Recommendation From
Boynton Beach Financial Advisory Committee

Subject/Topic: Solid Waste – Franchise All Solid Waste Services

Reviewed By: George Feldman

Recommendation (Specific Action Recommended): Eliminate all in-house Solid Waste services and replace with a private waste hauler through a franchise agreement obtained through competitive bid.

Because all recommendations are made with fiscal concerns in mind, it is imperative that the move to contract Solid Waste services be done for the purpose of saving money. That savings must be so significant that it is worth losing local control of these functions.

Pros of Recommendation: This action would alleviate the City of Boynton Beach of direct local responsibility to the public for solid waste collection services. The positive aspect of this is that this should allow for reduced overhead in other City departments and assumes that the financial impact on the City's General Fund is equal to and no worse than that contemplated in the FY 2010-11 Budget.

Cons of Recommendation: Assumption and cons as follows:

1. The net cost to the City's General Fund must, at minimum, be $3,430,000 as shown in the City's budget. This means that net revenue from any franchise fee, less any City expenses to manage the franchise, must be equal to or greater than this amount.

2. All control of daily collection operations, both residential and commercial, is given up to a private contractor. The contractor will have to respond to complaints and concerns in a manner prescribed in the contract. Contract service levels to the public should be equal to or better than services now provided by City staff.

3. It is important to note that the City's Solid Waste staff and equipment were the first clean up operations to begin service after the hurricanes of 2004 and 2005. Solid Waste managers and supervisors oversaw both in house and contractual clean up operations in conformance with FEMA requirements. Without in house City Solid Waste staff, clean up operations immediately following a storm event will be slowed considerably and overall oversight of contractual services will likely fall to the private waste hauler.

4. Over the past two years, the City has made great strides in cleaning up the City using its one Solid Waste Code officer to identify trash piles that are not placed in compliance with local codes. That officer is able to call existing Solid Waste staff and equipment such that an illegally dumped pile is cleaned up that same day. Although this service level could be incorporated into a franchise contract, it would seem unlikely that a private hauler would responds as quickly.

5. At least three employees (one supervisor, one clerical, one Code) must remain on City payroll to administer the franchised contract and field resident phone calls.

6. The City would no longer incorporate Solid Waste services design into private development as part of the City's plan review process. Assuming the private hauler wishes to be part of this design review, additional time could be added to the review process.

7. The City often coordinates and provides garbage removal services for special events, often at the last minute and usually at no cost to the event holder. Because special events can be variable in scope, a private waste hauler will likely only provide these additional services for a fee.

8. Once a decision is made to franchise solid waste services, the City would sell its solid waste equipment. It would be exceedingly difficult to change back to City service provision since the estimated new cost of solid waste fleet is around $5.4M.

9. The decision to franchise solid waste services is one that must be made with a full understanding of timing. Once a final decision is made to franchise these services, it will take around six months to prepare bid specifications, receive bids, and then award a contract. Once a contract is awarded many more months can follow to allow the time for the contractor to hire staff (City staff hopefully), acquire equipment, and plan private operations and routes. Satisfactory time would then be required to notify the public of the changed processes. It could easily be early summer of 2012 until a franchise agreement could be implemented.

References (Staff, Documents, and Public): Discussion with Larry Quinn, Solid Waste Manager, Christine Roberts, Asst Director of Public Works, and Jeffrey Livergood, Director of Public Works.

Impact on 2011/12 Budget: No impact assuming that the franchise fee charged to the private waste hauler accounts for the current internal fund transfer of $3,430,000 and for added contract administration expenses.. As an enterprise fund, Solid Waste operations only impact the General Fund budget by transferring funds to the General Fund. What is unknown is the rate that the private contractor would charge to residents and businesses in order to cover his/her operating costs and to pay the City the specified franchise fee. Those may be lower or higher than those currently charged by the City. The City would receive a one time revenue from the sale of surplus equipment in the amount of around $1.5M.

Impact on Out Year Budgets: Regular inflationary growth

Impact on Citizens: Residents and businesses would no longer receive Solid Waste services by the City of Boynton Beach. Although the City would still oversee the contract and field some phone calls, the responsibility to address and follow up on resident and business concerns would fall solely upon the private contractor. The City would no longer have staff and equipment to rapidly address needs of the public.

Impact on City Staff: 37.5 staff positions will be eliminated.

Committee Vote Result: For: __0__ **Against**: __7__