Item # 9.C.

October 5, 2011

CITY OF HALLANDALE BEACH, REGULAR CITY COMMISSION MEETING

Date: October 5, 2011

Director's Name: Hector D. Castro, P.E.

Department: Public Works, Utilities and Engineering

Subject: Pursuant to Chapter 23, Article III, of the City of Hallandale Beach Code of Ordinances, Consideration of an Extension to the Short Term Agreement with Choice Recycling, Incorporated, for the disposal of Municipal Solid Waste in accordance with the terms and conditions of said Agreement, as amended. (CAD# 018/10).

Information

Requested Action

MOTION TO CONSIDER AND APPROVE:

1. Pursuant to Chapter 23, Article III of the City of Hallandale Beach Code of Ordinances, authorize the extension of the existing agreement between the City and Choice Recycling, Inc. for the disposal of Municipal Solid Waste for a 5-year period.

2. Authorize the City Manager to execute all necessary documents pursuant to these extensions.

Why Action is Necessary

Pursuant to Chapter 23, Article III of the City of Hallandale Beach Code of Ordinances, expenditures and agreements in excess of the City Manager's purchasing authority shall be authorized by the City Commission.

What Action Accomplishes

Authorizes 5- year extension of the agreement between the City of Hallandale Beach and Choice Recycling, Inc., subject to amended terms (See Exhibit 2), and furthermore authorizes the City Manager to execute all documents necessary for this extension.

Is this Action Goal Related

This action addresses the following City Strategic Priorities:

- *Excellence in Government* by ensuring that government is accountable and transparent in its operations; and effective in its management of tangible assets and fiscal responsibilities.
- *Environmental Sustainability* by enhancing the quality of life of residents and visitors by protecting natural resources, the environment and by planning for the conservation of these assets.

Previous Action Taken

On July 22, 2010, a Special City Commission was held to discuss solid waste disposal and recycling options as a result of response to Request for Information #2009-2010-010. During the meeting, the Commission heard presentations from four (4) local waste disposal vendors. The Commission directed staff to draft an RFP for Municipal Solid Waste Disposal Services, and to meet with other communities and agencies to gauge current market conditions for these important services. The Commission also directed staff to engage the services of Kessler Consulting, Inc. (Kessler) to perform an efficiency analysis of the City's present operations and recommend improvement opportunities.

Based on the recommendation from Kessler, the City Commission authorized a short term Agreement for the Transfer and Disposal of Solid Waste and Processing of Single Stream Recyclables on October 22, 2010. The Agreement was executed by Choice Recycling, Inc. and the City on December 6, 2010 (**Exhibit 1**). The Agreement expires on December 31, 2011 unless extended by executing a negotiated Agreement extension. The Provision of the existing Agreement requires that the extension must be approved by the City Commission sixty (60) days prior to expiration. Staff has negotiated terms for the proposed extension, which is provide as an attachment to this staff report (**Exhibit 2**).

Summary Explanation/Background

STAFF RECOMMENDS APPROVAL OF THE ABOVE MOTION

The City of Hallandale Beach collects and disposes of approximately sixty (60) tons of municipal solid waste daily from residents and businesses, which must be disposed of in accordance with provisions of Federal, State and Local regulatory requirements. The City is responsible for the safe and environmentally sound disposal of solid waste.

On July 22, 2010, the City Commission held a Special Meeting to discuss solid waste disposal and recycling options stemming from responses to Request for Information (RFI) #2009-2010-010. With the assistance of Kessler Consulting, Incorporated (Kessler), a decision was rendered to enter into a short term agreement with Choice Recycling, Incorporated (Choice) that

has provided the City with cost effective disposal of municipal solid waste and single stream recycling at a transfer station facility licensed by Choice, located at 1899 SW 31 Avenue, in the City of Pembroke Park. This short term agreement (set to expire December 31, 2011) has reduced the cost of municipal solid waste disposal by more than $550,000, primarily due to reduced travel time between the City and the disposal site (reduction of 38 miles round trip) and a reduction in tipping fees (from $75.41 per ton to $62.50 per ton), compared to previous disposal option at the Rueter's facility located at 20701 Pembroke Road, in the City of Pembroke Pines. Under the terms of the existing agreement, the City also receives an Administrative Fee of $7.00 per ton for each ton of municipal solid waste delivered to the Choice transfer station by licensed private haulers.

The market place for municipal solid waste disposal options in Broward County is in a state of flux, with the Resource Recovery Board (RRB) contracts due to expire in 2013. Several municipalities are actively seeking disposal and processing options, however, none of these options will become viable until the expiration of the RRB Interlocal Agreement (ILA). Most recently, the City of Miramar, Florida received responses to an RFP for like services with two (2) responsive bids. Waste Management and Sun Recycling/Bergeron provided bids with tipping fees of $52.50 and $53.85 per ton, respectively, subject to price adjustments based on quantities delivered. While these contracts provide "piggy-back" options for other municipalities, the availability of these options will be delayed until after expiration of the ILA in 2013. Kessler has advised the City that it will be three (3) to five (5) years before viable local disposal options will be available within operationally feasible travel distances due to the process that local vendors must follow in order to permit a new disposal site and the attendant operations. Hence, the City has negotiated an option to extend the short term agreement with Choice for five (5) years, in accordance with renewal provisions of the existing agreement.

In lieu of testing the market place at this time with our own RFP, staff, with the assistance of Kessler, has negotiated significant improvements to the existing agreement with Choice that will provide the most cost effective options near term. To address the anticipated three (3) to five (5) year window before other viable options are available, the new proposed extension of the Choice Agreement includes an opt-out clause that will allow the City to terminate the contract for convenience after three (3) years, with ninety (90) days written notice. In addition, Choice has agreed to lower disposal charges to $61.50 per ton for the twelve (12) month period commencing January 1, 2012, and has agreed to pay the City $53.50 per ton for comingled recyclables. The existing agreement does not provide any revenue for disposal of recyclable materials. Finally, the proposed extension continues the provision that pays the City $7.00 per ton for each ton of solid waste that is disposed of at the Choice transfer station by licensed private haulers servicing Hallandale Beach. These negotiated enhancements to the Choice Agreement make this option the most cost effective available to the City for the foreseeable future.

Approval of this contract extension will provide the City with the legal and responsible means of disposing of our collected municipal solid waste for a period of up to five (5) years, at costs that are known, or can be calculated for budgetary purposes. The rates to be paid the contractor for tipping fees, and revenues provided for single stream recycling and fees from disposal by licensed private haulers are competitive and beneficial to the City, under current market conditions.

Fiscal Impact

Fiscal Impact/Cost Summary:

On an annual basis, the short term agreement with Choice has already saved the City in excess of $550,000 in Fiscal Year 2010/2011 compared with the prior disposal costs at the Rueter's facility in Pembroke Pines. With the approval of the negotiated extension the City stands to realize an additional $22,000 in annual savings from disposal costs and a minimum of $64,000 in revenue from recyclables. As we increase recycling through our community outreach programs, there is the potential to significantly increase revenues from the negotiated cost sharing provision of the extension.

Funding for this program is budgeted and available in Account 410-3420-534.31 02.

A cost comparison of the three disposal options on a per load basis is provided in the following table:

Disposal Option	Travel Distance (round Trip - miles)	Travel Time (hours)	Vehicle Cost per mile (1)	Labor Costs (2)	Tipping Fee	Average Load (tons)	Recycling Revenue Rebate(4)	Cost per Load Delivered
Rueter - Pembroke Pines	41.4	1.75	$5.62	$58.662	$75.41	7.3	$0.00	$842.05
Waste Management - Davie (3)	21	0.75	$5.62	$25.24	$52.50	7.3	$0.00	$526.51
Choice - Pembroke Park	3.24	0.33	$5.62	$11.10	$61.50	7.3	($20.90)	$457.36

(1) Includes Fuel at $2.67 per mile; Vehicle Maintenance at $0.70 per mile; Vehicle depreciation at $2.25 per mile.

(2) Labor includes benefits at $33.65 per hour
(3) Not available until 2013
(4) Assumes 1,200 tons per year at $53.50 per ton

Attachments

Exhibit 1 – Agreement to Transfer and Disposal of Solid Waste and Processing of Single Stream Recyclables.

Exhibit 2 – Renewal of Agreement for Solid Waste Disposal and Single Stream Recyclables.

Exhibit 3 – Map of disposal sites with calculated round trip distances.