



MINUTES
THE TOWN OF INDIAN RIVER SHORES
6001 North Highway A1A, Indian River Shores, FL 32963

PUBLIC HEARING
TRASH & RECYCLING SERVICES

Thursday, November 13, 2014
9:00 a.m.

PRESENT: Gerard A. Weick, Vice Mayor
Richard M. Haverland, Councilman
Thomas F. Slater, Councilman

ABSENT: Brian M. Barefoot, Mayor (*excused*)
Thomas W. Cadden, Councilman (*excused*)

STAFF PRESENT: Robert Stabe, Town Manager Laura Aldrich, Town Clerk
Chester Clem, Town Attorney
Lt. Tony Dudley, Acting Public Safety Director

RESIDENTS: John Porta & Jerry Solin, Finance Committee; Jerry Burr & Jim Moller,
John's Island Security & JIPOA

GUESTS: Joanne Stanley, Scott Sterner, Michael Behr, Ashima Wild, and Brian
Fleming, Treasure Coast Refuse/Republic Services, Inc.

1. **Call to Order**

- a. Pledge of Allegiance
- b. Invocation (Councilman Slater)
- c. Roll Call

Vice Mayor Weick called the meeting to order at 9:01 a.m. with the Pledge of Allegiance and Invocation repeated. Town Clerk Aldrich called the Council role as shown above.

2. **Rate Increase Request and Presentation** (Treasure Coast Refuse, AKA Republic Services)

Joanne Stanley, Municipal Services Manager for Treasure Coast Refuse (a wholly owned subsidiary of Republic Services) noted that they have proudly provided service to the Town of Indian River Shores since 1978, and introduced the other staff with her as Scott Sterner, the General Manager; Michael Behr, the Division Manager, and Ashima Wild, Territory Representative, who is very active in the community. Republic Services operates in 40 states and Puerto Rico, services 2400 municipalities nationwide, operates 191 landfills, and has recycling plants in Jacksonville, Lakeland and Ft. Lauderdale. Their "Blue Crew" is deployed in case of natural disaster,

She encouraged the Council to stay with Republic Services because they provide premium backdoor service, and currently enjoy rates ranging from \$12.45 - \$12.60 versus the County's \$14.85 for curb service pickup. Many of the drivers have been with them for 20 years, and know where each house/neighborhood puts their refuse for pickup. Any change in service would result in an 8-12 month familiarization learning curve.

Ms. Stanley recapped that they are asking for the final 3-year extension on their current 10-year contract. It is necessary to have a public hearing because of the rate increase they are requesting, which could be construed as extraordinary. From 1978 to 2013, there was a total of 64% increase in their cost to the Town versus an average of 400% increase in the cost of goods and services. There was no verbiage in the contract for CPI price adjustments, which is why the increases have been so low over the years.

Please Note: The Town of Indian River Shores does not routinely keep verbatim minutes. Any party interested in such an appeal relating to any decision made by the Council with respect to any matter considered at this meeting is responsible to record the meeting and include the testimony and evidence upon which the appeal is to be based.

Council Comment

Vice Mayor Weick discussed rates for condominiums with Ms. Stanley, who explained that there are container basis rates, house rates, and some pay for service in their HOA dues. The house rates are with or without brush, and there are commercial and container rates, and some neighborhoods that recycle once a week and some twice weekly. He asked if there is an option for other neighborhoods to have no brush pickup like John's Island does, and Ms. Wild affirmed. Commercial rates are staying the same (from \$32-\$43) for dumpster or compactor rates, which have not changed in three years and are part of the contract as well as exclusive rights for dumpster hauling.

Councilman Haverland discussed the rate increases and contract with its renewal options. He presumed they did not ask for a rate increase previously because they did not need it, other than the 5% in 2009, which is 1% per year for 5 years. Now he said the price of gas is lower, and there was nothing that limited the request for increase. He did not agree that these numbers are justified for 2008 through today by costs for labor, gas and maintenance, and the price of bread and eggs is irrelevant.

Vice Mayor Weick asked about cost per hour per driver, which is \$76 per hour roughly. Ms. Stanley said the County rates are \$14.95 for curbside, and the reason they are asking for such an increase is that in order to continue doing backdoor service, they need to make sure they cover the labor, maintenance and other costs of operation. Curbside costs have much less labor and liability involved. **Brian Fleming**, the Comptroller, said in 2005 the maintenance costs per hour were \$10-\$12, and now it is \$16-\$20 per hour for regular curbside service. Since 2008, there has been a 30-40% increase in maintenance alone. The cost of vehicles has significantly increased, as what was \$160,000 - \$170,000 now is \$240,000 - \$250,000 due to new environmental equipment requirements.

Councilman Haverland requested to see very specific, delineated costs, which is what the contract says the hearing is required to show. He wanted the details, and requested to understand the economics. Second, this contract is approximately \$300,000 per year during this period, and he believed we have a fiscal responsibility to do an RFP. We get terrific service, the Councilman said, and he has talked to at least 3 other waste haulers who would be delighted to quote on back door service. We have unique, but not unusual, gated communities. Even if it was only to justify the increase, we just need to see the comparison.

Vice Mayor Weick said the price for Delray Beach (Waste Management) and Palm Beach County in Lost Tree Village (Waste Pro) is double or triple the price our residents pay. Ms. Stanley said there are not many back door service contracts remaining. It is much easier to have it at the curb, as there are major safety issues. Automating pickup with the canopy trees and neighborhood covenants that prohibit curbside pickup is taken into consideration for our contract. They met many times with Mr. Stabe to review the options.

Councilman Slater said our real requirement is to understand the costs, the imposed regulations, the cost of trucks and labor, and then compare that to other backdoor service providers. The costs may be totally justified. The increase in 2008 was only 5.5%, and this is a major change from a short time ago.

Scott Sterner, who was not part of the management team in 2008, said the company had never completed a pro-forma analysis on this contract. The numbers showed it was not working, and when Joanne and Ashima showed the numbers to the Town Manager, they brainstormed which solutions would work. We are trying to get where the company wants us to be. The company said the backdoor service could have different rates, but since it's the majority of the Town, it would not work. They are trying many things to keep the business at least for the last 3 years of the contract, then they are comfortable with the Town going out for bid. Corporate, Councilman Slater clarified, has declared that this contract was not properly priced, as the costs were not understood by the company. Mr. Sterner affirmed. In essence, it is a catch up increase.

Councilman Haverland and Mr. Sterner discussed the merger of Republic Services in 2009 with Allied Waste Services. Treasure Coast Refuse went from being a smaller \$3 billion company to an \$8 billion company. Now Allied runs Republic, who dictates the costs. The fair market value for service, safety, and all amenities provided is what Mr. Stearns said, adding there will be CPI increases going forward. There is a lot more involved than getting a phone quote for service.

Councilman Slater said the basis on what the business was viewed is different than what it was 5 years ago, which Ms. Stanley confirmed, and the Councilman said it is understandable. If another company comes in, they will have CPI increases in the contract, Mr. Sterner added.

3. **Receipt of Public Comment**

Jerry Solin, Marbrisa, said many homeowners in gated communities are unaware of backdoor service and bring their refuse to the curb for pick up. He said people from up north who are here part of the year usually don't know, or are even unwilling to have people come up their driveway.

Vice Mayor Weick said the residents should be told to put it at the garage door, as is the Town policy.

Ashima said there are 1400 homes, and of that there are 800 with underground containers. She agreed that a lot of people do not know the backdoor service is available. Vice Mayor Weick suggested it could be stated on the bill.

Vice Mayor Weick asked if everyone was happy with their service.

Joe Marshall, Estuary, said he is happy with the service and the price is very low compared to other homes he has owned, even locally.

Vice Mayor Weick said he was happy with the prices and service.

George Sharpe, Pebble Bay, has lived in Indian River Shores for 18 years, and is delighted with the service. They are very quiet, neat and dependable, while other haulers seem to leave trash. He noted that the surcharge on the utility bill for just one month would pay for 10 years of the increase requested by Treasure Coast Refuse.

Jim Moller, John's Island, said he was very happy and would rather not go through the process of training another company. He asked if there was a possibility of negotiating the rates, to which Councilman Haverland replied the rates initially were a 40% increase over 3 years, and Mr. Stabe has negotiated downward to where it is now at 28%. Vice Mayor Weick noted weekly recycling for everyone is also included in this contract as well as backdoor service.

Nicholas Schaus, Bermuda Bay, said overall he is very happy. He asked if the Town has a general contract with the same rates. Several responses were given that the HOA determines some costs, John's Island does not have yard waste included, and the JI rates are going up by a larger percentage.

Joe Marshall asked when this decision will be made, and the Vice Mayor replied possibly next Wednesday. Mr. Clem suggested that they should have more information on the cost basis change to compare to justify the increase. Vice Mayor Weick mentioned going out to bid or having a temporary extension, as the contract ends 12-31.

Councilman Slater noted for the 3 years extension, this is about \$900,000 worth of business. They provide great service, demand everyone has a background check and drug screening to enter JI, and pay all kinds of expenses. It is a special Town that wants special service, and its residents are willing to pay. The lowest price may not be the best deal for the Town, so we need to sort through issues and come to the best solution. It clearly is not about service, but rather understanding costs and protecting both parties to the agreement. Additional information will be helpful, he agreed.

Ashima said they will have the information prior to the meeting on the 19th.

Ms. Stanley thanked them for letting them present, and negotiating with Mr. Stabe. He has been tough on them, and has done a very good job.

4. **Adjournment**

Hearing no further comments, the Mayor adjourned the meeting at 11:10 a.m.

Respectfully submitted,

/s _____
Laura Aldrich, Town Clerk

(Approved by the Town Council at the December 18, 2014 meeting)