



CITY OF OVIEDO FLORIDA
400 ALEXANDRIA BLVD, OVIEDO, FL 32765
COUNCIL AGENDA SPECIAL SESSION
MONDAY, JULY 27, 2020
CITY HALL 6:30 PM

CALL TO ORDER

ORDER OF BUSINESS

1. **Resolution No. 3936-20**, Award RFP 20-26 Residential Solid Waste, Recycling, Yard Waste, and Bulk Waste Collection and/or Single Stream Recyclables Processing Service.
2. **Presentation and Discussion of FY20-21 Tentative Budget.**

ADJOURNMENT

Pursuant to Section 286.0105, Florida Statutes, any person desiring to appeal any decision made by the City Council, with respect to any matter considered at any meeting or hearing, will need a record of the proceedings and may need to ensure that a verbatim record of the processing is made which includes the testimony and evidence upon which the appeal is to be based. This record is not provided by the City of Oviedo.

All services, programs and activities of the City of Oviedo are offered and solicited without regard to race, color, national origin, age sex, religion, disability or family status. For information regarding the City's Title VI nondiscrimination policy, plan and procedures please visit www.cityofoviedo.net.

In accordance with the Americans with Disabilities Act, persons with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk at 407-971-5500 at least 48 hours in advance of the meeting.

AGENDA
MEMORANDUM

TO:	Honorable Mayor and City Council Members
FROM:	Bryan Cobb, City Manager
DATE:	July 27, 2020
SUBJECT:	Resolution No. 3936-20 , Award RFP 20-26 Residential Solid Waste, Recycling, Yard Waste, and Bulk Waste Collection and/or Single Stream Recyclables Processing Service

Procedure: Call Up Item
City Manager Background
Public Comment - Request to Speak Forms submitted prior to beginning of meeting.
Council Motion & Discussion
Council Action

Introduction: This is a request for City Council to award RFP 20-26 to Waste Pro of Florida, Inc. to provide Residential Solid Waste, Recycling, Yard Waste, and Bulk Waste Collection and/or Single Stream Recyclables Processing Services to the City.

Discussion: The current contract for Residential Solid Waste and Recyclable Materials, and Related Materials Collection, Transport, and Disposal Services Franchise Agreement was initially approved September 8, 2008, amended on September 30, 2015, and will expire September 30, 2020.

In April of 2019, City Council awarded the contract for RFQ 19-29 to Willdan Financial Services (Willdan) for as-need financial services. In March of 2020, the City solicited Willdan, partnered with MSW Consultants (MSW), collectively called the "Project Team", to provide professional services related to the development of RFP 20-26, Residential Solid Waste, Recycling, Yard Waste, and Bulk Waste Collection and/or Single Stream Recyclables Processing Service.

At its January 21, 2020, meeting, the City Council gave consensus for the City to conduct a preference survey for residential solid waste services to determine the kind of service that City residents preferred. The four types of services surveyed were the following:

1. Maintaining the current level of service for residential garbage and recycling with garbage collection, single-stream recycling collection, and landscape collection occurring once weekly.

2. Maintaining once a week garbage collection and landscape collection, with single-stream recycling collection moving to every other week.
3. Maintaining once a week garbage and landscape collection and converting to dual-stream recycling collection with the existing recycling cart used for fiber (paper products) and a new (third) cart used for metals and plastics. The fiber and metals/plastics carts would be collected on alternating weeks.
4. Maintaining once a week garbage and landscape collection and converting to dual-stream recycling collections with the existing recycling cart used to fiber (paper products) and a new twenty (20) gallon bin used for metals and plastics. The fiber cart and metals/plastics bin would be collected on alternating weeks.

The preference survey was posted on the City's website from April 27, 2020 to June 5, 2020. 945 individual residents provided a single response to the survey. The results showed 50% (478) of the respondents chose Option 1; 17% (159) chose Option 2; 15% (140) chose Option 3; and 18% (168) chose Option 4. A copy of the survey results is provided in Attachment 1.

The Mayor also conducted a survey on Facebook. The questions and results of the Mayor's survey are provided in Attachment 2.

The subject RFP was broadcasted on VendorLink and advertised in the Orlando Sentinel on April 26, 2020. The deadline for questions pertaining to the bid was May 8, 2020 with the due date to accept proposals being May 27, 2020. Due to the magnitude of questions received, the due date was extended to June 8, 2020. A copy of the Bid Document is provided in Attachment 3.

The RFP sought proposals from qualified entities interested in providing Residential Solid Waste, Recycling, Yard Waste, and Bulk Waste Collection and/or Single Stream Recyclables Processing Service. The RFP requests proposals for the following services:

EXCLUSIVE RESIDENTIAL COLLECTION SERVICE

A. Contractor's Obligations for Point of Collection.

1. **Curbside Service.** For Residential Units receiving Curbside Collection Service, the location of the Curbside Collection Point shall be within eight (8) feet of the curb, the paved surface of a public roadway, the closest accessible public right-of-way, or other location agreed to by Contractor and Customer that provides safe and efficient access for the Collection crew and vehicle. If the Residential Unit is not accessible to the Collection crew or vehicle, an alternative location shall be designated by the Customer and Contractor, at no extra cost to the customer.
2. **Side Yard Service.** Side yard service shall be made available as approved by the City when elected by a subscriber. Contractor may charge a premium rate for provision of elected side

yard service. Side yard service shall include the collection of household waste and recyclables. Residents are to place all Yard Waste at the curbside for collection.

- a. Side yard service shall be given to disabled person(s) households, if requested, at no additional cost. The definition of a disabled household shall be a household occupied by a single individual that is disabled or a household occupied by two (2) individuals in which both persons are disabled.

B. Frequency of Residential Solid Waste Collection Service – Garbage and Trash. The Contractor shall collect Garbage and Trash a minimum of one (1) time per week from all residential units.

C. Residential Recycling Collection – Baseline. The base bid will be for single-stream Recyclables Roll Carts of approximately sixty-four (64) or ninety-six (96) gallons collected once per week on one of the two designated Garbage collection days.

1. The City will provide the Roll Carts for Recycling, provided that the Contractor shall repair and replace containers due to normal wear and tear.
2. The Contractor shall collect Recyclables from Residential Units a minimum of one (1) time per week.
3. Recyclables currently collected are flattened corrugated cardboard and other dry paper items including newspapers, catalogs, magazines, junk mail, phone books, office paper, paper bags, and paperboard boxes including soda or beer cartons; and rinsed out containers specifically including plastic bottles with a narrow neck, glass bottles or jars with lids removed; aluminum beverage and food cans, steel or tin cans, and aseptic boxes and paper cartons. Proposers may add items to this list.

D. Alternate Proposals – Recyclables. Proposers are required to submit price proposals for five alternative Recycled Material collection programs. One alternative would simply reduce the collection frequency of the current single-stream service. The other alternatives would involve the City converting its single-stream collection program to a dual-stream collection program. These dual-stream alternatives vary the types of recycling containers to be distributed to residents and on the frequency of recycling collection. The Contractor is ultimately responsible for determining the best collection truck type to be used for each service, although the City incorporates suggestions in each scenario below based on its research.

1. Scenario 1, Every Other Week Single Stream – This scenario is the same as the baseline except the frequency of curbside recycling collection would be reduced to every-other week.

2. Scenario 2, Weekly Dual-Stream with Cart plus Bin – The Contractor is to collect the Recyclables listed in Section 4.C.3 above as dual-stream recyclables. The collection frequency shall remain one (1) time per week. The existing Roll Cart being provided by the City would be used for corrugated cardboard and all dry fibers. The Contractor shall distribute a 22-gallon recycling bin to every residential unit for all commingled containers. Ownership of the bins will transfer to the City at the conclusion of the base period. The City envisions this collection being provided with a split-body truck that has the ability to tip a cart into the truck compartment containing the fiber.
3. Scenario 3 – EOW Dual-Stream with Cart plus Bin – This scenario is the same as Scenario 2 except the collection frequency would be reduced to every-other-week (EOW).
4. Scenario 4 – Dual-Stream with Two Carts, Alternating Weekly – The Contractor is to collect the Recyclables listed in Section 4.C.3 above as dual-stream recyclables. The collection frequency shall remain one (1) time per week; however, the fiber cart and the commingled container cart shall be collected on alternating weeks. The existing Roll Cart being provided by the City would be used for corrugated cardboard and all dry fibers. The Contractor shall distribute a second 64-gallon recycling cart to every residential unit for all commingled containers. Ownership of the carts will transfer to the City at the conclusion of the base period. The City envisions this service to be provided with a conventional single compartment automated truck.
5. Scenario 5 – Dual-Stream with Two Carts, Every-Other-Week – This scenario is the same as scenario 4 except that collection frequency would be reduced to every-other week, and both carts would be collected on this frequency. The City envisions this service to be provided with a split compartment truck with single automated cart lifter and a baffle to direct fiber and containers into the appropriate compartment.

E. Recycling – Disposal of Unacceptable Materials. The Contractor may discover that the customer has placed inappropriate materials in the Recycling Collection Containers. The Contractor is required to leave Materials that are not acceptable for recycling in the Recyclables Container, and the customer will be responsible for disposing of the material. The Contractor shall follow the procedure described in III.H.4. above to notify the customer of the reason the material was not accepted and how to recycle correctly.

F. Frequency of Service – Yard Trash. The Contractor shall collect Yard Trash from Residential Units receiving Residential Yard Trash Collection Service one (1) time per week. All Yard Trash, except palm fronds, shall be bundled or bagged in a biodegradable bag, or containerized by customer. All Yard Trash shall be: separated from Garbage, Trash, and Bulk Waste; no more than four (4) feet in length and no more than three (3) inches in diameter; less than 50 pounds; and placed neatly at the Curbside Collection Point by Customer. The Contractor will collect natural Christmas trees as Yard Trash provided that the sections of the tree are not more than 8 feet in length or more than 50 pounds, and the tree is free of all decorations. The Contractor

shall not co-mingle Yard Trash and other types of Solid Waste in Contractor's Collection vehicles.

G. Containers - General

1. Solid Waste Collection Containers. Solid Waste Collection Containers shall be provided at the Contractor's sole expense and shall be maintained by the Contractor in a sanitary, functional, and aesthetic condition. Any damaged, defective, or unsanitary Solid Waste Collection Containers shall be replaced or adequately maintained at the Contractor's sole expense. The Contractor shall have available at all time's sufficient numbers of Solid Waste Collection Containers to provide proper service to Customers.

The Contractor shall repair or replace a Solid Waste Collection Container within six (6) calendar days after receiving a request to do so from a Customer or the City Project Manager. All new residents shall be provided containers within six (6) calendar days after the Contractor receives the request from a Customer or the City Project Manager.

- a. Attachment 5 provides general specifications for Solid Waste Collection Containers and Recycling Collection Containers and Bins. The Proposer shall submit specifications for the Solid Waste Collection Containers they intend to deliver for Solid Waste Collection Services.
 - b. Bear-Resistant Containers. The City reserves the right to allow residents to utilize bear-resistant carts that are compatible with the Contractor's collection system. The provision of bear carts would be at no cost to the Contractor. Further, the Contractor will allow customers to use readily available third-party accessories that are designed to prevent bears from accessing carts. If any customers use a cart strap to lock their Solid Waste container, the customer is required to remove the cart strap the morning of collection. The first time a customer does not remove the cart strap, the Contractor shall remove the strap and empty the container. The Contractor shall leave an education tag on the container explaining that in the future, the customer shall remove the bin strap before collection. The Contractor shall send a copy of the tag, with the address of the container, to the City. Subsequent to one warning, the Contractor may tag repeat offenders, record the address, date, and time, and take a photograph of the cart with a strap in further instances where customers have left the cart straps on the cart. Upon documenting the infraction, the Contractor may skip the recycling collection on the second and all subsequent instances.
2. Recycling Collection Containers. Any new Recycling Collection Containers shall be provided at the Contractor's sole expense and shall be maintained by the Contractor in a sanitary, functional, and aesthetic condition. Any damaged, defective, or unsanitary Recycling Collection Containers shall be replaced or adequately maintained at the Contractor's sole expense. The Contractor shall have available at all time's sufficient numbers of Recycling Collection Containers to provide proper service to Customers. The Contractor shall repair or

replace a Recycling Collection Container within six (6) calendar days after receiving a request to do so from a Customer or the City Project Manager. All new residents shall be provided containers within six (6) calendar days after the Contractor receives the request from the City Project Manager or the Utility Billing Division.

- a. Attachment 5 provides general specifications for Solid Waste Collection Containers and Recycling Collection Containers and Bins. The Proposer shall submit specifications for the Recycling Collection Containers they intend to provide for each alternative proposed.

H. Bulk Waste Collection. The Contractor shall collect, transport, and dispose of a limited amount of white goods, household furniture, carpeting, and residential waste tires placed at the curbside within three (3) days of notification, at no additional charge to the customer. The number of bulk items shall not be restricted but shall be limited to eight (8) cubic yards every eight (8) weeks. After having provided two (2) collections of Bulk Waste at a single residence or location within a period of thirty (30) days, the Contractor may charge its proposed rate as shown on the Pricing Form for additional collection of such Bulk Waste, white goods, or furniture. Waste tires shall be limited to four (4) whole tires per year.

I. Manner of Collection. The Contractor shall collect Solid Waste, Yard Trash, Bulk Trash, and Recyclable Materials with a minimum of noise and disturbance to the customer and the public. The Contractor shall empty the Customer's Solid Waste Containers, Recyclables Containers, and Roll Carts, and the Contractor shall then return them to the Curbside Collection Point or an alternate location where the customer placed the container. Throwing or damaging Solid Waste Containers, Recyclables Containers, or Recyclables Roll Carts is prohibited. The Contractor shall collect all of the Residential Solid Waste placed at a Curbside Collection Point by a Customer.

J. Changes to Schedules. The Contractor shall not change the scheduled days for its Collection services until the Contractor receives the City Project Manager's prior documented authorization. The City Project Manager shall not unreasonably withhold approval of such changes. If the City Project Manager authorizes a change in schedules that alters the Collection day for any Customers, the Contractor shall, at its expense, notify each affected customer by mail or other manner approved by the City Project Manager not less than one (1) week before the change.

OTHER SERVICES REQUIRED

A. Service for City Buildings and Facilities. The Contractor shall provide solid waste collection, transportation, and disposal services and recycling services to all facilities of the City of Oviedo in the amount, location, and frequency shown in Attachment 3. The Contractor shall provide all bins, carts, dumpsters, and roll-off containers necessary to provide City facilities service. A list of current facilities is specified in Attachment 3. The City Project Manager may add new facilities to this list from time to time as new facilities come online.

B. City Fire Stations. The Contractor shall provide Medical Waste Service Collection from City Fire Stations as identified in Attachment 3. Medical waste removal from Fire Stations shall be performed free of charge.

C. City-Sponsored Event Support. The Contractor shall provide roll-offs for up to four (4) community clean-up events per year. The Contractor shall provide recycling containers, solid waste carts, and roll-off containers for up to six (6) City-sponsored events per year identified in Attachment 3. Contractors shall enter their pricing for these services on the pricing form.

D. Vicious Dogs. Employees of the Contractor shall not be required to expose themselves to the danger of being bitten by vicious dogs to accomplish solid waste collection in any case where the owner or tenants have such animals at large. The Contractor shall immediately notify the City, in writing, of residences where vicious dogs have caused the Contractor to be unable to make collection because of such condition.

E. Public Education/Information. The Contractor shall be required, at the City's discretion and in collaboration with the City, to provide educational materials outlining the rules and regulations for residential solid waste, yard waste, recycling, and bulk collections, and other special services within thirty (30) days of the start of the Contract and for all new services added after the beginning of the Contract. This may include, but not be limited to, a guide on the Contractor's web site, newspaper advertisements, flyers, door hangers, and information to be posted on the City's web site. The information shall outline the obligations of the customer and the Contractor according to the terms of the agreement. The City Project Manager shall approve the information before dissemination.

F. Dead Animals. The Contractor shall collect dead animals from the City right-of-way with 24-hour notice.

G. Adopt-A-Road Litter Bags. The Contractor shall collect adopt-a-road litter bags within 48 hours of notification from the City right-of-way.

Under the facilitation of the City's Purchasing Agent, an Evaluation Committee was formed to review the submittals which was comprised of the following City employees:

- Bobby Wyatt Public Works Director
- Bryan Cobb City Manager
- Jerry Boop, Finance Director

As outlined in Bid Opening Minutes, provided in Attachment 4, the City received the following four (4) submittals which were recorded as responsive in providing the required City Forms:

- FCC Environmental Services, LLC (FCC) ; provided in Attachment 5
- JJ's Waste & Recycling, LLC (JJ's); provided in Attachment 6

- Republic Services of Florida, Limited Partnership (Republic); provided in Attachment 7
- Waste Pro of Florida, Inc. (Waste Pro); provided in Attachment 8

A copy of the submittals was transmitted to MSW to review. MSW prepared an independent evaluation for consideration by the City Evaluation Committee. The evaluation included a process for scoring each proposal based on qualitative judgments about each proposer's corporate background, relevant experience, references, staffing plan, service approach to provide curbside collection, disaster management support, and recyclables processing solution. The evaluation also included a rigorous quantitative evaluation of the full cost of each proposer's solution based on applying their unit price bids to the underlying customer counts and waste/recycling quantities, and also incorporating any additional expense that would be imposed on the City to receive the proposed level of service. A meeting was held on June 15, 2020 for the Evaluation Committee to gain a better understanding of the Consultants role and to discuss the process of evaluating the proposals. A copy of the minutes from the June 15th meeting is provided as Attachment 9. At this meeting, it was determined that Purchasing Staff would work closely with MSW to perform reference checks and contact proposers on any clarifications needed for their submittals.

A follow-up Committee meeting was held on July 7, 2020 for MSW to present a high-level matrix of the submittals, including references and clarifications to the submittals. MSW also provided a preliminary scoring and evaluation in this meeting to help the Committee understand and consider the similarities, differences, pros and cons of each proposal. A copy of the minutes from the July 7th meeting is provided as Attachment 10. Results from the July 7th meeting determined that all four (4) firms appear capable of providing the services outlined in RFP 20-26.

An important finding from this first meeting involved the City's determination of how it would provide curbside recycling service to its residents. City households have received single stream recycling services since November 18, 2013, when the City migrated from its prior dual stream recycling program. However, the RFP asked proposers to provide pricing for both dual stream and single stream recycling collection options so that the City retained flexibility to either keep its current system in place or opt to change back to a dual stream program.

Prior to issuance of the RFP, MSW had projected the potential cost differences of dual stream and single stream service based on hypothetical modeling, and found that dual stream collection could potentially save money compared to single stream collection based on information provided by the City's incumbent contractor and on Seminole County program details. However, the proposers uniformly did not price dual stream service favorably compared to single stream service. There are two reasons this may have happened:

- (1) Private haulers try to avoid manual collection systems due to the ever-increasing cost of workers' compensation and other liability that comes with the performance of physical labor. The solid waste industry in general has been aggressively migrating to automated

collection technology in Florida and across the nation, and it is hypothesized that the Central Florida market does not wish to revert to manual forms of collection.

- (2) In order to achieve the full savings of several of the dual stream options, it would have been necessary to purchase specialized collection trucks. Such trucks typically require a manufacturing lead time of six (6) to nine (9) months.

As a result of these factors, a primary finding of MSW and the Evaluation Committee at this meeting was that the single stream collection option was the best option for the City based on favorable pricing, familiarity among the City's residents, acceptance of this technology by the market, and the fact that this solution prevents residents from having to store an additional recycling container on their property if the recycling stream were split in two. The remaining considerations of MSW and the Evaluation Committee focused on weekly single stream recycling service, which is consistent with the current level of service.

Returning to the individual proposals, MSW's evaluation determined major differences between the submitting companies which include the pricing strategy, proposed prices, and allowable recycling contamination range.

- FCC: Provided a detailed, responsive proposal in accordance with the RFP instructions. Although their submitted price is the lowest unit cost, they also have the lowest contamination limit (10%) which could result in higher expense to the City as discussed below. FCC stated the City would pay for disposal of rejected loads.
- JJ's: Provided a principled response focusing on single stream recycling. JJ's unit pricing was notably higher overall compared to remaining submittals. Also, JJ's had the least amount of operational experience in the Central Florida region compared to the other proposers, with only one other active residential collection contract for a small municipality in Orange County.
- Republic: Is the incumbent, and demonstrated in their proposal that they are a large and capable firm with vertically integrated operations in Florida. However, Republic did not provide completed pricing forms as instructed in the RFP. Their pricing bundled all services into the residential rate. Republic's proposed full cost is 36% higher than the lowest proposer and prevented the City from understanding the basis of their overall pricing.
- Waste Pro: Provided a complete, responsive proposal. Is vertically integrated in that they can provide complete solid waste collection, recycling collection and processing services. Unit pricing was 7% higher than lowest bid but allowable recycling contamination rate is 30% which is similar to existing estimated City rate. Waste Pro stated that they would pay for disposal of any rejected loads as they have not reported any.

Based on the preliminary review provided by MSW at the July 7th meeting, the ranking of the submittals was as follows:

1. FCC
2. Waste Pro
3. Republic Services
4. JJ's

It was determined that the top two (2) proposers could provide uninterrupted service to the City at a lower price than the incumbent. Of these two (2), FCC offered an allowable contamination rate of 10% whereas Waste Pro offered 30%.

It should be noted that the only way to accurately measure the true recycling contamination rate specific for the City of Oviedo would require a recycling composition audit. Such audits are expensive because they are statistical in nature and require that a minimum number of samples of recyclables be obtained, sorted, and weighed to accurately measure the contamination level. The City of Oviedo has not previously conducted such a study, and consequently does not know its exact contamination rate.

However, there is other relevant data about the level of contamination that is likely to be contained in Oviedo's recyclables. Across Florida, other cities that have single stream recycling collection have funded such composition audits, and have found that the contamination rate ranges from 25 to 30 percent (and in some cases higher). Additionally, the City's current solid waste provider has indicated that the City's contamination rate is in the range of 25%. Finally, Seminole County recently conducted an audit of their dual stream recyclables and found that the contamination rate in the dual stream system is roughly 20 percent. Based on these figures, and on the City's belief that its residential households are better than average at adhering to recycling set out restrictions, it can be reasonably assumed, and also was disclosed in the RFP, that the estimated contamination rate for Oviedo's recyclables is approximately 20 percent.

With the City's current contamination rate estimated at a minimum of 20%, meeting the 10% contamination rate would not be manageable without adding a residential recycling cart inspection program. The inspection program would be necessary to police residential recycling to reduce and/or eliminate those properties who consistently contribute non-recyclable and/or non-prepared materials in the recycling cart. Adding an inspection program would require an additional two (2) staff members minimum (an inspector and a supervisor), with initial staff costs estimated to be \$173,000 annualized, including vehicles and equipment. This would be a continuing annual expense and such expense could escalate each year of the contract as a result of salary and benefit increases. Also, another expense that had to be factored in was the additional expense the City may incur as a result of the City having to pay a disposal fee for rejected loads due to a 10% minimum contamination rate.

An additional meeting was required to permit time for MSW to integrate these ancillary expenses into the full cost evaluation and to make a final recommendation. The evaluation committee and MSW staff met again on July 13, 2020 to review MSW’s findings. The minutes from the July 13th meeting are provided as Attachment 11. Results of the July 13th meeting determined a new ranking based on input from the July 7th meeting. Both the pricing score and the qualitative scoring were adjusted to account for these important factors.

Based on the information provided, the Evaluation Committee recommends a continuation of the services currently received by the City’s residents for solid waste, yard waste, recycling and bulk waste collection in lieu of a change to every other week or dual stream recycling. Those services being weekly solid waste, yard waste and single stream recycling via a 95-gallon cart as well as twice monthly bulk waste collection.

A detailed breakdown of the total price summary is provided in Attachment 11 (Attachment 3 of MSW’s handouts from the July 13th meeting). A summary of the cost evaluation is as follows for the following contracted solid waste services:

- Once per week solid waste collection via 96-gallon cart
- Once per week yard waste collection via 96-gallon cart
- Once per week single stream recycling via 96-gallon cart

Bidder	Recycling Collection Type	Frequency	Container Type	Total Cost per Household 1) 2)	Percent Change
Current	Single Stream	Once/week	Cart	\$18.40	
FCC	Single Stream	Once/week	Cart	\$20.32	10.5%
JJ’s	Single Stream	Once/week	Cart	\$38.94	111.6%
Republic	Single Stream	Once/week	Cart	\$23.89	29.8%
Waste Pro	Single Stream	Once/week	Cart	\$20.50	11.4%

- 1) Total cost per household includes collection, disposal, processing & government building services.
- 2) Does not include City franchise and administration fee.

FCC’s cost was determined to be \$0.18 less monthly than Waste Pro. However, it should be noted that there can be no guarantee that the City would be able to achieve FCC’s specified contamination rate even with the addition of two new enforcement staff whose direct expense has been added into the financial analysis. Also, the City would have to pay \$65/ton on top of the stated pricing structure provided by FCC for any rejected recycle loads due to contamination above 10%. Consequently, there are meaningful risks that the City would incur additional expenses over and above the expenses we can reasonably quantify, and that the

small price differential is ultimately not worth the City's assumption of these additional financial risks.

The final ranking changed from the initial ranking as a result of the above-described additional expenses the City would incur in connection with the FCC proposal as well as the change in the level of service provided to the City's residents. Waste Pro's proposal ended up being ranked 1st and FCC's proposal ended up 2nd. MSW's recommendation letter for RFP 20-26 is provided as Attachment 12. The final ranking for RFP 20-26 as follows:

1. Waste Pro
2. FCC

The other two proposers (Republic and JJs) scored meaningfully lower.

Waste Pro was determined to have the best ability to provide the City's existing service at a fair price with little operational change to the existing contract management. FCC, while also fair, imposed a risk on the City due to the low recycling contamination allowance and the anticipated additional costs that it would impose.


Budget Impact: Solid waste services are accounted for in a special revenue fund. The City bills customers for the actual cost of services provided, plus franchise and administrative fees.

Strategic Impact: Providing residential solid waste services provides the means to meet certain goals and strategies of the Natural and Built Systems Strategic Focus Area.

Recommendation: It is recommended that City Council adopt Resolution No. 3936-20.

- Attachments:
1. Oviedo Solid Waste Survey Results
 2. Mayor's Solid Waste Survey Results
 3. Bid Document – RFP 20-26
 4. RFP 20-26 bid opening minutes
 5. FCC Bid Submittal
 6. JJ's Bid Submittal
 7. Republic Bid Submittal
 8. Waste Pro Bid Submittal
 9. June 15th review committee meeting minutes
 10. July 7th review committee meeting minutes
 11. July 13th review committee meeting minutes
 12. MSW's Recommendation letter for RFP 20-26

Agenda Memorandum

To: Honorable Mayor and City Council Members
From: Bryan Cobb, City Manager 
Date: July 27, 2020
Subject: **FY 2020-21 Budget Development – July**

Introduction: The purpose of this special meeting is to update the City Council on the FY 2019-20 projected year end, and the Fiscal Year 2020-21 Proposed Budget outlook. The following information provides an update from the June 29, 2020 budget work session.

Discussion: Per Charter Section 4.08.05, the City Manager must submit a budget for the ensuing fiscal year and a budget message by July 31 of each year. The City Manager is responsible to provide a balanced budget for consideration by the City Council. Through the budget, the City annually defines budgets and goals necessary for the proper operations of the City, and Council approves programs and budgeted costs.

Updated FY 2019-20 Projected Year End: A copy of the updated Fiscal Year 2019-20 year-end projection is provided in the Base Model Proposed Budget, provided in Attachment 1. The updated projection reflects the most current data available. The original best-case scenario yielded a loss of \$727,159 and has been revised to a loss of \$960,892, or an increase of \$233,733. The original worst-case scenario yielded a loss of \$1,119,341 and been revised to a loss of \$1,352,100, or an increase of \$232,759. The current model reflects the worst-case scenario loss of \$1,352,100 and the projected year-end fund balance as of September 30, 2020 which is reflected below:

Beginning Balance (ties to FY 2019 CAFR)	\$9,176,346
Deposit/(Withdrawal) from Fund Balance	<u>(1,352,100)</u>
FY 2019-20 Projected Ending Fund Balance	\$7,824,246
Target Balance (16.67% GFOA Best Practices)	\$4,903,216
Meets Target Reserve Balance	Yes
Policy Balance (15%)	\$4,412,012
Actual Reserve Balance	26.60%

Fiscal Year 2020-21 Proposed Budget: At the June 29, 2020 work session, Staff recommended setting the operating General Fund tentative millage rate at 5.6410 mills. Setting the operating millage rate at 5.6410 mills allows ad valorem revenues to more fully fund the operating costs associated with public safety. Since FY 2008-09, public safety costs have exceeded ad valorem revenues, which makes it necessary to fund public safety costs in excess of ad valorem revenues using other governmental revenue sources. This method of funding restricts the ability of the General Fund to be able to fund ongoing facilities and capital maintenance, capital purchases and capital outlay needs.

In FY 2007-08, the City reduced its General Fund operating millage rate from 5.3350 mills to 4.6545 mills, a reduction of 12.8% which is reflected in Attachment 2. This was the result of a change in the State's property tax system promulgated by the Florida Legislature. The change required municipalities to reduce their millage rate for FY 2007 equal to the rolled-back rate, less 5%. This reduction had long-term effects on ad valorem revenue collected by the City as property values declined subsequent to this reduction. Had the operating millage rate of 5.3350 been maintained, the General Fund would have received an additional \$18,393,293 in ad valorem revenues over the period. The reduction in the operating millage rate, and corresponding decline in property values, along with the increased cost of public safety, has greatly affected the General Fund's ability to adequately address ongoing capital and maintenance needs.

Staff recommends setting the operating General Fund millage rate at 5.6410 mills. However, the FY 2020-21 Base Model Proposed Budget, provided in Attachment 1, is balanced using the operating millage rate of 5.1230 mills or \$5.1230 per \$1,000 of assessed valuation. The debt service for the 2003 General Obligation Bond Issue will be set at 0.1590 mills or 15.90 cents per \$1,000 of assessed valuation. Utilizing the stated millage rates, the combined millage rate reflected in the Proposed Budget Book for FY 2020-21 is 5.2820 mills and remains unchanged from FY 2019-20.

Setting the operating millage rate at 5.1230 mills will result in \$16,421,887 in ad valorem revenues. Budgeting at the 95% level as allowed in Section 200.065(2)(a)1, Florida Statutes, and less the contribution to the CRA Fund of \$532,312, the General Fund will generate \$15,068,481 in Ad Valorem revenues. Additionally, Staff has budgeted \$25,000 in delinquent collections bringing the total Ad Valorem revenues to \$15,093,481. Setting the operating millage rate for the General Fund at 5.1230 mills will result in a citywide tax increase of 5.1430% above the rolled back rate of 4.8724 mills.

Revenues: Total revenue for the General Fund is projected at \$32,477,263. This is a decrease of \$528,677 from the FY 2019-20 Adopted Budget. Revenues are detailed in the following table:

Revenues	FY 2019-20 Adopted	FY 2020-21 Proposed	Variance
Ad Valorem	\$14,267,469	\$15,093,481	\$826,012
Utility Taxes	4,573,132	4,733,111	159,979
Business Receipt	140,063	126,457	(13,606)
Licenses, Permits and Fees	2,652,668	2,726,622	73,954
Intergovernmental	4,324,393	3,389,002	(935,391)
Charges for Services	3,216,379	3,013,617	(202,762)
Fines and Forfeitures	98,000	108,000	10,000
Other Revenues	536,836	478,337	(58,499)
Transfers In	2,861,594	2,808,636	(52,958)
Use of Fund Balance	335,406	0	(335,406)
Total Revenues	\$33,005,940	\$32,477,263	\$(528,677)

- The projected ad valorem revenue increase of \$826,012 is based on an increase in the total gross taxable value of the City as per a letter received from the Seminole County Property Appraiser on June 23, 2020, along with a transfer of .0085 mills from the GO Bond Millage rate, for a total operating General Government millage rate of 5.1230 mills.
- Utility Taxes are projected to increase \$159,979 which is based on actual revenues received in FY 2018-19.
- Intergovernmental revenues have been reduced approximately 20% or \$935,391. The reduction in intergovernmental revenues is directly related to the impact of COVID-19 on the consumption-based State revenues. As of the date this memorandum was finalized, no revenue estimates have been received from the State of Florida. Any estimates received will be presented to City Council at the August 17, 2020, City Council work session, and will be incorporated in the FY 2020-21 Adopted Budget.
- Charges for Services have been reduced by \$202,762. The reduction is the result of the Seminole County Sheriff's Office elimination of funding for the City's 10th SRO (which was funded at 100%). Additionally, there is a projected reduction in ambulance transport fee collections.
- Other Revenues have been reduced \$58,499, which is directly related to the reduction of interest rates.

Expenditures: Total expenditures for the General Fund are projected at \$32,477,263, and are detailed in the following table:

Expenditures	FY 2019-20 Adopted	FY 2020-21 Proposed	Variance
General Government – Salaries/Benefits	\$6,847,280	\$7,125,536	\$278,256
Police – Salaries/Benefits	6,531,256	6,551,491	20,235
Fire – Salaries/Benefits	4,309,963	4,524,519	214,556
Overtime	792,744	773,599	(19,145)
Health Insurance	3,530,225	3,659,135	128,910
Workers Compensation	237,212	262,688	25,476
Vehicle Replacement Fund	995,972	644,941	(351,031)
General Insurance	260,336	316,868	56,532
Operating Expenditures	6,496,453	6,307,607	(188,846)
Capital Expenditures	273,050	0	(273,050)
Transfers Out	673,756	372,756	(301,000)
Transfers Out – Debt	1,882,693	1,740,774	(141,919)
Reserve for Contingency	175,000	197,349	22,349
Total Expenditures	\$33,005,940	\$32,477,263	\$(528,677)

The FY 2020-21 Proposed Budget is balanced using the operating millage rate of 5.1230 mills with sufficient revenues to accomplish the following:

- ✓ Maintains FY 2019-20 Service Levels,
- ✓ Funds a 3% salary increase for General Employees,
- ✓ Funds a 3% salary increase for the Police bargaining contract,
- ✓ Funds the Fire bargaining contract,
- ✓ Funds an increase in benefit costs,
- ✓ Funds overtime costs,
- ✓ Funds a 6.5% increase to health insurance premium rates,
- ✓ Funds a 15% increase in Workers Compensation rates,
- ✓ Funds a 19% increase in General Insurance rates,
- ✓ Funds increases in fixed costs such as leases, telephone, and utilities,
- ✓ Funds capital purchases for IT as recommended by the IT Infrastructure & Organizational Assessment Plan,
- ✓ Funds debt service for FY 2020-21,
- ✓ Maintains 15% Reserve Fund Balance as per the Budget and Financial Policy of the City.

Staff Recommendation: At the June 29, 2020 work session, Staff recommended setting the General Fund tentative operating millage rate at 5.6410 mills. While the FY 2020-21 Proposed General Fund operating budget has been balanced using the operating millage rate of 5.1230 mills, there are not sufficient revenues to address needs that have accumulated since the great recession. Setting the operating millage rate at 5.6410 mills, as recommended by Staff, will generate an additional \$1,523,475 in ad valorem revenue, provide for the ability to more fully fund public safety, and help address the ever-increasing facilities and capital maintenance, capital projects and capital outlay needs. The total cost of capital outlay, CIP and maintenance items requested for FY 2020-21 is \$7,577,849, which equates to a millage rate of 2.4884 mills and is detailed in Attachment 3. Staff reviewed all the capital and maintenance requests for the General Fund submitted by the departments and identified priorities which are recommended for funding in the FY 2020-21 Budget. The July 27th Base Model has been updated to reflect these recommendations and is provided in Attachment 4.

During the June 29, 2020, work session, Mayor Sladek requested the details of the proposed operating expenditures which are provided in Attachment 5. The FY 2020-21 Proposed Budget had an initial net reduction in operating expenditure lines of \$70,000. During budget meetings with the City Manager in May 2020, the operating expenditure lines of the General Fund were reduced by an additional \$118,000, detailed in Attachment 6. In total, the FY 2020-21 proposed budget includes a net reduction in operating expenditure lines of \$188,846 over the FY 2019-20 Adopted Budget, detailed in Attachment 7.

At City Council's June 29, 2020, work session, Mayor Sladek received City Council consensus for staff to identify "out of the ordinary" costs for possible reallocation. Staff has identified these items which are individually listed under Change in Expenditures, Potential Operating-Cuts in the July 27th model provided in Attachment 4. At the July 27, 2020, meeting, Staff will seek City

Council's direction regarding whether or not these costs remain in the budget or are reallocated. If City Council's direction is to reallocate these costs, Staff recommends that these funds be placed in the model's Impact from Selected Options line item and then moved to contingency until such time as they can be reallocated to fund capital needs.

Following the June 29, 2020, Work Session, Deputy Mayor Pollack suggested that Council's salaries be reduced by 50%. This would approximate a savings of \$37,405.

Following the June 29, 2020, work session, Mayor Sladek recommended that Staff analyze other items for reallocation. The Staff's analysis of these recommendations is provided in Attachment 10. The largest recommended item is the adjustment to the City subsidy of employee dependent healthcare, which reflects the elimination of the City dependent care subsidy for health insurance. The City currently subsidizes approximately 51% of the dependent premium, or a total of \$622,389 City wide. The subsidy is allocated as follows:

General Fund Public Safety Bargaining Units	\$235,981
General Fund General Employees	272,659
Water & Sewer Fund Employees	87,106
Stormwater Fund Employees	21,082
Fleet Fund Employees	<u>5,561</u>
Total	\$622,389

The General Fund Public Safety Bargaining Unit subsidy is guaranteed through the Police and Fire Collective Bargaining Agreements (CBA). Therefore, reallocation of these funds will require an amendment to the respective CBAs. However, the \$386,408 of dependent care subsidy to General Fund General Employees, Water & Sewer Fund Employees, Stormwater Fund Employees, and Fleet Fund Employees can be reallocated by City Council's direction to terminate the subsidy. Staff does not recommend termination of the dependent health care subsidy for any employees. It is an important recruiting and retainage tool. Further, terminating the subsidy will have major ramifications to the net pay of the employees who receive the subsidy. Most will see a significant reduction in their net pay. Staff completed a survey on dependent care subsidy. The analysis revealed that fifteen (15) out of sixteen (16) cities surveyed provide dependent care subsidies ranging from 15% to 89%. Details on the cities surveyed and the impact on employees are provided in Attachment 8, Exhibits 1 and 2, respectively.

All of the items recommended by the Deputy Mayor and the Mayor remain in the budget model. At the July 27, 2020, Special Meeting, Staff will seek City Council's direction regarding whether or not to reallocate any of the items recommended by the Deputy Mayor and Mayor. If City Council's direction is to reallocate these costs, Staff recommends that these funds be placed in contingency until such time as they can be reallocated to fund capital needs.

At the June 29, 2020, work session, the Mayor asked Staff to evaluate Recreation & Parks Programs. Provided in Attachment 9, is the Special Event Yearly Performance for FY 2019-20 and

2018-19 which reflect YTD losses of \$19,612.71 and \$26,797.29 and a cost recovery rate of 76.78% and 74.05% respectively. Also provided is the Oviedo On the Park (OOTP) Program Yearly Performance for FY 2019-20 and 2018-19 which reflect Year to Date income of \$8,434.58 and \$19,077.47 and a cost recovery rate of 109.96% and 112.51% respectively. At the July 27, 2020, Special Meeting, Staff will seek City Council's direction regarding whether or not to reallocated the items recommended by the Mayor. If City Council's direction is to reallocate these costs, Staff recommends that these funds be placed in contingency until such time as they can be reallocated to fund capital needs.

Budget Impact: The July 27th special meeting will provide recommended input and guidance for the development of the FY 2020-21 Proposed Budget. City Council will be asked to establish the Tentative Millage Rate for the FY 2020-21 Budget at the August 3, 2020 City Council meeting.

Strategic Impact: Continuing high levels of customer service, productivity, and efficiency which maintain fiscal and organizational health.

Recommendation: At the July 27th special meeting, Staff will seek City Council's input and direction regarding the preparation of the FY 2020-21 Proposed Budget and setting of the FY 2020 Tentative Millage Rate.

- Attachment(s):
1. July 27, 2020 5.2820 Base Model
 2. Ad Valorem Revenue and Millage Rate Comparison
 3. Capital Outlay, CIP, Maintenance Requests
 4. July 27, 2020 Recommended 5.800 Millage Model
 5. FY 2020-21 General Fund Operating Expenditure Details
 6. General Fund Operating Reductions by line item
 7. General Fund Reductions by Department and Category
 8. Health Insurance Dependent Supplement Survey July 2020
 9. Special Event & Program Performance
 10. Mayor Recommended Budget Revisions

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