



Date: March 19, 2013

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald M. Long, Director, Solid Waste Management
Subject: Inter-Local Agreement Between Orange County and the City of Durham Regarding Disposition of Municipal Solid Waste Generated In Orange County at the Durham Transfer Station (“Agreement”)

Executive Summary

The City of Durham and Orange County have agreed that the City of Durham will provide disposal service to Orange County at the City of Durham Transfer Station (“Station”), located at 2115 E. Club Blvd. It is agreed that Orange County will transport and dispose Municipal Solid Waste (MSW) only to the Station for disposal. With the exception of incidental amounts, all construction and demolition materials, tires, white goods, yard waste, electronics and recyclable materials will be segregated from the waste stream prior to entering the Station.

This Agreement (Attachment #1) is a five-year agreement, commencing on July 1, 2013 and expiring June 30, 2018. The Agreement can be renewed upon written agreement of both parties.

Recommendation

The Department recommends that the City Council authorize the City Manager to enter into an Inter-Local Agreement with Orange County Government to provide disposal services at the City’s Transfer Station. Orange County Government will be charged the current tipping rate of \$42.50 per ton for MSW disposed. This rate is subject to adjustment by City Council at any time, but the City must provide Orange County with a 90 day notice of any increase in fee.

Background

The City of Durham Transfer Station has a design capacity to dispose of 1,100 tons of MSW per day. The Station currently disposes of approximately 500 tons per day. Orange County estimates that it disposes approximately 200 tons of MSW per day. After meeting with Orange County personnel, the Department of Solid Waste Management (SWM) determined that it could provide the service to Orange County via an Inter-Local Agreement. It has been agreed that the initial Inter-Local Agreement will be for a period of five years, with the option to renew. Both parties agree that the City will accept approximately 75 tons per day from Orange County, with an expected maximum of 200 tons per day.

Orange County has agreed that the MSW will be delivered to the Station during its regular hours of operation. If Orange County is reasonably unable to deliver during the regular hours of operation, City Staff will make all reasonable efforts to accommodate Orange County needs.

Issues/Analysis

SWM and Orange County anticipates that multiple Orange County municipalities may desire to participate in this Agreement. Should Chapel Hill, Carrboro, or Hillsborough desire to be added as a party to this Agreement, and the City Council agrees to do so, an amendment to this Agreement will be executed between that municipality and the City. Orange County consents to such an amendment.

Alternatives

One alternative is to withdraw the City of Durham’s offer to provide disposal service to Orange County Government. This would result in losing potential revenue generated with this Inter-Local Agreement.

Financial Analysis

It has been agreed that the City Council may modify the fee charged with a ninety (90) day advanced notice of any increase. The Inter-local Agreement is for a period of five years. At the City’s current tipping rate, the approximate annual payment the City will receive is \$800,000. The current cost to the City for handling the additional tonnage is approximately \$908,115. However, SWM is currently negotiating a new contract for operations, hauling, and disposal of MSW. The new contract beginning on July 1, 2013 will have a cost to the City between \$702,000 and \$780,000. Should this agreement be amended to add other municipalities, the potential revenue and costs would be increased accordingly at the per ton rate.

Annual Financial Chart at Current Tipping Fee

Orange County Tonnage	Tipping Fee	Revenue	Per Ton Cost for Disposal	Total Cost for Disposal
18,824	\$ 42.50	\$800,020	\$ 48.24	\$ 908,115

Annual Financial Chart as Proposed by Contract Negotiations

Orange County Tonnage	Tipping Fee	Revenue	Per Ton Cost for Disposal	Total Cost for Disposal
18,824	\$ 42,50	\$800,020	\$37.29 to \$41.44	\$702,000 to \$780,000

The proposed numbers will be finalized in the by April 12, 2013 and will go in effect on July 1, 2013.

SDBE Summary

The Ordinance to Promote Equal Opportunity in City Contracting does not apply to this item.