

DURHAM



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CITY OF MEDICINE

CITY OF DURHAM

May 21, 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 the Town of Hillsborough and the City of Durham

Executive Summary

The City of Durham and the Town of Hillsborough have agreed that the City of Durham (“City”) will provide disposal service to the Town of Hillsborough (“Town”) at the City of Durham Transfer Station (“Station”), located at 2115 E. Club Boulevard. It is agreed that the Town of Hillsborough 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 inter-local 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 Interlocal Agreement with the Town of Hillsborough to provide disposal services at the City’s Transfer Station. The Town of Hillsborough will be charged the current rate of \$42.50 per ton for MSW disposed. This rate is subject to adjustment by the City Council at any time, but the City must provide the Town of Hillsborough 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 475 tons of MSW per day. The Town of Hillsborough estimates that it disposes approximately 6 tons of MSW on average, and up to 20 tons on certain days (i.e., depending on the season, holidays schedule, and route). The Town is requested to give notice to the City, when able to do so, when it reasonably anticipates that it will deliver more than 20 tons of MSW per day. Both parties agree that the City will accept up to 45 tons per day from the Town. SWM staff has determined that the City can provide the service to the Town via an Interlocal Agreement. It has been agreed that the initial Interlocal Agreement will be for a period of five years, with the option to renew.

The Town has agreed that MSW will be delivered to the Station during the Station's normal hours of operation. If the Town is unable to deliver MSW during the regular hours of operation, City staff will make reasonable efforts to accommodate the Town's needs.

Issues/Analysis

At the April 15, 2013 City Council Meeting, City Council approved an Interlocal Agreement with Orange County Government (Orange County ILA), commencing July 1, 2013. Orange County and Durham's Solid Waste Management anticipated that multiple Orange County municipalities may desire to bring their MSW to Durham's Station. Both parties agreed that if Carrboro, Chapel Hill or Hillsborough requested to enter into a similar agreement, and the Durham City Council agrees to do so, an additional Interlocal agreement will be executed between that municipality and the City. The Town of Hillsborough has decided to do so.

Alternatives

The alternative is to withdraw the City of Durham's offer to provide service to the Town of Hillsborough. This would result in losing potential revenue generated with this Interlocal Agreement.

Financial Analysis

It has been agreed that the City Council may modify the fee charged with a 90 day advanced notice of any increase. The Interlocal Agreement is for a period of five years. At the City's current tipping fee rate, the approximate annual payment to the City is \$66,300. The current cost to the City to dispose of this additional tonnage is \$75,426. However, SWM is currently negotiating a new contract for operations, hauling, and disposal of MSW. Under the new contract, beginning on July 1, 2013, fulfilling this Interlocal Agreement with the Town is anticipated to have a cost to the City of \$60,559, as shown in the table below.

Annual Financial Chart at Current Tipping Fee

Town of Hillsborough Tonnage	Tipping Fee	Revenue	Per Ton Cost for Disposal	Total Cost For Disposal
1,560	\$42.50	\$66,300	\$48.35	\$75,426

Annual Financial Chart under Proposed WI Contract

Town of Hillsborough Tonnage	Tipping Fee	Revenue	Per Ton Cost for Disposal	Total Cost For Disposal
1,560	\$42.50	\$66,300	\$38.82	\$60,559

SDBE Summary

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

Attachment

Interlocal Agreement Between the Town of Hillsborough and the City of Durham