

Date: April 7, 2020

To: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor



Agenda Item No. 14(A)(3)

Resolution No. R-331-20

Subject: Recommendation for Approval to Exercise the Remaining Renewal Period under Contract No. 7122-1/23, Hauling and Disposal of Class B Biosolids and Status Report on the Audit

Recommendation

It is recommended that the Board of County Commissioners (Board) approve the attached Resolution relating to Contract No. 7122-1/23, Hauling and Disposal of Class B Biosolids (Contract(s)), authorizing the County Mayor or County Mayor's designee to 1) exercise an option to renew for 54 months with Waste Management Inc. of Florida (Waste Management), H&H Liquid Sludge Disposal, Inc. (H&H), and Biosolids Distribution Services, LLC (BDS); 2) execute a three-month extension of the Contract with Synagro South, LLC (Synagro) pending administrative action on the on-going Audit and Management Services (AMS) audit; and 3) exercise the remainder of Synagro's Contract option to renew if the County and Synagro resolve questioned billings and Synagro makes financial restitution to the County in accordance with the AMS audit.

Scope

The scope of this item is countywide in nature.

Fiscal Impact/Funding Source

The Contracts' current six-month extension, authorized by the Board October 29, 2019, expires on April 30, 2020. The contract has a current cumulative allocation of \$74,242,000. If the Board approves the remainder of the five-year option to renew, the contract will have a modified cumulative allocation up to \$139,242,000.

Department	Existing Allocation		Allocation Requested For Option to Renew Term	Cumulative Allocation	Funding Source	Contract Manager
	Initial 5 Year Term	Six-month Extension				
Water and Sewer	\$65,042,000	\$9,200,000	\$65,000,000	\$139,242,000	Proprietary Funds	Susan Pascul
Total:	\$74,242,000			\$139,242,000		

Track Record/Monitor

WASD Chief of Procurement & Materials Management Susan Pascul will oversee implementation of the Contracts.

Delegated Authority

The County Mayor or County Mayor's designee will have the authority to exercise all provisions of the Contracts, including any cancellation, renewal and extension provisions, pursuant to Section 2-8.1 of the County Code and Implementing Order 3-38.

Background

At its October 29, 2019 meeting, the Board adopted, as amended, Resolution No. R-1145-19 which granted authority to extend, on a month-to-month basis, waste hauling services contracts with four providers. Temporary contract extensions were granted in lieu of executing five-year options to renew because Audit and Management Services (AMS) was nearing completion of an audit concerning the reasonableness of billings associated with these Contracts. The Board further directed that a report be provided within six months regarding the audit status and a recommendation on the remaining terms of the Contracts.

Summary of AMS Report Findings

The Audit Report covers the four-year period ended September 30, 2018. It focused on the adequacies of internal controls associated with waste hauling activities and reasonableness of billings. AMS identified substantial internal control deficiencies which it shared throughout the course of the audit with WASD management. In the months following the identifications of internal control deficiencies, WASD made major changes to its operations. These changes included installing monitoring cameras, adding card-controlled access to the weigh station, password protecting the computer equipment used to process trucks, disabling software override capabilities, securing tickets, reconciling produced sludge volumes with billed volumes, replacing staff, and updating written procedures and staff training.

The Audit Report identified substantial potential billing inaccuracies and control issues in the following major categories: Unsubstantiated Sludge and Grit Pickups, Multiple Daily Pickups by the Same Truck, After Hours Pickups, Billing on Days with No Scheduled Pickups, Weight and Scale Ticket Anomalies, as well as Unsafe Hauling Practices. With the commencement of the Audit in the fall of 2017, nearly all questionable billing activities ceased, and billed sludge hauling volumes are now more in alignment with production volumes.

Preliminary draft copies of the audit findings pertaining to each of the respective companies have been provided for their review at varying times since June 2019. However, the formal comprehensive draft copy was provided to the companies in mid-February. Since then, these companies have met with AMS and WASD to review the report.

Findings H&H Liquid Sludge Disposal, Inc. and Biosolids Distribution Services, LLC

The Audit Report itself is several hundred pages in length inclusive of attachments. It identifies approximately \$3.5 million in questionable billings over the reviewed time span. Two of the four companies, H&H and BDS, had minor billing issues that were de minimis and resolved. Consequently, the administration is recommending that the Board authorize the remainder of the five-year option to renew terms for H&H and BDS.

Findings Waste Management Inc. of Florida

Of the \$3.5 million in questioned billings, approximately \$1.7 million was attributed to Waste Management and its third-party hauler. As previously reported in June 2018, the Miami-Dade Public Corruption Unit arrested an individual hauler at the scale house after normal business hours with fraudulently obtained WASD scale tickets in his possession. As of the date of this memorandum, the investigation is on-going. When Waste Management became aware of the audit findings and arrest, they cooperated fully with the auditors, providing support and documentation to better quantify the potential degree of questionable billings.

Waste Management has assumed full financial responsibility for the questioned billings, and to date has provided WASD with \$313,000 of hauling credits. At the current rate of monthly credits, the \$1.7 million will be satisfied within one year. Consequently, authority is sought from the Board to execute the remainder of the option-to-renew for hauling services with Waste Management.

Findings Synagro South, LLC

The Audit Report also identified \$1.8 million in questioned billings associated with Synagro. At the time of the writing of this memorandum, the County and Synagro have not been able to fully resolve the questioned billings. Synagro has requested additional time to review the audit report and resolve outstanding balances. Consequently, authority is sought to extend the contract for three months from this Board meeting, and if during this time, Synagro and the County fully resolve the questioned billings and Synagro makes full restitution to the County in accordance with the AMS audit, to exercise the remainder of Synagro's option to renew.



Jack Osterholt
Deputy Mayor

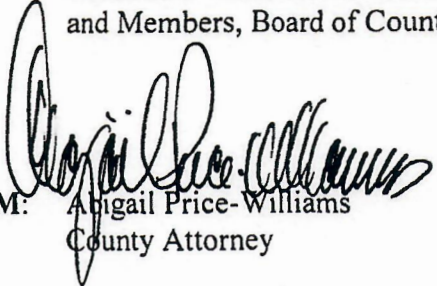


MEMORANDUM

(Revised)

TO: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

DATE: April 7, 2020

FROM: 
Abigail Price-Williams
County Attorney

SUBJECT: Agenda Item No. 14(A)(3)

Please note any items checked.

- ☐ "3-Day Rule" for committees applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Statement of social equity required
- ☐ Ordinance creating a new board requires detailed County Mayor's report for public hearing
- ☒ No committee review
- ☐ Applicable legislation requires more than a majority vote (i.e., 2/3's present ____, 2/3 membership ____, 3/5's ____, unanimous ____, CDMP 7 vote requirement per 2-116.1(3)(h) or (4)(c) ____, CDMP 2/3 vote requirement per 2-116.1(3)(h) or (4)(c) ____, or CDMP 9 vote requirement per 2-116.1(4)(c)(2) ____ to approve
- ☒ Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 14(A)(3)
4-7-20

RESOLUTION NO. _____ R-331-20

RESOLUTION AUTHORIZING THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE TO EXERCISE THE REMAINDER OF THE SINGLE FIVE-YEAR OPTION TO RENEW PERIOD OF FIFTY-FOUR MONTHS FOR CONTRACT NO. 7122-1/23, HAULING AND DISPOSAL OF CLASS B BIOSOLIDS WITH BIOSOLIDS DISTRIBUTION SERVICES, LLC., H&H LIQUID SLUDGE DISPOSAL, INC., AND WASTE MANAGEMENT INC. OF FLORIDA IN AN AMOUNT UP TO \$139,242,000.00 FOR THE WATER AND SEWER DEPARTMENT; AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXERCISE A THREE MONTH EXTENSION TO THE CONTRACT WITH SYNAGRO SOUTH, LLC (SYNAGRO).; AUTHORIZING THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE TO EXERCISE THE REMAINDER OF THE SINGLE FIVE-YEAR OPTION TO RENEW PERIOD WITH SYNAGRO IF QUESTIONED BILLINGS ARE RESOLVED AND SYNAGRO MAKES FINANCIAL RESTITUTION IN ACCORDANCE WITH AUDIT; AND AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXERCISE ALL PROVISIONS OF THE CONTRACT PURSUANT TO SECTION 2-8.1 OF THE COUNTY CODE AND IMPLEMENTING ORDER 3-38

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board authorizes the County Mayor or the County Mayor's designee to exercise the remainder of the County's five-year option to renew period of fifty-four months with Waste Management Inc. of Florida, H&H Liquid Sludge Disposal, Inc., Biosolids Distribution Services, LLC for *Contract No. 7122-1/23, Hauling and Disposal of Class B Biosolids* in an amount up to \$139,242,000.00. This Board further

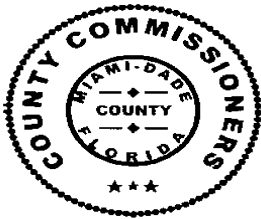
authorizes the County Mayor or the County Mayor's designee to extend the month-to-month contract with Synagro South, LLC (Synagro) by three additional months to allow for a resolution of a pending audit by Audit and Management Services (AMS). This Board authorizes the County Mayor or the County Mayor's designee to exercise the remainder of the County's five-year option to renew period with Synagro, if the County and Synagro resolve questioned billings and Synagro makes financial restitution to the County in accordance with the AMS audit. This Board further authorizes the County Mayor or County Mayor's designee to exercise all provisions of the contract pursuant to section 2-8.1 of the County Code and Implementing Order 3-38.

A copy of the executed amended contract is available on file at the Water and Sewer Department.

The foregoing resolution was offered by Commissioner **Jean Monestime**, who moved its adoption. The motion was seconded by Commissioner **Audrey M. Edmonson** and upon being put to a vote, the vote was as follows:

	Audrey M. Edmonson, Chairwoman	aye	
	Rebeca Sosa, Vice Chairwoman	nay	
Esteban L. Bovo, Jr.	nay	Daniella Levine Cava	nay
Jose "Pepe" Diaz	nay	Sally A. Heyman	aye
Eileen Higgins	aye	Barbara J. Jordan	aye
Joe A. Martinez	nay	Jean Monestime	aye
Dennis C. Moss	aye	Sen. Javier D. Souto	aye
Xavier L. Suarez	aye		

The Chairperson thereupon declared this resolution duly passed and adopted this 7th day of April, 2020. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this resolution and the filing of this approval with the Clerk of the Board.



MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: Melissa Adames
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Henry N. Gillman

A handwritten signature in dark ink, appearing to read "H. N. Gillman", is written over a horizontal line.