trash containers annually - \$50,000
- Provide 10/20 yard containers at no charge for Village facilities and events - \$10,000
- Award Wellington school scholarships and books - \$9,500
- Wellington Parks and Recreation sponsorship - \$3,000

Staff recommends renewing an Exclusive Franchise Agreement with Waste Management, Inc. of Florida ("Waste Management") for the collection of solid waste and recyclable materials, in the amount of approximately \$3,914,832, an increase of approximately \$296,000 for Fiscal Year 2021.

BUDGET AMENDMENT REQUIRED: NO

PUBLIC HEARING: NO **QUASI-JUDICIAL:**

FIRST READING: **SECOND READING:**

LEGAL SUFFICIENCY: YES

FISCAL IMPACT: Funding is included in the proposed FY2021 Budget.

WELLINGTON FUNDAMENTAL: Protecting the Environment

RECOMMENDATION: Authorization to renew an Exclusive Franchise Agreement with Waste Management, Inc. of Florida ("Waste Management") for the collection of solid waste and recyclable materials, in the amount of approximately \$3,914,832 for Fiscal Year 2021.