

YOUR PARTNER FOR
SOLID WASTE SOLUTIONS

November 18, 2016

Senator Bobby Powell
Palm Beach County Legislative Delegation
301 North Olive Avenue
West Palm Beach, Florida 33140

Dear Senator Powell,

As the Chair of the Solid Waste Authority of Palm Beach County, I am respectfully requesting that the Palm Beach County Legislative Delegation consider the attached amendment to Chapter 2001-331 Laws of Florida, which is the Solid Waste Authority's Special Act. Our proposed amendment changes the maximum length of franchises from five to seven years. I am certifying that amendment of the Special Act cannot be accomplished at the local level because the Florida Legislature is the only body that can amend the Special Act. While the proposed amendment is minor, we believe that its impact may be significant for the taxpayers of Palm Beach County.

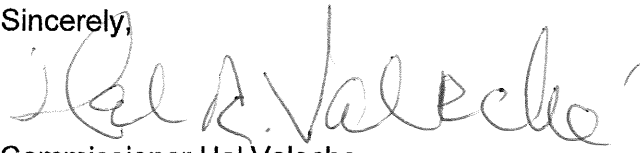
The Florida Legislature created the Authority almost forty-one years ago as an Independent Special District. Subsequently, in 1991, the Special Act was amended to make the Authority a Dependent Special District with the Board of County Commissioners sitting as the board members of the Authority. The Authority's mission is to manage the materials discarded by the residents and businesses of Palm Beach County in a manner consistent with its legislative mandate, applicable local, state and federal ordinances, regulations and laws. Since the time of its creation, the Authority has set the standard for waste management and recycling by constructing and operating two waste-to-energy plants. The most recent plant was opened in 2015 and was the single largest public waste management project being constructed in the world.

The Solid Waste Authority competitively procures its waste hauler franchises every five years pursuant to the Special Act. The last procurement was awarded in 2013 and thanks to a competitive market, we were able to save taxpayers almost 15% over the previous franchise agreements. The Authority has continued to analyze how to lower rates and has determined that extending the franchise agreements to seven years is more favorable to securing competitive bid prices. The ability to depreciate their equipment over seven years rather than five should allow the haulers to be more price competitive when the next franchise agreements are advertised. Haulers that have declined to bid on five-year franchises may be more encouraged to bid on seven-year agreements. The Authority has reached out to its existing haulers and has not received

any negative feedback; in fact all of them have been positive about the proposed change. Giving the Authority the opportunity to extend hauling franchises to seven years gives the Authority flexibility to serve the best interests of the taxpayers of Palm Beach County.

I am requesting that the enclosed legislation, prepared by the Authority, be placed on the agenda for consideration and approval by the Palm Beach Legislative Delegation for introduction and passage by the 2017 Florida Legislature.

Sincerely,

A handwritten signature in black ink that reads "Hal A. Valeche". The signature is written in a cursive style with a large, stylized initial "H".

Commissioner Hal Valeche
Chair, Solid Waste Authority of PBC

Sincerely,

Hal Valeche
Chair

SUMMARY OF SOLID WASTE AUTHORITY OF PALM BEACH COUNTY LEGISLATION

Background:

- SWA established in 1975 by Special Act of the Florida Legislature (Chapter 75-473)
- SWA is a Dependent Special District
- SWA provides solid waste collection services to the unincorporated area of the County, through a competitively bid franchise system
- SWA's mission: manage the materials discarded by the residents of Palm Beach County in a manner consistent with its legislative mandate, applicable local, state and federal ordinances, regulations and laws
- SWA has overseen the construction and operation of a six transfer stations, two waste-to-energy plants, a landfill, and the reclamation of several closed landfills in Palm Beach County.

Proposed amendment:

Subsection 10 of section (10 of section (3) of chapter 2001-331(1). Change "5" to "7"

Rationale:

- The current limitation of five years for collection franchises, with no option to renew is shorter than nine counties and 27 municipalities surveyed in the State. Typical terms are seven to 10 years.
- The change would allow private companies to depreciate their equipment over seven years, which is the industry standard, rather than five
- Seven year contracts would encourage haulers not currently operating in the County to compete for future franchise awards
- Lower fees for ratepayers should result as the level of competition increases and haulers can depreciate the cost of equipment over a longer period of time

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BILL

ORIGINAL

YEAR

1 A bill to be entitled
2 An act relating to the Solid Waste Authority of Palm
3 Beach County, Palm Beach County; amending ch. 2001-
4 331, Laws of Florida; increasing the time period for
5 granting or extending a franchise, contract, or
6 permit; providing an effective date.

7
8 Be It Enacted by the Legislature of the State of Florida:

9
10 Section 1. Subsection (1) of section 10 of section 3 of
11 chapter 2001-331, Laws of Florida, is amended to read:

12 Section 10. Limitations on franchises.—The Authority shall
13 adopt by resolution a procedure for granting exclusive
14 franchises, subject to the following limitations:

15 (1) No franchise, contract, or permit shall be granted or
16 extended for a period of time exceeding 7 ~~5~~ years.

17 Section 2. This act shall take effect upon becoming a law.

**HOUSE OF REPRESENTATIVES
2017 ECONOMIC IMPACT STATEMENT FORM**

****Read all instructions carefully.****

House local bill policy requires that no local bill will be considered by a committee or a subcommittee without an Economic Impact Statement. This form must be prepared by an individual who is qualified to establish fiscal data and impacts and has personal knowledge of the information given (for example, a chief financial officer of a particular local government). Please submit this completed, original form to the Local, Federal & Veterans Affairs Subcommittee as soon as possible after a bill is filed. Additional pages may be attached as necessary.

BILL #: _____

SPONSOR(S): _____

RELATING TO: Solid Waste Authority of Palm Beach County ("SWA") - length of franchises
[Indicate Area Affected (City, County or Special District) and Subject]

I. REVENUES:

These figures are new revenues that would not exist but for the passage of the bill. The term "revenue" contemplates, but is not limited to, taxes, fees and special assessments. For example, license plate fees may be a revenue source. If the bill will add or remove property or individuals from the tax base, include this information as well.

	<u>FY 17-18</u>	<u>FY 18-19</u>
Revenue decrease due to bill:	\$ <u>0</u>	\$ <u>0</u>
Revenue increase due to bill:	\$ <u>0</u>	\$ <u>0</u>

II. COST:

Include all costs, both direct and indirect, including start-up costs. If the bill repeals the existence of a certain entity, state the related costs, such as satisfying liabilities and distributing assets.

Expenditures for Implementation, Administration and Enforcement:

	<u>FY 17-18</u>	<u>FY 18-19</u>
	\$ <u>0</u>	\$ <u>0</u>

Please include explanations and calculations regarding how each dollar figure was determined in reaching total cost.

The proposed language increasing the length of collection franchises from five to seven years
is anticipated to put downward pressure on future collection rates, although the magnitude of the
impact is indeterminate. Please see the additional sheets for a more complete response.

III. FUNDING SOURCE(S):

State the specific sources from which funding will be received, for example, license plate fees, state funds, borrowed funds, or special assessments.

If certain funding changes are anticipated to occur beyond the following two fiscal years, explain the change and at what rate taxes, fees or assessments will be collected in those years.

	<u>FY 17-18</u>	<u>FY 18-19</u>
Local:	\$ <u>0</u>	\$ <u>0</u>
State:	\$ <u>0</u>	\$ <u>0</u>
Federal:	\$ <u>0</u>	\$ <u>0</u>

IV. ECONOMIC IMPACT:

Potential Advantages:

Include all possible outcomes linked to the bill, such as increased efficiencies, and positive or negative changes to tax revenue. If an act is being repealed or an entity dissolved, include the increased or decreased efficiencies caused thereby.

Include specific figures for anticipated job growth.

1. Advantages to Individuals: Potentially lower SWA rates.
Please see the additional sheets for a more complete response.
2. Advantages to Businesses: Potentially lower SWA rates. Allows SWA haulers to depreciate their equipment over a longer period.
Please see the additional sheets for a more complete response.
3. Advantages to Government: Potentially lower SWA rates.
Please see the additional sheets for a more complete response.

Potential Disadvantages:

Include all possible outcomes linked to the bill, such as inefficiencies, shortages, or market changes anticipated.

Include reduced business opportunities, such as reduced access to capital or training.

State any decreases in tax revenue as a result of the bill.

1. Disadvantages to Individuals: None.

2. Disadvantages to Businesses: None.

3. Disadvantages to Government: None.

V. DESCRIBE THE POTENTIAL IMPACT OF THE BILL ON PRESENT GOVERNMENTAL SERVICES:

Allowing waste haulers a seven-year depreciation period instead of a five-year period will create a more favorable business environment which should result in decreased rates. The SWA does not anticipate that this will impact service.

VI. SPECIFIC DATA USED IN REACHING ESTIMATES:

Include the type(s) and source(s) of data used, percentages, dollar figures, all assumptions made, history of the industry/issue affected by the bill, and any audits.

It is standard in the waste hauling industry to depreciate equipment for a period of seven years.

The SWA's five-year franchise has been a stated reason why several companies have not bid on SWA franchises. Please see the additional sheets for a more complete response.

VII. CERTIFICATION BY PREPARER

I hereby certify I am qualified to establish fiscal data and impacts and have personal knowledge of the information given. I have reviewed all available financial information applicable to the substance of the above-stated local bill and confirm the foregoing Economic Impact Statement is a true and accurate estimate of the economic impact of the bill.

PREPARED BY:


_____ **[Must be signed by Preparer]**

Print preparer's name: Daniel J. Pellowitz

December 9, 2016
Date

TITLE (such as Executive Director, Actuary, Chief Accountant, or Budget Director):

Managing Director

REPRESENTING: Solid Waste Authority of Palm Beach County

PHONE: 561-640-4000 ext. 4609

E-MAIL ADDRESS: dpellowitz@swa.org

ADDITIONAL PAGES TO 2017 ECONOMIC IMPACT STATEMENT FORM

II. Cost

The proposed language increasing the maximum contract term from five (5) years to seven (7) years will have no impact on the cost of implementation, administration or enforcement. The Authority expects that the proposed language will put downward pressure on the cost of solid waste and recycling collection service by encouraging lower bid prices and increased competition, however the magnitude of the impact is unknown. Extending the term of the franchise agreements will allow the haulers to depreciate their equipment over a longer period which should result in lower rates paid by the Authority's residential, commercial and governmental customers. Additionally, the longer contract may increase competition for the Authority's franchises. Based on evidence, particularly statements from qualified haulers that have not bid on Authority contracts, the primary reason given for not bidding was the Authority's short contract term. Given the sizeable costs of start-up, including the costs of acquiring facilities, personnel and equipment to service the contracts, the short contract term represents a significant barrier to entry that limits competition. In order to ensure competition for the Authority's five (5) franchise areas it is imperative that there be more bidders than service areas. Consolidation in the waste hauling industry has resulted in fewer qualified firms bidding on the Authority's contracts. It is expected that this change will reverse that trend.

III. Funding Sources

The cost of solid waste and recycling collection services provided pursuant to the collection franchises is funded through user fees. No additional funding sources are required.

IV. Economic Impact

1. Advantages to Individuals: Potentially decreased collection rates due to increased competition for SWA contracts and the ability of the franchise haulers to depreciate their equipment over seven (7) years rather than five (5) years.
2. Advantages to Businesses: Potentially decreased collection rates due to increased competition for SWA contracts and the ability of the franchise haulers to depreciate their equipment over seven (7) years rather than five (5) years.
3. Advantages to Government: Potentially decreased collection rates due to increased competition for SWA contracts and the ability of the franchise haulers to depreciate their equipment over seven (7) years rather than five (5) years.

VI. Specific Data Used in Reaching Estimates

In coming to this conclusion, the Authority relied upon statements from management of qualified waste haulers including companies the Authority contracts with and companies that have expressed an interest in bidding on the Authority franchise contracts, but declined. The overwhelming sentiment was

that the Authority's five (5) year contract term was a disincentive. In an effort to validate this anecdotal evidence, the Authority conducted a survey of other jurisdictions in the State, through which it was determined that the Authority's five-year contract term is the shortest in Florida and that the next shortest franchise in Florida is seven (7) years.

In the most recent bid process conducted in 2013, the Authority received bids from five (5) bidders for four (4) franchise service areas. Further consolidation in the waste hauling business could result in fewer bidders than service areas, which in turn could result in higher bid prices as those bidders will have a reasonable expectation that they will all receive a contract. It is the Authority's belief that the increase in the allowable contract term from five (5) to seven (7) years will bring the Authority's contracts in line with the industry norm. While the precise impact on future bid rates cannot be determined, this change is anticipated to put downward pressure on those rates.

NOTICE OF LOCAL LEGISLATION

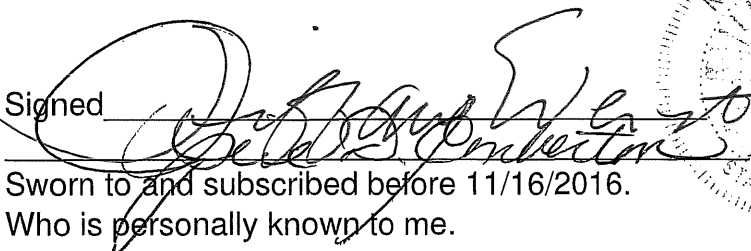
TO WHOM IT MAY CONCERN: Notice is hereby given of the Solid Waste Authority of Palm Beach County's intent to apply to the 2017 Session of the Florida Legislature for passage of:

An act relating to Palm Beach County; revising Chapter 2001-331, Laws of Florida, the charter of the Solid Waste Authority of Palm Beach County; providing a seven-year period for the granting or extending of a franchise, contract, or permit; providing an effective date.

Solid Waste Authority
of Palm Beach County
7501 N. Jog Road
West Palm Beach, FL 33412
PUB: The Palm Beach Post
11-16/2016 #675113

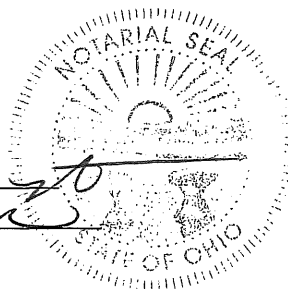
SOLID WASTE AUTH OR PB COUNTY PROOF OF PUBLICATION STATE OF FLORIDA COUNTY OF PALM BEACH Before the undersigned authority personally appeared Tiffani Everett, who on oath says that she is Call Center Legal Advertising Representative of The Palm Beach Post, a daily and Sunday newspaper, published at West Palm Beach in Palm Beach County, Florida; that the attached copy of advertising for a Notice was published in said newspaper on First date of Publication 11/16/2016 and last date of Publication 11/16/2016 Affiant further says that the said The Post is a newspaper published at West Palm Beach, in said Palm Beach County, Florida, and that the said newspaper has heretofore been continuously published in said Palm Beach County, Florida, daily and Sunday and has been entered as second class mail matter at the post office in West Palm Beach, in said Palm Beach County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that she/he has neither paid nor promised any person, firm or corporation any discount rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper. Also published in Martin and St. Lucie Counties. Notice Ad ID: 1320163 Ad Cost: 82.56

Signed



Sworn to and subscribed before 11/16/2016.

Who is personally known to me.



APRIL D. EMBERTON
NOTARY PUBLIC
STATE OF OHIO
COM. EXPIRES
October 01, 2018

The Palm Beach Post

Palm Beach Daily News



RECEIPT

Account: G8741
Name: SOLID WASTE AUTH OR PB COUNTY
Address: 7501 N JOG RD
WEST PALM BEACH FL 33412-2414

Phone: 561-471-5770
E-mail: MNAPIER@SWA.ORG

Order Name: Notice
Order Id: 675113
Original Order Id:
Copy Line: NOTICE OF LOCAL LEGISLATION TO WHOM IT M
Sales Rep: PB116 R Hindmarch (P)
Purchase Order:
Pay Type: Billed
Account Group:
Caller: Sandra Vassalotti

Section: 6205 Legal Notices
Reply Request:
Tear Sheets: 0

Order Summary	
Base:	\$82.56
Other Charges:	\$0.00
Discounts:	\$0.00
Agency Commission:	\$0.00
Sales Tax:	\$0.00
Total Order	\$82.56

Payment Summary
No payment information available.

The Palm Beach Post

Palm Beach Daily News



RECEIPT

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The Palm Beach Post

Palm Beach Daily News



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