



Interoffice Memorandum

November 17, 2022

TO: Mayor Jerry L. Demings
-AND-
County Commissioners

CM
FROM:

Carrie Mathes CFCM, CPPO, C.P.M., Manager II, Procurement Division

CONTACT: David Gregory, Manager, Solid Waste Division
407-254-9622

SUBJECT: Approval of Amendment No. 11, Contract Y3-1021, Transfer, Processing, and Marketing of Recyclables

ACTION REQUESTED:

Approval of Amendment No.11, Contract Y3-1021, Transfer, Processing, and Marketing of Recyclables, with Waste Management Inc. of Florida (Waste Management), in the not-to-exceed annual revenue amount of \$6,000,000 for a one-year term. Further request authorization to extend the contract for three additional one-year terms, in the not-to-exceed revenue amount of \$6,000,000 per year.

PURPOSE:

The amendment modifies the price paid to Waste Management for acceptable recyclable materials delivered by the County. The processing fee is changed from \$117.42 per ton less the average market value of recyclables delivered to \$170.00 per ton less the average market value of recyclables delivered. This amendment extends the contract term for one year and provides for three additional one-year extension options by mutual agreement (through December 31, 2026, if all renewal options are exercised), and this amendment adds a provision for termination for convenience by either party with 180 days' notice. All other terms and conditions of Contract Y3-1021 remain the same.

FUNDING:

Funds are available in account number 1006-038-1210-3197.

DISCUSSION:

This amendment is necessary because the current agreement expires on December 31, 2022. While the current agreement has two one-year extensions by mutual agreement, Waste Management indicates it will not agree to an extension of the agreement without the requested price increase and other changes. This service is needed to provide the County continuous processing of collected recyclables, while staff completes solicitation document development, solicitation and contracting, and construction and startup of a new public-private partnership materials processing facility (MRF).

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The cost justification for this amendment is verified by similar service solicitations completed by other local governments as follows:

- City of Lakeland – April 2020 – City collects recyclables and delivers to contractor MRF - \$115 per ton processing fee, less revenue share.
- Sarasota County – October 2020 – County contracts recyclables and delivers to MRF - \$125 per ton processing fee, less revenue share.
- Both of the above contracts were solicited before current price increases, also both do not include transfer costs. Based on best available information, staff estimates additional transportation costs from McLeod Transfer Station to Waste Management's MRFs at \$50/ton, therefore the proposed processing fee of \$170.00 per ton appears reasonable.

The following are the previous contract actions:

Original Contract: BCC Approval: 4/22/03 Amount: Estimated annual revenue of \$3,000,000

Provided the County with the Transfer, Processing, and Marketing of Recyclables in addition to a minimum commitment of recyclables and solid waste. The contract term was for seven years with an option for an additional seven years.

Amendment No. 1: BCC Approval: 6/29/04 Amount: \$3,881,000

The contract included a provision for the County to modify the existing MRF from a dual stream to a single stream facility. The contract included a provision granting the County the right not to make the modifications if the cost exceeds \$3.5 million and granted either party to the contract the right to terminate the contract if the County decides not to proceed with the conversion. This amendment shifted the responsibility for this modification from the County to the operator and increased the cost of the project from \$3.5 million to \$3.881 million. This provided the County a host fee of \$7.50 a ton on incoming tonnage from other entities recycling collected by Waste Management and processed at the MRF with estimated recycling revenue of \$200,000 annually. Also, Class I tonnage revenue is estimated to yield \$19.6 million over the seven-year contract term. The investment of \$3.881 million will ensure the continuity of projected revenue streams of approximately \$21 million to the County under this contract.

Amendment No. 2: BCC Approval: 11/17/09 Amount: \$77,337.80

Exercised the option to extend the contract for a seven-year term, effective July 1, 2010. Included in the amendment was a revised Schedule 3, Host Fee Obligation and Revised Schedule 8, Guaranteed Solid Waste Tonnage Amount.

Amendment No. 3: BCC Approval: 05/30/17 Amount: \$250,000

Extended the existing contract for a six-month term and allowed the contractor to charge a \$42 per ton processing fee and to continue paying the County a \$7.50 host fee.

Amendment No. 4: BCC Approval: 05/30/17 Amount: \$250,000

Extended the existing contract for a six-month term from January 1, 2018 to June 30, 2018.

Amendment No. 5: BCC Approval: 04/24/18 Amount: \$4,000,000

Extended the contract two one-year terms, not to exceed \$2 million per year. Amendment No. 5 allowed Waste Management to charge the County a \$47.50 per ton processing fee and to continue paying the County a \$7.50 host fee.

Amendment No. 6: Procurement Action: 03/29/18 Amount: \$550,000

Increased the estimated annual contract amount by \$550,000, per year.

Amendment No. 7: Procurement Action: 02/25/19 Amount: No Change

Extended the contract for one additional term as described in the contract and increased per ton Processing Fee from \$47.50 to 49.26, per the Consumers Price Index (CPI).

Amendment No. 8: BCC Approval: 06/2/20 Amount: \$1,000,000

Extended the contract for a six-month term from July 1, 2020 to December 31, 2020 and increased per ton Processing Fee from \$49.26 to \$50.48, per the CPI.

Amendment No. 9: BCC Approval: 06/2/20 Amount: \$12,000,000

Extended the contract for a two-year term, plus two mutually agreed extensions of one year each, and increased per ton Processing Fee to \$114 per ton to be escalated annually by an inflation factor.

Amendment No. 10: Procurement Action 1/1/22 Amount: No Change

Increased the price by escalation factor from \$114 to \$117.42.