

April 18, 2016 Town Board Meeting

Board Decision on Policy Decisions Related to Execution of 2016-2023 Solid Waste Services Contract

Background:

The Town originally bid out services in November of 2015. A pre-bid meeting was held December 15, 2015 at Town Hall and eight firms attended. Six proposals were received by the deadline of January 14, 2016. Of those six, the board directed staff to go back to the two lowest bidders. The two lowest were a 5-year proposal using existing equipment with a phased replacement approach from incumbent Advanced Disposal and 7-year proposal with new carts, trucks and equipment from Republic. Staff reached out to both companies to get a final re-bid for services with new carts, trucks and equipment for five and seven year timeframes. Advanced Disposal has the lowest bid over both five and seven years, with the lowest being a 7-year contract at \$14.25/household (\$7.98/MSW, \$3.99/YW, \$2.28/REC).

At the March 7, 2016 Board of Commissioners Meeting, staff presented these options to the town board. Commissioner Kidwell made a motion to award the contract for solid waste services to Advanced Disposal for a 7-year term and direct staff to work with Advanced to determine if any additional savings can be effective in the final contract and report back to the Town Board with the results. Commissioner Guignard seconded motion.

Motion carried 4 to 2, with Commissioners Bales and Boone opposed.

Additionally, Commissioner Gibbons added that some teeth should be added to the new contract to protect the town and penalize the contractor in the event of service issues.

Status Update for Board / Need for Policy Decisions Regarding Provision of Services Going Forward

Staff has met with Advanced Disposal multiple times since the March 7th meeting to discuss options for additional savings. The board also asked us to look at adding teeth to encourage the best performance from the contractor and we are working on penalties and liquidated damages to the next contract. While we've been successful determining options to lower the price further, the options present policy decisions, such as whether or not to continue providing collection services to the 250 or so downtown business addresses (based on Advanced Disposal's estimate) that have been grandfathered into the services contract for at least the past 15 or more years at no cost and/or whether or not to continue with the existing carts that still have life left in them. That said, we've already met with Mecklenburg County Solid Waste and may have some options on the recycling side to continue providing some of these services without additional costs to the businesses in the immediate downtown and possibly other locations conducive to a shared recycling dumpster. Advanced Disposal is also willing to offer the same municipal rate to any affected commercial customers by discontinuing this service. The board will need to consider these items as part of the final price negotiation as the town finalizes its new solid waste services contract (2016-2023).

The options for the final contract breaks down as follows:

- 1 As Presented March 7th (no further savings) – \$14.25
- 2 Existing carts at current level of service – New unit price of \$13.95 / household
- 3 New Carts but eliminate downtown businesses
- 4 Existing carts and remove downtown businesses

A draft of potential savings based on these options annually and over the seven year life of the contract was prepared in advance of the April 4th Town Board meeting by Town Engineer and Public Works Director Max Buchanan and presented to commissioners at the conclusion of that meeting.

<u>Option</u>	Unit Price	Avg. Units	Monthly	Annual	7 Years
New Carts + Downtown Commercial Collection	\$14.25	17,889	\$254,918.25	\$3,059,019.00 <i>(base rate)</i>	\$21,413,133.00 <i>(base rate)</i>
New Carts + NO Downtown Commercial Collection	\$14.25	17,638	\$251,341.50	\$3,016,098.00 \$42,921.00 <i>(Savings from base rate)</i>	\$21,112,686.00 \$300,447.00 <i>(Savings from base rate)</i>
Existing Carts + Downtown Commercial Collection	\$13.95	17,889	\$249,551.55	\$2,994,618.60 \$64,400.40 <i>(Savings from base rate)</i>	\$20,962,330.20 \$450,802.80 <i>(Savings from base rate)</i>
Existing Carts + NO Downtown Commercial Collection	\$13.95	17,638	\$246,050.10	\$2,952,601.20 \$106,417.80 <i>(Savings from base rate)</i>	\$20,668,208.40 \$744,924.60 <i>(Savings from base rate)</i>

Policy Questions for Board

- 1 Do you want to continue providing trash and recycling service free of charge (they do not pay our residential solid waste fee and this is a residential contract) to downtown businesses? These stretch along NC-115 and Gilead/Huntersville-Concord Road and some addresses are utilizing multiple carts.
- 2 Does the board want new carts with the town logo on them for every household in Huntersville? This was an area of interest previously expressed by commissioners prior to the bid package being prepared and sent out.

Once we know these answers, we will finalize the contract with Advanced Disposal as awarded March 7th.

Impact of Likely Tipping Fee Increases on Final Figures

One thing that has changed since our RFP process, bid opening and re-bid is that it looks like the county is likely to be raising the MSW disposal fee by \$1.50 per ton from \$29/ton to \$30.50/ton for FY17 with another \$1.50 increase likely for FY18 as well. Yard waste fees are also proposed to increase by \$2 to \$21/ton for FY17 with another \$2 increase in FY19.