



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Legislation Text

File #: 1278, **Version:** 1

Subject:

Solid Waste Collection and Recycling Award Recommendation

Fiscal Impact:

Residential \$18,268,932.60 annually, which is collected by the County and paid to the contractor and Commercial \$7,707,991.81 annually, which is billed and collected by the contractor, for a total annual contract value of \$25,976,924.40.

Dept/Office:

Solid Waste Management Department

Requested Action:

It is requested that the board review the results of negotiations based on direction provided by the Board to staff to enter into negotiations with Waste Management (highest ranked proposer) to provide Solid Waste Collection and Recycling Services to Brevard County.

It is further requested that the Board accept the recommendation of the negotiation committee to accept the revised proposal from Waste Management as a result of the negotiations.

Lastly, it is requested that the Board authorize the Chair to execute all resulting contract documents, including renewals and extensions upon review by the County Attorney's Office and Risk Management; and authorize the County Manager to execute any related budget change requests.

Summary Explanation and Background:

On Tuesday November 12, 2019 the Board directed staff to enter into negotiations with Waste Management to provide solid waste collection and recycling services to Brevard County. This direction was a result of Waste Management being the highest ranked proposer in response to Request for Proposal 4-19-08 which was advertised in May of 2019.

The Board appointed a negotiation committee consisting of John Denninghoff, Assistant County Manager; Euripides Rodriguez, Solid Waste Director; and Steven Darling, Central Services Director. The negotiation committee met three times (December 2, 2019; December 17, 2019; and January 22, 2020) with Waste Management to conduct contract and price negotiations. Per Board direction, the negotiation committee was instructed to negotiate rates to maintain the current level of service being provided by Waste Management. The negotiations were conducted with Waste Management to provide the same level of service as is currently

provided by Waste Management (twice a week solid waste collection; once a week recycling collection; and once a week unlimited yard waste collection). This was option 3A from the Request for Proposal. The result of those meetings is outlined below.

During the first negotiation meeting, the committee requested that Waste Management provide a per billing unit per month residential rate that was lower than the proposed rate. The County conveyed to Waste Management that in exchange for lowering the per billing rate per month, the negotiation committee would recommend to the Board that the Consumer Price Index used in determining the annual increase to the Contract price with Waste Management be based on the United States Bureau of Labor Statistics Garbage and Trash Consumer Price Index. The negotiation committee also recognized that placing a cap of total annual increases over the seven-year term of the contract added costs to the originally proposed price proposed by Waste Management and showed that the residential billing unit per month rate could be reduced by removing this cap as it would substantially mitigate the risk to Waste Management. In response to that negotiation, Waste Management countered the committee's offer by requesting guaranteed annual increases, not basing the increases on the consumer price index. This was not acceptable to the committee and as such, a subsequent meeting was scheduled.

During the second and third negotiation meetings, the committee again requested that Waste Management take into consideration the concessions being offered by the committee and reflect those concessions in a lower residential billing unit per month rate. Waste Management responded to that request with a counter offer that removed the guaranteed percentage increase annually. The counteroffer now included a lower residential billing unit per month rate of \$15.67 per billing unit per month, however, in lieu of a guaranteed rate increase annually, Waste Management was proposing a guaranteed residential per billing unit per month that would not exceed 3% nor be less than 2.5%. Again, this was unacceptable to the committee and as such, a unanimous motion passed by the committee that the following recommendations be presented to the Board: Recommend rejection of all proposals and re-advertise the request for proposal; accept the proposed residential rates from Waste Management and award only the residential waste collection and recycling to Waste Management and accept the proposed commercial rates from FCC, Inc., and award only the commercial solid waste and recycling to FCC, Inc.; accept the proposed residential and commercial rates from Waste Management and award the entire contract to Waste Management.

A week after the third negotiation meeting, a third offer was received from Waste Management. This final offer was inline with what the negotiation committee had requested during the three previous meetings. The letter offered a lower residential rate of \$15.47 per billing unit per month and removed any and all guaranteed percentage increases per year. The offer stated that any annual price increases would be based on the Bureau of Labor Statistics Garbage and Trash Consumer Price Index and would be the lesser of 3% or the Garbage and Trash Consumer price index.

Waste Management's original proposed costs were:

Residential \$19,083,771.92 annually (43% increase over current billing unit per month cost)

Commercial \$7,707,991.81 annually

TOTAL ANNUAL COST \$26,793,763.72

*This annual cost includes \$50,000 for education.

Residential Price Breakdown as originally proposed:

\$16.16 per billing unit per month for single family

\$12.12 per billing unit per month for multi family

\$6.30 per billing unit per month for Condo

Waste Management's REVISED proposed costs are:

Residential \$18,268,932.60 annually (37% increase over current billing unit per month cost)

Commercial \$7,707,991.81 annually

TOTAL ANNUAL COST \$25,976,924.40

*This annual cost includes \$50,000 for education

This revised proposed cost reflects a residential annual rate reduction from Waste Management's originally proposed cost to the County of \$816,839.32.

REVISED Residential Price Breakdown as proposed:

\$15.47 per billing unit per month for single family

\$11.60 per billing unit per month for multi family

\$6.03 per billing unit per month for Condo

This reflects a \$0.69 per billing unit per month residential annual rate reduction from Waste Management's originally proposed cost.

Approval of this recommendation would also result in changing the Consumer Price Index used for annual price adjustments to the United States Bureau of Labor Statistics Garbage and Trash Consumer Price Index. Use of this index is inline with the service that Waste Management is providing and reflects a more accurate cost than the standard Consumer Price Index used by the County for all other contracts. Any annual adjustment to pricing will be 3% or the United States Bureau of Labor Statistics Garbage and Trash Consumer Price Index, whichever is less.

Approval of this recommendation would result in a Contract Term that begins on October 1, 2020 and terminates on September 30, 2027 with the option to extend the Contract for one additional three-year term upon mutual agreement by both parties, unless notification is given in writing to the Contractor at least six months in advance of the contract's termination date.

The draft contract included with the request for proposal included an 11.55% cap on annual increases over the year term of the contract. Approval of this recommendation would remove this 11.55% cap on total annual increases over the seven-year term of the contract.

It is important to note that the amounts indicated above represent the expenses the County pays to Waste Management for collection services (e.g., \$15.47 for a single-family residence). They do not include other costs the County has to provide the collection services. While comparatively low, these costs are expected to be approximately \$0.72 monthly. Thus, added to the most recent Waste Management proposed rate of \$15.47, the assessment would be approximately \$16.19 for a single-family home. Subject to approval of this contract, the assessment for all categories of customers will be brought to the Board as a part of the budget

process for FY 2021.

Also, Waste Management requested numerous minor modifications (mainly housekeeping) to the contract language as it was presented in the RFP. The negotiation committee found these modifications to be acceptable in most cases. The contract language is currently being modified accordingly, in preparation for execution, subject to Board approval of the foregoing. In the alternative, the contract is subject to other Board direction.

Clerk to the Board Instructions:

None