

## City of Hallandale Beach City Commission Agenda Cover Memo

<b>Meeting Date:</b>	June 5, 2019		<b>Item Type:</b> <small>(Enter X in box)</small>	<b>Resolution</b>	<b>Ordinance</b>	<b>Other</b> <b>Update</b>	
<b>Fiscal Impact:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>	<b>Ordinance Reading:</b> <small>(Enter X in box)</small>	<b>1<sup>st</sup> Reading</b>		<b>2<sup>nd</sup> Reading</b>	
	X			<b>Public Hearing:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>	<b>Yes</b>
<b>Funding Source:</b>	Sanitation Fund		<b>Advertising Requirement:</b> <small>(Enter X in box)</small>		Yes		No
<b>Account Balance:</b>	N/A		<b>Quasi-Judicial:</b> <small>(Enter X in box)</small>	Yes		No	
						X	
<b>Project Number:</b>	BP #: 011-19		<b>RFP/RFQ/Bid Number:</b>	N/A			
<b>Contract/P.O. Required:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>	<b>Strategic Plan Priority Area:</b> <small>(Enter X in box)</small>  <b>Safety</b> <input type="checkbox"/> <b>Quality</b> <input checked="" type="checkbox"/> <b>Vibrant Appeal</b> <input checked="" type="checkbox"/>				
<b>Sponsor Name:</b>	Greg Chavarria City Manager		<b>Department:</b> Public Works Department		Presented by Keven Klopp Assistant City Manager		

**Short Title:**

**UPDATE – COMMERCIAL AND MULTI-FAMILY  
SANITATION SERVICES RECOMMENDATION**

**Staff Summary:**

### Background

This agenda item continues the ongoing directive of the Mayor and Commission for the City to optimize its solid waste collection services. Staff is proceeding with the transition of City services to be exclusively for single-family residential (1 to 4 units). The commercial/multi-family operation is proposed to be transitioned to private service.

## **Current Situation**

### **Revenue Scenarios**

A significant increase in revenue can result from the transition of commercial/multi-family solid waste collection **if** a formal, competitive process of soliciting bids or proposals for franchising proceeds. On the other hand, the prior administration's recommendation to utilize an open market approach would provide an opportunity for the private operators to profit and/or the commercial and multi-family accounts to save. There has been a general understanding that under the prior administration's proposed open market approach the Sanitation Fund's net annual revenues could decrease. However, upon further analysis, it has been determined that the City's revenues would **significantly decrease** under the prior administration's proposed open market approach. Two factors in particular are relevant in demonstrating this: 1) a sanitation rate increase that the Commission approved in 2017, which became effective in 2018, significantly changed the fiscal health of the Sanitation Fund, and 2) a contribution of \$1,944,298 was provided by the Sanitation Fund to the General Fund in 2018 as a result. (including a \$1,500,000 interfund transfer and \$444,298 in administrative charges)

The chart below shows the estimated annual revenues and expenses in two scenarios – keeping multi-family/commercial operations as a City-provided service compared to opening it up to the market.

#### **ESTIMATED ANNUAL REVENUES AND EXPENSES\***

As is – keeping multi-family/commercial		Open Market for multi-family/commercial	
Revenues	Expenses	Revenues	Expenses
\$6,724,475	\$6,315,957**	\$3,240,360	\$2,916,681**
Net Revenue		Net Revenue	
+\$408,518		+\$323,679	

\* Utilizing the previous administration's proposed open market approach

\*\* A proportionate transfer to the General Fund included in each

As demonstrated in the chart, the previously suggested approach of open market competition will benefit the private haulers or the commercial/multi-family customers, at the City's expense. Therefore, it is recommended that an alternative approach to privatizing the commercial/multi-family service be utilized. The alternative would involve a typical franchise award to a private hauler through a formal solicitation.

### Personnel and Equipment

The prior directive from administration was to determine the possibility of privatizing sanitation services altogether. As a result, since 2016 the Division has been very strictly limiting the hiring of new employees and new vehicles were not being purchased. Considering the challenges these scenarios present, a plan is being developed for the City to continue providing safe, reliable commercial/multi-family service while a formal solicitation for a franchisee for these services is prepared, issued, and awarded. There are six (6) full-time positions that are currently vacant in the Sanitation Division; the operation has become overly dependent upon part-time, temporary labor. As a result of the freeze on replacing vehicles in the Sanitation Division for the past 3 years there are five trucks that are well beyond their replacement date. The plan being developed will address these challenges. City Commission approval may be necessary for temporary measures while the procurement process proceeds.

In order to provide safe, reliable, in-house services while the procurement process proceeds, temporary provisions for the following vehicles -- and drivers to operate them -- may be needed:

- Up to two (2) Side-load automated **diesel** garbage trucks
- Up to two (2) Roll Off trucks
- One (1) Manual (Mate) Side-load automated garbage truck
- Up to six drivers

### Next Steps

It is the intent of administration to begin two simultaneous efforts immediately: 1) provisions to secure the current operations temporarily, and 2) preparation of a solicitation for franchising of commercial and multi-family operations in order to maximize revenue. The City Commission will be kept updated and one or more formal actions will be presented for consideration at the appropriate time.

<b>Proposed Action:</b>
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No action necessary at this time.

<b>Attachment(s):</b>
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None