



AGENDA ITEM REPORT

DATE: June 16, 2020
DEPARTMENT: Solid Waste
REQUESTER: Douglass Whitehead
TITLE: Approve Amendments to Extend Solid Waste and Recycling Collection Contracts

I. MOTION REQUESTED

- A) Approve amendments for four-year extensions, with three additional one-year options, to Solid Waste and Recycling Collection Franchise Agreements for Lee County Service Area One (Contract 6319) and Service Area Two (Contract 6320) with Advanced Disposal Services Solid Waste Southeast, Inc.; and Service Area Three (Contract 5189) and Service Area Five (Contract 5190) with Waste Pro of Florida, Inc. The extensions will start October 1, 2020, and require waiver of the formal procurement process under Lee County Ordinance No. 18-22; and
- B) Authorize the Chair to execute the contract amendment documents.

II. ITEM SUMMARY

Extends current contracts for Solid Waste and Recycling Collection in Franchise Service Areas 1, 2, 3, and 5 through September 2024; and provides three additional one-year extension options. On December 3, 2019, the Board of County Commissioners (BoCC) authorized the County Manager to waive Procurement procedures and negotiate two-year extensions with Waste Pro of Florida, Inc. and Advanced Disposal Services Inc. However, a thorough review of recent intrastate bid results revealed that it is in the best interest of the County to extend the current contracts beyond two years. These contracts include a 4% rate increase for residential and commercial collection in FY21, with future increases based on Consumer and Fuel Price Indices.

III. BACKGROUND AND IMPLICATIONS OF ACTION

A) Board Action and Other History

a. The Franchise Hauling contracts were initiated on October 1, 2010, and subsequently extended on October 10, 2014, and April 4, 2017. The contracts are due to expire on September 30, 2020.

1) Lee Contract No. 6319, formerly Contract No. 5170, for Franchise Service Area One (1) with Advanced Disposal Services Solid Waste Southeast, Inc. is comprised of the City of Bonita Springs, Town of Fort Myers Beach, and a small portion of the Village of Estero.

2) Lee Contract No. 6320, formerly Contract No. 5171, for Franchise Service Area Two (2) with Advanced Disposal Services Solid Waste Southeast, Inc. is comprised of the sections in unincorporated Lee County West of US 41 from Gladiolus Drive to a small section of the Village of Estero, and from the City of Fort Myers boundary along the McGregor-lona corridor along the Caloosahatchee River to the boundary of Fort Myers Beach. Captiva Island is included as part of Service Area Two (2).

3) Lee Contract No. 5189 for Franchise Service Area Three (3) with Waste Pro of Florida, Inc. is comprised of a section in unincorporated Lee County West of US 41 from Summerlin Road to Gladiolus Drive and along unincorporated sections East of the US 41 corridor to SR 82. Service Area Three (3) includes the majority of the Village of Estero.

4) Lee County Contract No. 5190 for Franchise Area Five (5) with Waste Pro of Florida, Inc. is comprised of unincorporated areas in North Fort Myers to the Charlotte County border, Matlacha, and Pine Island.

b. In accordance with BoCC direction received on December 3, 2019, the BoCC authorized the County Manager or designee to negotiate the terms and conditions of the contract extensions to service agreements for Franchise Service Areas 1, 2, 3, and 5. The Solid Waste Department initially sought a two-year extension to the current contracts but a thorough review of recent intrastate bid results revealed that it is in the best interest of the County to extend the current contracts beyond two years. Recent intrastate procurement of solid waste collection services has resulted in prices increases ranging from 10.8% to 98.4%. Pricing analyses conducted by the Solid Waste Rate Consultant and staff found that Lee County benefits from having its current rates in the low 30 percentile tier for residential services. Agreeing to a 4-year contract minimizes the potential of a major price increase through a formal procurement process.

c. Collection rate adjustments are based on Labor and Fuel consumer price index (CPI).

The following table details, the history of Annual Rate Adjustments granted to the Franchise Contractor for the past five years:

Fiscal Year	Commercial Collections Annual rate adjustment	Residential Collections Annual rate adjustment
	% Change	% Change
FY 2016	0.20%	0.00%
FY 2017	0.00%	0.00%
FY 2018	0.00%	0.00%
FY 2019	3.30%	0.00%
FY 2020	3.90%	0.00%

During the past five (5) years, residential collection rates have remained unchanged. The franchise contractors are seeking a 4% increase for residential and commercial collections for FY21. Future residential and commercial collection rates will be subject to CPI and Fuel rate adjustments.

- B) Policy Issues
Ordinance 11-27 mandating garbage, recycling, and yard waste collection and disposal services.
- C) BoCC Goals
Lee Plan GOAL 62. Solid Waste – To ensure the health, safety, and general welfare of the citizens of Lee County by protecting the quality of the environment through the proper management and disposal of solid waste.
- D) Analysis
The 10-year residential rate history/rate stability as shown in Exhibit I.
- E) Options
 1. Approve the Amendment in its entirety.
 2. Approve the Amendment for four years only and direct staff to propose service levels for Board selection on or before August 2021 in order to procure a contract no later than January 2023.

IV. FINANCIAL INFORMATION

A)	Current year dollar amount of item:	\$25.5M for all residential collections
B)	Is this item approved in the current budget?	Yes
C)	Is this a revenue or expense item?	Expense
D)	Is this Discretionary or Mandatory?	Mandatory Required by Lee County Solid Waste Ordinance 11-27
E)	Will this item impact future budgets? If yes, please include reasons in III(D) above.	Yes
F)	Fund: 40100 Program: Solid Waste Project: N/A Account Strings: OB5340440100.503490	
G)	Fund Type?	Enterprise
H)	Comments:	

V. RECOMMENDATION

Approve

VI. TIMING/IMPLEMENTATION

Implementation October 1, 2020.

VII. FOLLOW UP

ATTACHMENTS:

Description	Upload Date	Type
Advanced Disposal Area 1 Amendment	5/11/2020	Agreement
Advanced Disposal Area 2 Amendment	5/11/2020	Agreement
Waste Pro Area 3 Amendment	5/11/2020	Agreement
Waste Pro Area 5 Amendment	5/11/2020	Agreement

REVIEWERS:

Department	Reviewer	Action	Date
Solid Waste	Turner, Nicole	Approved	6/3/2020 - 11:06 AM
Solid Waste	Whitehead, Douglass	Approved	6/3/2020 - 11:07 AM
Budget Services	Guttery, Angela	Approved	6/4/2020 - 2:18 PM
Budget Services	Winton, Peter	Approved	6/5/2020 - 6:29 AM
County Attorney	Swindle, Amanda	Approved	6/5/2020 - 2:43 PM
County Manager	Salyer, Glen	Approved	6/8/2020 - 2:13 PM