



Date: October 5, 2015

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald M. Long, Director Solid Waste Management
Subject: Amendment to Contract for Transfer, Transport and Disposal Services

Executive Summary

On October 17, 2012, the City of Durham's Department of Solid Waste Management (SWM) issued a Request for Proposal (RFP) seeking private-sector partners to design, permit, construct and operate a new transfer station facility at the City's Waste Disposal and Recycling Center (WDRC) for the receipt and transfer of municipal solid waste (MSW) and recyclable materials. The Contractor is responsible for repairs and maintenance of the new transfer station for the entire term of the contract. The City entered into a contract with Waste Industries on July 1, 2013 for these services, as well as continued maintenance and operation of the existing transfer station, until the new facility becomes operational.

The initial term of the contract was for a period of ten (10) years, beginning July 1, 2013. At the sole discretion of the City, the Contract may be renewed for two additional terms of five years each. The cost of the contract over the initial ten years (excluding any variances related to CPI or fuel adjustments) is \$52,635,810. The cost for transfer and disposal of waste was \$36.82 per ton. Annual cost adjustments were provided for in the contract based on CPI and fuel cost increases or decreases. The next lowest bid, received was \$41.00 per ton.

Earlier this year, the Contractor requested additional payment in the amount of \$141,988 for site work related to conditions at the new transfer station, and \$18,599.50 for repairs at the existing transfer station. These conditions are identified in the attached Contract Amendment (Attachment 1).

Recommendation

The Department recommends that the City Council authorize the City Manager to execute the attached Amendment to the Contract with Waste Industries, LLC in the amount of \$160,587.50 (\$141,988 for modifications related to the new transfer station and \$18,599.50 related to repairs at the existing structure), payable in an amount of \$0.073 per ton, until paid in full.

Background

The Solid Waste Management Department, working in conjunction with the City Manager's Office, Budget and Management Services staff, General Services staff, and Finance Department staff issued an RFP for the design, construction and operation of a new transfer station at the City's Waste Disposal and Recycling Center (WDRC) for the receipt and transfer of municipal solid waste (MSW) and recyclable materials. Two proposals were evaluated based on their responsiveness to the RFP. The City entered into a contract with Waste Industries on July 1, 2013 for operation of the new transfer station, as well as for the transport and disposal of waste from the facility and transportation of recyclable materials to Sonoco Recycling, LLC. The contract also provided for on-going maintenance and operation of the existing transfer station, until the new facility begins operation.

Issues/Analysis

Earlier this year, Waste Industries advised the City that they were seeking reimbursement for site development requirements at the new transfer station that were not a part of their original proposal (increase in size of permanent retention pond, storm water drainage removal and replacement, installation of additional sidewalk, sewer line extension, removal of two existing piezometers) at a cost of \$141,988.00. The Contractor also advised that necessary repairs which were not a part of the City's RFP for the new transfer station were identified at the existing transfer station (demolition of compactor chute, installation of new push wall and repair of existing push walls) at a cost of \$18,599.50. Staff from Solid Waste Management, General Services and the City Attorney's office reviewed all requests for reimbursement submitted by the Contractor and indicated to the Contractor that these amounts should have been covered under terms of the original agreement that stipulated there would be no additional costs to the City. Following discussions with the Contractor, staff from Solid Waste Management recommend that the disputed items included in the attached contract amendment be paid to the Contractor. Payment to the Contractor for these two amounts shall be in the form of a \$0.073 per ton surcharge for all Solid Waste delivered by the City to the Transfer Station, beginning October 1, 2015, with application of this surcharge ending when the sum of the \$0.073 per ton surcharges paid reaches \$160,587.50. Based on current tonnages delivered by the City to the transfer station (no growth), this amount would be paid in full by July 2033. Based on approximately 1% annual growth in tonnage, the amount would be paid in full by November, 2031. The annual increase, based on current tonnage delivered by the City would be approximately \$9,008.20 and can be accommodated within the Solid Waste department budget.

Alternatives

As all work identified by the Contractor is required for the construction and on-going operation of the new and existing transfer station facilities, the recommended alternative is to authorize the City Manager and Administration to proceed with the proposed Amendment to the existing Contract, as attached.

Financial Impact

The amount of \$160,587.50 (\$141,988 for modifications related to the new transfer station and \$18,599.50 related to repairs at the existing structure) would be payable to the Contractor through an additional \$0.073 per ton, for an additional annual amount of approximately \$9,008.20 (actual amount will be dependent on the number of tons disposed by the City each year). Application of this surcharge will end when the sum of the \$0.073 per ton surcharges paid reaches \$160,587.50. This amount can be accommodated within the Solid Waste Department's operating budget.

SDBE Summary

Not applicable to a contract amendment.

Attachments

Amendment #1 to the Contract Between the City of Durham and Waste Industries, LLC for Transfer Station Construction, Operation and Transport Services.