

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: November 20, 2019

SUBJECT: **Republic Services Extension Proposal
2015 Hauling and Disposal Contract**

PRESENTER: Marcus Jones, PE

ATTACHMENTS: Yes

1. Proposal from Republic Services
2. Staff Presentation

SUMMARY OF REQUEST:

Staff has negotiated the County's hauling and disposal contract, and requests the Board approve the attached proposal from Republic Services to extend their Hauling and Disposal contract with the County Solid Waste Department. Details on the proposal and its review can be found on the attached staff presentation.

BOARD ACTION REQUESTED:

The Board is requested to approve the Republic Services proposal to extend their 2015 Contract for Solid Waste Hauling and Disposal and authorize the County Engineer to sign the required documents.

Suggested Motion:

I move the Board approve Republic Services proposal to extend their 2015 Contract for Solid Waste Hauling and Disposal and authorize the County Engineer to sign the required documents.

AMENDMENT TO TRANSPORTATION AND DISPOSAL AGREEMENT

This Amendment to Solid Waste Transportation and Disposal Agreement (this “Amendment”) is entered into as of November ____, 2019 (“Effective Date”), between the County of Henderson, North Carolina, (the “County”), and Republic Services of Kentucky, LLC d/b/a Republic Services of Raleigh (“Contractor”).

Recitals

A. The parties entered into that certain Transportation and Disposal Agreement dated July 1, 2015, (the “Agreement”), pursuant to which Contractor agreed to provide solid waste hauling and disposal services to the County.

B. The parties desire to enter into this Amendment to extend the term and modify certain terms as identified below.

Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree to the following terms and conditions:

1. Term. The Term of the Agreement, identified in Section 2, is extended for an additional ten-year term, commencing on July 1, 2020 and ending on June 30, 2030.

2. Compensation. Section 3 is modified as follows:

(a) Effective as of July 1, 2020, the County shall pay Republic a Disposal Fee of \$38.50 per ton, as adjusted pursuant to Section 3.1. The rate escalator in Section 3.1 will not apply until July 1, 2022.

(b) The CPI cap in Section 3.1 is changed to 4%.

(c) Section 3.3 is modified to change the Minimum Average to 22 tons.

3. Insurance. Section 9, Insurance, is modified as follows: The certificates shall not contain any express obligations but rather shall include a notice of cancellation endorsement that shall provide the County with thirty (30) days’ notice of any cancellation of the required policies, other than workers’ compensation.

4. Capitalized Terms. Capitalized terms used but not otherwise defined in this Amendment shall have the meanings assigned to them in the Agreement.

5. Continuing Effect. Except as expressly modified or amended by this Amendment, all terms and provisions of the Agreement shall remain in full force and effect. In the case of a conflict in meaning between the Agreement and this Amendment, this Amendment shall prevail.

6. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which combined shall constitute one and the

same instrument. Facsimile and/or electronic copies of the parties' signatures shall be valid and treated the same as original signatures.


IN WITNESS WHEREOF, the parties have entered into this Amendment to be effective as of the Effective Date.

CONTRACTOR:

COUNTY:

REPUBLIC SERVICES OF KENTUCKY,
LLC

HENDERSON COUNTY, NORTH
CAROLINA

By: 
Name: SHANE WALKER
Title: AREA PRESIDENT

By: _____
Name: _____
Title: _____



Republic Proposal

Presentation Overview

1. Contract History
2. Details of Republic's Proposal
3. Staff Analysis
4. Staff Recommendation

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Contract History

- 1997: County contracted with Waste Management to transport waste to their Palmetto Landfill in Spartanburg, SC
- 2010: With close of Palmetto Landfill, County contracted with Republic Services to transport waste to their Upstate Landfill in Union County, SC
- 2015: County continues to contract with Republic Services
- 2020: Proposal from Republic to extend 2015 contract

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Contract History

Calendar Year	Company	Fee (per ton)	Price Increase (over previous year)
1997	Waste Management	\$30.82	n/a
2001	Waste Management, A1	\$33.47	8.60%
2005	Waste Management, A2	\$33.47	0%
2011	Republic Services w CPI	\$34.19	2.15%
2012	Republic Services w CPI	\$35.90	2.07%
2013	Republic Services w CPI	\$35.25	0.99%
2014	Republic Services w CPI	\$35.89	1.80%
2015	Republic Services w CPI	\$34.54	-3.76%
2016	Republic Services w CPI	\$36.54	3.69%
2017	Republic Services w CPI	\$37.69	3.15%
2018	Republic Services w CPI	\$38.75	2.80%
2019	Republic Services w CPI	\$40.02	3.30%

Note:

- \$10 / ton increase over 20 years
- Average annual increase of 1.61%
- About \$20 / ton over the contract fee to run the Stoney Mountain Facility:
 - Convenience Center
 - Closed Landfills
 - Transfer Station
 - Waste Diversion

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Details of Proposal

- The fee is reduced from \$40.02 to \$38.50 per ton for transportation and disposal.
- The fee is held at \$38.50 with no annual inflation adjustment until July 1, 2022.
- The maximum annual inflation rate (CPI) is reduced from 5% to 4%
CPI = 90% of the Consumer Price Index for all Urban Consumers (Water, Sewer and Trash Collection) US City Average, as published by United States Department of Labor, Bureau of Statistics).
- The term of the extension is for 10 years: July 1, 2020 to June 30, 2030.

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Details of Proposal, continued

Proposals includes a change of the trucking subcontractor to Hilco Transport.

- Hilco is a very reputable trucking company based on staff and Republic's research.
- Republic is switching other operations to Hilco as well.
- Hilco is \$7.50 per ton more expensive than current trucking subcontractor.

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Staff Analysis

- Republic proposal cost can be verified based on the bid results in 2015 and the lack of changes in the Solid Waste disposal industry in our service area.
- Proposal reduces fee by \$1.52 / ton and increase contract value by \$7.50. This is a strong proposal compared to the fee increases paid since 1997.
- Trucking cost increase can also be independently verified the based on previous bids received from Hilco and Republic in 2015, the inflation in the trucking industry, and with Hilco increased quality of service (safety and dependability)

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Staff Analysis, continued

Impact on the Solid Waste enterprise fund (self-supporting) is positive.

- The \$1.52 / ton reduction translates to an annual expense reduction of \$182,400 in FY2021.
- This reduction continues in FY2022.
- From FY2023 through FY2030, the fee increases annually by a published index as during the 2010 and 2015 contracts.
- With the fee less than \$40 / ton it is reasonable to forecast that our current tipping of \$60 / ton implemented in 2016 can remain through FY2023 or beyond.
- Maintaining a low tipping fee is critical to Solid Waste remaining self-sufficient.

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Staff Analysis, continued

Calendar Year	Company	Fee (per ton)	Price Increase (over previous year)
2019	Republic Services w CPI	\$40.02	3.30%
2020	Republic Services Ext	\$38.50	0%
2021	Republic Services Ext	\$38.50	0%
2022	Republic Services Ext	\$39.27	2.00% (estimated)
2023	Republic Services Ext	\$40.06	2.00% (estimated)
2024	Republic Services Ext	\$40.86	2.00% (estimated)
2025	Republic Services Ext	\$41.67	2.00% (estimated)
2026	Republic Services Ext	\$42.51	2.00% (estimated)
2027	Republic Services Ext	\$43.36	2.00% (estimated)
2028	Republic Services Ext	\$44.22	2.00% (estimated)
2029	Republic Services Ext	\$45.11	2.00% (estimated)

Note:

- \$5 / ton increase over 10 years (\$10 over past 20 years)
- Used 2.00% increase with 1.61% the historical increase.

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Staff Recommendation

Staff recommends approving the proposal.

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Questions....Thank you.

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