



ITEM SUMMARY

MEETING DATE: June 17, 2024

FROM: Monica Powery, Director, Purchasing

SUBJECT: Franchise Agreement Rate Amendment and Renewal

BACKGROUND

The City of Greenacres approved Ordinance No. 2019-08 the franchise agreement with Advanced Disposal Services Solid Waste Southeast, Inc. ("Advanced") for solid waste collections with an initial term of October 1, 2019 through September 30, 2024 ("Franchise Agreement"). Section 6-276 of the City's Code of Ordinances incorporates the Franchise Agreement into the Code and addresses the terms, conditions, and continuation of the Franchise Agreement. Waste Management Inc. of Florida acquired Advanced on October 30, 2020.

ANALYSIS

The current agreement for solid waste collection services is set to expire on September 30, 2024. The current contract allows for an additional renewal if mutually agreement upon by the contractor and City Manager. The Purchasing Department conducted a through research to evaluate the advantages of renewing the existing agreement versus opting for a competitive bidding process.

City staff contacted Solid Waste Authority (SWA), who indicated that they anticipate a significant increase in the cost of solid waste pick-up services. This information was corroborated by market trends and industry analysis conducted by our staff.

Staff met with Waste Management Inc. of Florida to explore the possibility of contract renewal. The company indicated that they are unable to proceed with renewal based on the current price allowance increase which is tied to the Consumer Price Index (CPI) and capped at 3.5%. They expressed concerns that adhering to this index would lead to financial losses for their organization within the parameters of the existing agreement. The current agreement was entered into prior to Covid-19, which had significantly impacted fuel, labor and the solid waste industry as a whole. With the 3.5% cap in the current contract, Waste Management has been incurring financial loses annually.

After extensive negotiations, we reached an agreement with our vendor. The agreed-upon residential rate increase to \$18.29, which reflects the necessary adjustments to accommodate the rising costs in the industry. Additionally, we have implemented an automatic 5% yearly increase to ensure the sustainability of the service while providing predictability for the residents, vendor and the City.

FINANCIAL INFORMATION

N/A

LEGAL

The City Attorney has reviewed the item and all supporting documents for legal sufficiency and compliance.

STAFF RECOMMENDATION

Approval to increase the residential rate to \$18.29 allowing for a yearly 5% increase and extend to current contract for an additional five (5) years, to and including September 30, 2029.