

City of Miami Beach Commercial Hauler Roundtable

Date: August 26, 2022

Attendees –

- **City of Miami Beach:** Joe Gómez, Brad Kaine, George Ruiz, Rodney Knowles, Karen Williams
- **For MSW Consultants:** John Culbertson, Phil Bresee
- **For Commercial Waste Haulers:**
 - Jason Neal, Rick Kanin and Luigi Pace, Waste Management
 - Bret Boccabella, Grant Smith and Marc Wexler, Waste Connections
 - Willie Hernandez, Carlo Piccionna and Amanda Piccionna, Great Waste & Recycling
 - Eileen Damasco, Coastal Waste & Recycling
 - Ken Rivera, Waste Pro
 - Henry Ojito & Eduardo P., Ojito Waste Systems

Introduction –

After introductions and welcome to attendees, Joe Gómez summarized key takeaways and direction from the July 29th meeting of the City Commission's Finance and Economic Resiliency Committee (FERC) which included convening this meeting to obtain input on the upcoming rebid of commercial solid waste services.

City Staff Overview and Comments –

- Joe Gómez and Brad Kaine provided an overview of the current non-exclusive commercial franchise agreements and process to-date. Key points included:
 - Contracts were originally awarded in 2014 to three haulers. One hauler was acquired by another franchisee, which brought the number of haulers to two (Waste Management and Waste Connections).
 - Contract terms expire September 30, 2022, but the City Commission has approved month-to-month extensions not-to-exceed 12 months with both haulers to allow the procurement process to move forward.
 - FERC's direction to staff is that they prefer a non-exclusive franchise system vs. an exclusive system.
 - Input from FERC members as well as results from the business and property manager survey do show concerns over pricing. This includes rates as well as pricing inconsistencies from customer to customer and extraneous charges.
- Brad Kaine referenced the existing contract's Request for Qualifications (RFQ) document (distributed prior to the meeting) and discussed agreement terms that the City will likely refine or add as part of the procurement process. These include:
 - The City will retain its in-kind services requirements including collections from City properties, public spaces and special events.
 - The City may increase its expected funding support from franchisees for programs such as illegal dumping, environmental education, HHW events, etc.
 - There will be new requirements for program outreach, including ensuring that materials are published in English and Spanish.

- The new contract terms and requirements will be more closely tied-in with the City's sustainability goals.
- The City will seek to fund a contract administrator position through the new franchise agreement.

Overall Discussion –

- **Draft Procurement Documents?** Hauler asked if a draft of the RFQ was available. City staff responded that it has not yet been prepared as they have not been given official direction from City Commission on which way to proceed. A draft will be circulated for comment once it has been developed.
- **Pricing “Guardrails”:** There was discussion on whether pricing “guardrails” could be established even as part of a non-exclusive franchise system. Even though FERC members directed staff to pursue a non-exclusive system, there are concerns about pricing inconsistencies. Brad Kaine asked attendees if they hold any non-exclusive agreements or open-market licenses in which there are mechanisms that allow a city or county to assert some regulatory control over pricing.
 - In response, Waste Management spoke of challenges with CDL driver shortages, increased diesel costs, insurance costs, container costs, etc. WM also said the in-kind requirements in the City's current franchise agreement are significant and that all these costs must ultimately be passed through to the customers and ratepayers. WM also commented on the issue of extraneous charges, such as (fuel surcharges) and said that customers have the ability to change haulers if they are unhappy with service or charges.
 - Joe Gómez shared his belief that the City may likely select three haulers as part of the upcoming procurement process and raised the possibility of pricing guardrails in a non-exclusive system.
 - WM asked for clarity on some of the pricing concerns expressed by FERC members or through the survey and MSW Consultants' research. Joe Gómez indicated that the pricing inconsistency and extraneous charges issues seem to be most prevalent among multi-family property customers.
- **Contract In-Kind Services:** There was additional discussion on the City increasing its in-kind service requirements with haulers sharing that commercial and multi-family customers frequently don't understand why these costs are passed through to them or the value of those services. These services can also be difficult to split out on invoices.
- **Expand Number of Haulers:** Great Waste asserted that the City has not allowed for sufficient competition and should open the agreements up to five franchise haulers (the maximum allowed per City Code). Great Waste also said that customer classes differ greatly in Miami Beach, the City of Miami, and Miami-Dade County in general. Allowing for five haulers will allow for boutique service provision and all the cost of the in-kind services to be distributed across more haulers. Great Waste also suggested that the City should consider locally based firms.
- **Customer Service Issues:** Joe Gómez relayed several customer services issues that City Commissioners have expressed concerns over including littering, trash left in alleys, and dumpsters left in the middle of alleys. WM indicated that technological advances such as truck cameras can help improve hauler accountability.

- **Hauler Input on *Potential Franchise Agreement Terms and Features*:** Joe Gómez and Brad Kaine asked haulers for input on franchise agreement terms that might add value.
 - WM suggested that the new contracts include increased focus on sustainability issues such as improved recycling requirements and use of alternative fuels. A term of five years is an appropriate length.
 - WM reminded City that in-kind services as well as franchise fees must be passed through to ratepayers.
 - Great Waste reiterated its wish to see the City construct an RFQ that allows for smaller companies and companies with a more local presence to compete.
 - There was some discussion about other possible terms, including concerns about the termination for convenience clause. City staff affirmed that these terms are standard in all City contracts and will not be modified.
 - Waste Management asked if there would be a pre-proposal meeting during the procurement process. City staff answered yes.
 - There was discussion about successful vendors selling out to larger companies and contract assignments (similar to what occurred under the current contract). City staff confirmed that the City Commission has ability to approve assignments.
 - Great Waste asked about what the City's transition plan will be.
- **Invoicing Transparency:** Joe Gómez asked the haulers about ways to increase invoicing transparency. Could certain costs be presented on invoices?
- Mr. Gómez also indicated that many of the haulers present have exclusive franchises in other jurisdictions and asked them to explain why they feel Miami Beach is not suited for such a system. Haulers responded with a number of rationales, including:
 - Miami Beach's customer base is too diverse for the standardized pricing that an exclusive franchise creates.
 - Exclusive systems take away customer choices (to hire different haulers) as well as the ability to negotiate for services.
 - Exclusive systems and contracts with cities and counties tie price adjustments to the CPI, which isn't necessarily suited to the waste industry.
- Towards the conclusion of the meeting John Culbertson of MSW Consultants addressed potential guardrails and suggested they could provide examples of some audit functions as well as expanded reporting requirements in other non-exclusive contracts.
- Joe Gomez thanked participants and stated that haulers are able to provide written feedback until Friday, September 9th.