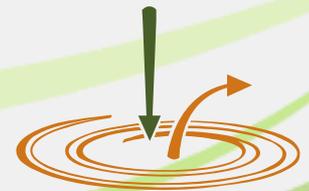




City of Durham Solid Waste Recommendations for Contract Award

City Council Work Session
May 23, 2013



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Existing Contracts

- Transfer and Disposal
 - Republic Services
 - Expires 6/30/2013
- Recyclables Processing
 - Sonoco
 - Expires 12/14/2013

RFP Process

- Oct 2012 – RFP released
- Nov 2013 – Pre-proposal meeting
- Jan 2013 – 6 proposals received
- Jan-Feb 2013 – Evaluation Committee review
- Mar 2013 – Negotiations initiated with top-ranked firms

Transfer & Disposal

- Republic Services
- Waste Industries

Recyclables Processing

- Sonoco Recycling
- Waste Management

- Recommendations for award:

- **Waste Industries** – Transfer & Disposal
- **Sonoco Recycling** – Recyclables Processing

Transfer & Disposal Contract

- New Transfer Station (15,000 s.f.) at City's WDRC
- Approx. \$3.4 million capital investment
- Constructed and operated by Waste Industries
- The City will take ownership at completion of construction
- Buy-out clause-balance of capital investment (other responder wanted balance of capital investment and potential loss of revenue)
- 6 months construction timeline –does not include permitting
- Interim modifications to existing transfer station
- Transfer of solid waste and recyclables (in NC)
- Future C&D transport and disposal at lower cost

Transfer & Disposal Fees

	Fee/Ton	Est. Tons/Yr	Est. Annual Cost
Current Contract			
MSW Transfer & Disposal (FY 2012)	\$ 44.15	130,000	\$ 5,739,500
Recyclables Transfer	NA	NA	NA
Current Contract Total			\$ 5,739,500
Republic Services			
MSW Transfer & Disposal	\$ 41.00	130,000	\$ 5,330,000
Recyclables Transfer	\$ 17.59	14,000	\$ 246,260
Republic Services Total			\$ 5,576,260
Waste Industries			
MSW Transfer & Disposal	\$ 36.82	130,000	\$ 4,786,600
Recyclables Transfer	\$ 17.46	14,000	\$ 244,440
Waste Industries Total			\$ 5,031,040

Recyclables Processing Contract

- Same service provider – Sonoco
- Program Recyclables received at new transfer station, then transported to Raleigh MRF
- Segregated cardboard delivered directly to Sonoco's Durham facility
- Revenue based on percentage of Average Market Value (AMV) according to market index

Recyclables Processing Revenue

						May 2013 AMV				
Range of Potential AMV Values	\$75.00	\$85.00	\$90.00	\$100.00	\$115.00	\$117.73	\$125.00	\$135.00	\$150.00	\$175.00
Current Contract \$30/ton if average price >\$90 \$18/ton if average price ≤\$90	\$18.00	\$18.00	\$18.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Sonoco Recycling (AMV - \$50) x 60% + transfer subsidy Transfer subsidy = \$10/ton if AMV ≥ \$90.01 \$8/ton if \$70.01 ≤ AMV ≤ \$90.00 \$6/ton if AMV ≤ \$70.00	\$23.00	\$29.00	\$32.00	\$ 40.00	\$ 49.00	\$ 50.64	\$ 55.00	\$ 61.00	\$ 70.00	\$ 85.00

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Overall Financial Impact

- The Waste Industries proposal results in savings of \$7,412,059 savings over ten years versus the current contract
- The Waste Industries proposal results in a savings of \$5,700,000 over ten years versus the other responder
- The Sonoco proposal results in a net increase in revenue of \$2,174,095 over ten years versus the current contract

QUESTIONS?