

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: September 7, 2010

SUBJECT: Hauling and Disposal Contract
Henderson County Solid Waste

ATTACHMENTS: Yes
1) Republic Services Bid
2) Republic Service Email Response to Negotiations

SUMMARY OF REQUEST:

The current contract to haul and dispose of waste from the Stoney Mountain Transfer Station ends December 31, 2010. Rutherford County Solid Waste is also under contract with Waste Management with the same termination date. Therefore, a joint Request for Proposals from Henderson County and Rutherford County was advertised on July 16, 2010 for a new contract. The bid results are tabulated below:

Company	HC MSW	HC C&D	RC MSW
Republic Services	\$35.00	\$35.00	\$35.00
Waste Connections	\$35.85	\$35.85	\$37.10
Waste Management	\$38.74	\$38.74	\$41.03
Advanced Disposal	\$53.48	\$53.48	\$53.48
WCA		\$29.88	

HC MSW: Henderson County Municipal Solid Waste (trash)

HC C&D: Henderson County Construction and Demolition waste

RC MSW: Rutherford County Municipal Solid Waste

From the table above Republic Services is the low bidder to MSW and WCA for C&D. Additional terms included in the request for bids are itemized below with Republic's response in parenthesis:

- Annual Inflation Adjustment (All Urban Consumers, US City Average, All Items)
- Fuel Price Adjustment (Department of Energy, Lower Atlantic Region, U.S. On-Highway Diesel Fuel Prices)
- Contract Length 42 months with possible extension to 78 months
- Contract starts January 2, 2011

Negotiations lead to a single recommended low bid by Republic Services. Republic Services bid is attached and the negotiated terms from the attached email are listed below:

- Modify the CPI to coincide with the Counties' fiscal year budget. Instead of the first adjustment in January 2012, the **first adjustment would be July 2012** based on April CPI.
- Annual adjustment to be **90% of CPI with 4% cap**.
- Consideration for insufficient trailers being available to **remove waste from transfer station floor at close of business**:
 - If trash is left on the transfer station floor overnight Republic will waive the disposal charge for this load.
 - In addition, if the County should receive a fine for this action Republic would be liable for ½ of the fine.
- Initial reduction of C&D waste to \$32.50. After challenging the fee, final reduction to **\$31.75 per ton for C&D** which allows operations to remain unchanged without separation of MSW and C&D.
- Extend initial contract from 42 months to **54 months**

The qualifications of Republic Services were reviewed by Henderson and Rutherford County staff. It was determined through firsthand experience, reference checks and a site visit to the proposed landfill in Union County, SC that Republic is responsive and a quality contractor.

The following table summarizes the negotiated bid with Republic Services' impact on the Solid Waste Enterprise Fund's annual operating budget:

	FY10 tonnage	Current Contract	GDS Bid
MSW fee		\$ 33.47	\$ 35.00
C&D fee		\$ 33.47	\$ 31.75
MSW	56,600	\$ 1,894,402.00	\$ 1,981,000.00
C&D	17,700	\$ 592,419.00	\$ 561,975.00
Total		\$ 2,486,821.00	\$ 2,542,975.00
Budget impact			\$ 56,154.00
Budget impact			1.12%

A brief history of the current contract with Waste Management follows. The contract was initially executed December 23, 1997. For the first three years the contract was for \$30.82 per ton and \$33.47 for the next three years. On January 1, 2004 the contract was amended to add an inflation adjustment. However, the contract was amended again on August 18, 2005 to remove the inflation adjustment and the compensation remains at \$33.47 per ton through the termination date this December 31.

SUBJECT: Hauling and Disposal Contract
September 7, 2010
Page 3

BOARD ACTION REQUESTED:

Direct the County Attorney and County Engineer to develop a contract to haul and dispose of Henderson County waste based on the negotiated bid from Republic Services and authorize the County Manager to execute the contract.

Suggested Motion:

I move that the Board direct the County Attorney and County Engineer to develop a contract to haul and dispose of Henderson County waste based on the negotiated bid from Republic Services and authorize the County Manager to execute the contract.

RFP: SOLID WASTE HAULING & DISPOSAL SERVICES
APPENDIX 1: BID PROPOSAL AND QUALIFICATION STATEMENT



Proposal for Hauling and Disposal Service

Name of Contractor: **Republic Services of North Carolina, LLC (Republic)**

Years in Business: 10 years, Republic is the successor to GDS, Inc., a solid waste services company in business since 1947.

A. Fees

Hauling and Disposal operations (including all personnel, equipment, disposal and any other related costs, fees or charges associated with this contract)

The Contractor shall complete the work in accordance with the required sections of the Request of Proposal for a fee of:

a. Municipal Solid Waste (MSW) (Henderson and Rutherford County)

MSW Landfill Location:	Union County, SC (Henderson), Caldwell County, NC (Rutherford)
MSW Cost per ton:	\$ 35.00 (does not include \$2.00/ton NC tax)
MSW Fuel Surcharge:	1% increase (decrease) in the per ton rate for each \$.08 increase(decrease) in the price of fuel from \$2.88 per gallon. Adjustments made monthly based upon the DOE published price for the Lower Atlantic Region. Rate posted on the last Monday of the month will be applied to the coming months invoices.

b. Construction and Demolition (C&D) (Henderson County Only)

C&D Landfill Location:	Union County, SC
C&D Cost per ton:	\$35.00 (does not include \$2.00/ton NC tax)
C&D Fuel Surcharge:	1% increase (decrease) in the per ton rate for each \$.08 increase(decrease) in the price of fuel from \$2.88 per gallon. Adjustments made monthly based upon the DOE published price for the Lower Atlantic Region. Rate posted on the last Monday of the month will be applied to the coming months invoices.

c. MSW and C&D Combined (Henderson County Only)

RFP: SOLID WASTE HAULING & DISPOSAL SERVICES
APPENDIX 1: BID PROPOSAL AND QUALIFICATION STATEMENT



Combined Cost per ton:	\$ 35.00 (does not include \$2.00/ton NC tax)
Combined Fuel Surcharge:	1% increase (decrease) in the per ton rate for each \$.08 increase(decrease) in the price of fuel from \$2.88 per gallon. Adjustments made monthly based upon the DOE published price for the Lower Atlantic Region. Rate posted on the last Monday of the month will be applied to the coming months invoices.

B. Adjustments:

List the established indices to be used for price adjustments for inflation and fuel below (provide a detailed description of adjustments under G. Comments):

Consumer Price Index:	All Urban Consumers, US City Average, All Items
Fuel Price Index:	Department of Energy, Lower Atlantic Region, U.S. On-Highway Diesel Fuel prices,

C. Subcontractors and Landfill Identification

(Contractor shall identify all Subcontractors and landfill facilities.)

List all Subcontractors and identify service(s) to be provided:

KR Drenth Trucking, Inc-Transportation

Landfill (List name, location, operator, permit holder, and permit number):

Union County, SC (Upstate Regional Landfill) Permit# 442441-1101

898 Wild Cat Road, Enoree, SC 29335 owned and operated by Republic Services

Caldwell County, NC (Foothills Environmental Landfill) Permit #14-03

2800 Cheraw Road, Lenoir, NC 28645 owned and operated by Republic Services

D. List the following information for three (3) recent contracts of this nature that you have completed or currently hold (to be completed by Contractor and all Subcontractors):

RFP: SOLID WASTE HAULING & DISPOSAL SERVICES
APPENDIX 1: BID PROPOSAL AND QUALIFICATION STATEMENT



Contract and Cost: **Watauga County** \$40.37/ton(includes \$2 state tax)

Name, Address & Telephone of Contact: 814 W. King St., Suite 205, Boone NC 28680

Deron T. Geouque- 828-264-8000, Deputy County Manager

Contract and Cost: **Burke County** \$40.46/ton(includes \$2 state tax)

Name, Address & Telephone of Contact: PO Box 1486, Morganton, NC 28680

Paul James, 828-439-4340, Finance Director/Deputy County Manager

Contract and Cost: **Albemarle Regional Solid Waste Management Authority**
\$59.06/ton

Name, Address & Telephone of Contact: PO Box 189, Elizabeth City, NC 27909

Ralph Hollowell, 252-338-4490, Exectuive Director

- E. Have you ever failed to complete work awarded to you? If so, state where and why (to be completed by Contractor and all Subcontractors):

No

- F. Have you ever performed similar work under the direction of a Local Government? If so, list three such entities, giving a name, address, telephone number and the name of the project (List most recent projects) (to be completed by Contractor and all Subcontractors):

Local Government: **Polk County**

Address & Telephone of Contact: PO Box 308, Columbus, NC 28722

Neil Hall, 828-894-3737

Local Government: **Burke County**

Address & Telephone of Contact: PO Box 1486, Morganton, NC 28680

Paul James, 828-439-4340, Finance Director/Deputy County Manger

RFP: SOLID WASTE HAULING & DISPOSAL SERVICES
APPENDIX 1: BID PROPOSAL AND QUALIFICATION STATEMENT



Local Government: **Watauga County**

Address & Telephone of Contact: 814 West King St. Boone, BC 28607

Deron T. Geouque- 828-264-8000, Deputy County Manager

Local Government: **City of Greensboro**

Address & Telephone of Contact: One Government Plaza, Greensboro, NC 27402-3136

Jeryl Covington, 919-373-2443, Director of Environmental Services

Local Government: **Albemarle Regional Solid Waste Management Authority**

Address & Telephone of Contact: PO Box 189, Elizabeth City, NC 27909

Ralph Hollowell, 252-338-4490, Executive Director

RFP: SOLID WASTE HAULING & DISPOSAL SERVICES
APPENDIX 1: BID PROPOSAL AND QUALIFICATION STATEMENT



G. Comments or Clarifications:

We reserve the right to review and negotiate the form of contract and terms. We would expect the final contract to include the following:

Liability for Waste; Excluded Waste. The waste shall not include any hazardous substance or waste; toxic substances, wastes or pollutants; contaminants; pollutants; infectious wastes; medical wastes; or radioactive wastes, each as defined by applicable laws ("Excluded Waste"). Title to and liability for any Excluded Waste shall at no time pass to Contractor.

Payments/Billing. Counties shall pay Contractor within one month after the date of Contractor's invoice for the services provided to Counties during the preceding monthly period.

Pass Through Costs. Notwithstanding anything to the contrary in this Agreement, Contractor may pass through certain cost increases directly to the County (and subscribers) to adjust for increases in cost to Contractor due to the disposal facility being used, changes in local, state, or federal rules, ordinances or regulations, and changes in taxes, fees or other governmental charges (other than income or real property taxes). Any pass through cost increases shall be retroactive to the effective date of such increase.

"Contractor's Property: All trailers, trucks and any other equipment that Contractor furnishes under this Contract shall remain Contractor's property. The County shall use the equipment only for its proper and intended purpose and shall not overload (by weight or volume), move or alter the equipment."

Force Majeure: Notwithstanding anything to the contrary, any failure or delay in performance due to conditions beyond a party's reasonable control, including strikes, riots, terrorist acts, compliance with applicable laws or governmental orders, fires and acts of God, shall not constitute a breach of the agreement.

- H. The undersigned hereby authorizes and requests any person, firm or corporation to furnish any information requested by the County or its representatives in verification of the recitals comprising this statement of Contractor's qualifications.
- I. State the true, exact, correct and complete name of the partnership, corporation or trade name under which you do business and the address of the place of business. (If a corporation, state the name of the President and Secretary. If a partnership, state the names of all partners. If a trade name, state the names of the individuals who do business under the trade name. It is

RFP: SOLID WASTE HAULING & DISPOSAL SERVICES
APPENDIX 1: BID PROPOSAL AND QUALIFICATION STATEMENT



absolutely necessary that this information be furnished.)

Legal Name of Contractor: **Republic Services of North Carolina, LLC**

Type of Business (Corporation, Partnership, Individual): Limited Liability Company

State of Incorporation (if applicable): North Carolina

Principal Address of Business: 1220 Commerce St SW, Box 1, Conover, NC 28613

Phone Number: 828-695-2050

Names of Corporate Officers, Partners or Individuals:

Drew Isenhour, Vice President

Authorized Signature: *Drew Isenhour*

Printed Name Above: Drew Isenhour

Title: Vice-President

Date: 8/5/10

Attest (Signature): *William Schrum*

Printed Name Above: William Schrum

Title: Director of Municipal Contracting

Date: 8/5/10



From: [Nestor, Tracy](#)
To: [Nestor, Tracy](#); [Marcus Jones](#); ["john.condrey@rutherfordcountync.gov"](mailto:john.condrey@rutherfordcountync.gov); ["julie.scherer@rutherfordcountync.gov"](mailto:julie.scherer@rutherfordcountync.gov); ["Ann West"](#);
Subject: RE: Republic Meeting
Date: Thursday, August 26, 2010 1:53:42 PM

Good afternoon all,

I have presented your requests and have answers to the negotiated items (**responses below in red**). Republic has agreed to all your requests, in return Republic requests the initial contract to be 54 months instead of a 42 month term. Please let me know if this is agreeable to both counties and I will prepare a proposal term sheet for you to present to commissioners and follow that with the actual contract for your attorneys to review. I hope this meets with your approval. Thank you for the opportunity to earn your business!

Tracy Nestor
Area Municipal Services Manager
828.217.8766 mobile
828.695.2064 desk
TNestor@RepublicServices.com



From: Nestor, Tracy
Sent: Wednesday, August 25, 2010 11:01 AM
To: majones@hendersoncountync.org; john.condrey@rutherfordcountync.gov; julie.scherer@rutherfordcountync.gov; Ann West
Subject: Republic Meeting

I wanted to thank each of you for meeting yesterday to discuss the Republic Services' proposal for transportation and disposal. It was a pleasure seeing you again and listening to your concerns. I promised to provide you a summary of the requests made yesterday. Please feel free to contact me if I have overlooked anything or if I have not accurately conveyed the request.

1. Modify the CPI to coincide with the Counties' fiscal year budget. Instead of the first adjustment in January 2012, the first adjustment would be July, 2012 based on April CPI. **Approved**
2. The invoice to clearly show the calculation for the fuel surcharge. **Approved**
3. Annual adjustment to be 90% of CPI and the fuel surcharge "as is". Request for both parties to revisit fuel index base rate in December 2010.
4. Capping the CPI adjustment at 5%(Don suggested 3% and Julie noted that Polk had a 4% cap) **Approved @ 90% and 4% cap**
5. Both counties also requested the following:
 - a. If trash is left on the transfer station floor overnight Republic will waive

the disposal charge for this load. **Approved**

b. In addition, if the County should receive a fine for this action Republic would be liable for ½ of the fine. **Approved**

6. Henderson County ran the numbers on the C&D tonnage comparing our offer of \$32.50/ton compared to the WCA RFP price of \$29.88/ton. In order to sell it to the commissioners, Marcus said the price needs to be under a \$2.00 difference as apposed to the current \$2.75/ton difference. **Approved at \$31.75/ton**

I have escalated these requests and hope to have answers to all of these by Thursday. Please feel free to contact me if you have any questions. Thank you for the opportunity to earn your business!

Tracy Nestor
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TNestor@RepublicServices.com

