



## THE CITY OF KEY WEST

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MEMORANDUM

### EXECUTIVE SUMMARY

**TO:** Bob Vitas, City Manager  
E. David Fernandez, Asst. City Manager - Operations

**FROM:** Jay Gewin, Utilities Manager

**DATE:** August 2, 2012

**RE:** **Approval of a Contract from Government Services Group in the Amount of \$54,314 for Stormwater and Solid Waste Assessment Programs Transitional Services. Waiving Competitive Procurement Procedures Based on the Best Interest of the City.**

#### **ACTION STATEMENT:**

This resolution will approve a contract from Government Services Group (GSG) in the amount of \$54,314 for stormwater and solid waste utility assessment programs transitional services. This will allow billing for these two utilities to shift to the property tax roll in 2014. After that date, the City will no longer be billing customers on a monthly basis.

The agreement will be executed pursuant to City Code 2-797 (4) b., which allows the City Manager to “exempt a purchase from the competitive bid requirements of this subdivision for the best interests of the city” with “a resolution before the city commission for approval of such exemption”.

#### **BACKGROUND:**

The City of Key West has struggled with excessive past-due accounts for our solid waste and stormwater utilities. While the total sum of delinquencies is now decreasing over last year, there is still a significant amount of funds that need to be collected by the City. As of July 1, 2012, there is \$664,214 in past due solid waste user fees, and \$79,307 in past due stormwater fees. (The stormwater total does not include those governments which are legally challenging the fee)

To remedy this situation, and to improve our collection rate going forward, the City Commission has given City Staff direction to move our solid waste and

*Key to the Caribbean – Average yearly temperature 77° F.*

stormwater utility billings as a non-ad valorem assessment on the property tax roll. The Monroe County Tax Collector is supportive of this plan, and will work with the City to implement the transition.

Due to the requirements set forth in state statute, the soonest the City could move our billing to the tax roll would be FY 2014, which would be mailed to the public in November of 2013.

## **PURPOSE AND JUSTIFICATION**

In order to make sure that we follow the state statutes and properly implement this change, City Staff is recommending we utilize the services of Government Services Group to assist in the transition. This firm is highly recommended by the Monroe County Tax Collector's office, and actually is the consultant for every non-ad valorem assessment in Monroe County except for one.

GSG is very familiar with the procedures to set up our billing on the property tax roll, and has successfully executed it numerous times for other entities throughout the State of Florida and Monroe County.

We are recommending a waiver of competitive procurement in this situation for the following reasons:

- 1) GSG has an outstanding working relationship with the local Tax Collector's office, and administers dozens of non-ad valorem assessments in Monroe County, servicing almost all non-ad valorem assessments in the Keys.
- 2) GSG is well versed in establishing new entities on the tax roll. They are very knowledgeable on Florida State Statutes, and will help make sure that everything is done to ensure our utilities are moved to the tax roll in the legal and proper manner with sufficient public notice.
- 3) The hourly rate that GSG is proposing is the same that is currently charged to all of their other customers, including those in Monroe County. These same hourly rates have been approved in other areas through RFP's, most recently in Ft. Lauderdale
- 4) The quote for GSG is lower than an estimate of \$30,000 from a company called Willdan, which provides similar services out of their Orlando office. This estimate did not include the cost of mailings, or developing the ordinances required for the change. This fee is higher than the \$27,000 proposed by GSG when the cost of mailings are excluded from their proposal.

## **OPTIONS / ADVANTAGES / DISADVANTAGES:**

1. The City Commission can agree to waive competitive bidding and award the contract to GSG and proceed with preparations to move our stormwater and solid waste billing to the tax roll. The contractor has successful experience working with the Tax Collector on almost all non-ad valorem assessments in Monroe County, and has very capable staff to

ensure successful project completion. Their prices are consistent with other locales for similar services, and are lower than Willdan. This option is recommended by City Staff.

2. The City Commission can decline the contract from GSG Consulting and bid the project ourselves. This option is not recommended by Staff, as the City will not be able to utilize the services in a timely manner that is essential in completing the project. There is no reason to believe that the City would receive a more favorable bid than other locales who have bid for similar services.
3. The City Commission can decide to continue billing stormwater and solid waste bills monthly ourselves. This option is not recommended by Staff as the City would not be able to achieve the vastly improved collection rates that we will garner by moving to the tax roll.

**FINANCIAL IMPACT:**

Funding for the task order will be divided between the two utilities as follows:

Stormwater Utility (402)-

Transitional Services -	\$14,500
Cost of Mailings –	\$12,825
<i>Total –</i>	<i>\$27,325</i>

Solid Waste Utility (403) –

Transitional Services -	\$12,500
Cost of Mailings –	\$14,489
<i>Total –</i>	<i>\$26,989.</i>

Overall Total - \$54,314.

The fees are not split evenly because the stormwater utility requires additional calculation for processing, and there is an uneven number of accounts between utilities, therefore the solid waste utility will pay additional postage fees. This expense has been budgeted in the FY 2013 budget for both utilities.

**RECOMMENDATION:**

Staff recommends that the City Commission select option 1, approving the contract from GSG in the amount of \$54,314 to assist in placing the solid waste and stormwater utilities on the tax roll.