

*Utilities Department*

**Public Private Partnership for the  
Development and Operation of  
a Materials Recovery Facility  
Request for Proposals #Y23-810-R2**

July 9, 2024



# Presentation Overview

- **Background**
- **Public-Private Partnership (P3) Procurement Process**
- **Proposal Considerations**
- **Issues & Opportunities**
- **Requested Action**



# Presentation Overview

- **Background**
- Public-Private Partnership (P3) Procurement Process
- Proposal Considerations
- Issues & Opportunities
- Requested Action

# Background

**What is a materials recovery facility or MRF?**

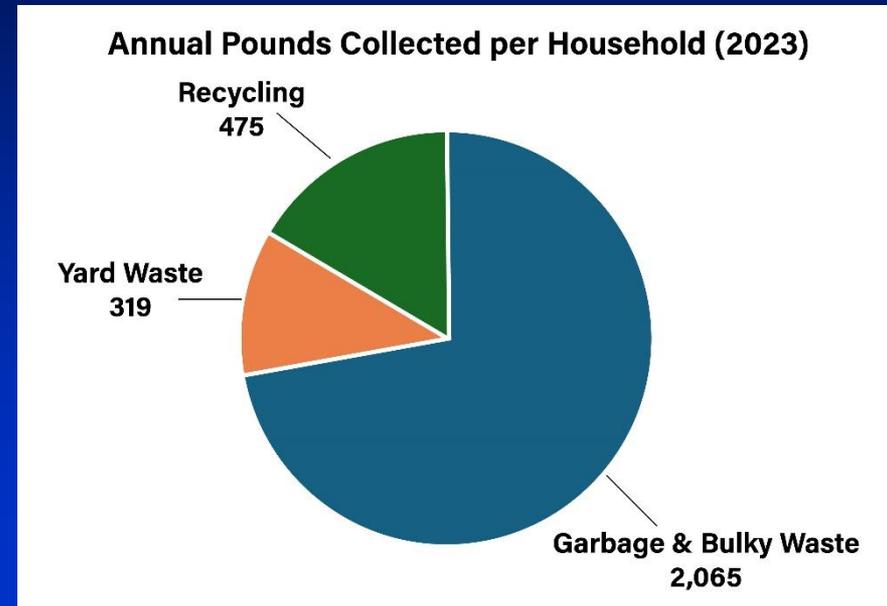
- **“Factory” that uses advanced technology and automation to separate collected recyclables into component commodities and readies them for sale**
- **Necessary component of a solid waste management system**



# Background

## Role of the MRF in end-of-life materials management for Orange County

- Each household produces 475 pounds of recyclables per year
- More than 55,000 tons/year
- Promotes sustainability by diverting material from landfill
- Extends landfill life
- Creates economic benefit from discarded materials





# Background

- **1990 – County began curbside collection of recyclables and opened the MRF under contractor operation – multiple contract extensions**
- **2007 – Upgraded MRF equipment**
- **2016 – Began single-stream cart collection of recyclables**
- **2017 – Began operating the MRF as a transfer station because existing facility worn out**
- **Current agreement has renewals through 2027**



# Background

## Why a new MRF?

- New facilities incorporate advanced technology that improves efficiencies to sustainably divert waste
- Transfer process introduces cost and inefficiencies
- A County MRF will provide educational opportunities
- Region has significant quantities of material to recycle
- County will be a leader in sustainable practices by assuring that long-term goals will be met



# Background

**Meets Mayor's Transition Team Report:**

**“Collaborate with the City of Orlando and other jurisdictions on the upcoming Materials Recovery Facility (MRF) Request for Proposals (RFP) with a goal of partnering with a private entity to significantly improve recycling and waste diversion processes and equipment.”**



# Background

## Helps County achieve Sustainable Operations and Resiliency Plan Goals

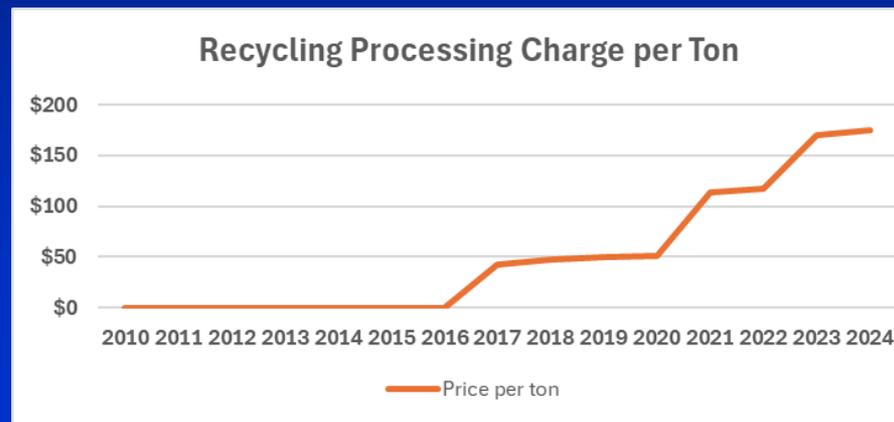
- **Goal 3: Implement community-wide energy saving programs**
- **Goal 5: Align energy management strategies across County departments . . . (must meet green building standards)**
- **Goal 14: Increase diversion rates to 70% at County facilities by 2030**
- **Goal 15: Decrease the per customer landfill disposal tonnage by 15% by 2025**

# Background

## Current recycling approach

- County MRF stopped processing in 2017
- County recyclables are now shipped to Tampa and Cocoa
- Trends in pricing and contracting
  - Higher cost
  - Risk and revenue sharing approach

Year	Processing Fee per Ton	Share Recycling Revenue
1990 to 2016	\$0.00	No
2017	\$42.00	No
2018	\$47.50	No
2019	\$49.26	No
2020	\$50.48	No
2021	\$114.00	Yes
2022	\$117.42	Yes
2023	\$170.00	Yes
2024	\$175.10	Yes





# Presentation Overview

- Background
- **Public-Private Partnership (P3) Procurement Process**
- Proposal Considerations
- Issues & Opportunities
- Requested Action



# P3 Procurement Process

- **County MRF historically met region's recycling needs**
- **Land available to build a new MRF at landfill**
- **55,000 tons annually from residential collection**
- **Large capital investment needed; Solid Waste System faces funding challenges**
- **Innovative alternate project delivery approach leveraging a private-sector partner with experience and skills to develop a new MRF and manage it for the long-term**



# P3 Procurement Process

- Initial consideration of a services contract with the option of a land lease
- Project parameters necessitated public-private partnership approach pursuant to Section 255.065 Florida Statutes
- Outside attorney hired to develop Comprehensive Agreement



# P3 Procurement Process

- **255.065 F.S. – Public-private partnerships - Provides for private development of infrastructure that serves a public purpose through a Comprehensive Agreement for a project that:**
  - Is in the public’s best interest
  - Is for a facility that is owned by, or ownership will be transferred to, the responsible public agency
  - Has adequate safeguards against additional cost or service disruption in case of default or cancellation of agreement
  - Has adequate safeguards for adding capacity
  - Will be owned by responsible public entity at agreement’s end



# P3 Procurement Process

## Why a P3 approach for the MRF?

- Access to private capital – private funding of construction and operation
- Risk sharing – construction and operation risk borne by private company
- Efficiency and expertise – cost savings, improved quality, faster delivery
- Innovation – company has experience with technology implementation
- Improved service delivery – performance-based contract
- Budgetary predictability – long-term cost control through 20-year contract
- Maintenance and life cycle management – requirements for maintenance
- Accountability and transparency – cost disclosure through RFP process
- County ownership of assets at end of term



# P3 Procurement Process

## Examples of other P3 procurements

- Florida examples – DOT (FL statutes)
- Other MRFs – Texas (different regulations)

Client	Project	Construction Cost	Agreement Term	Year Construction Complete
FDOT	PortMiami Tunnel (Miami)	\$667 million	35 year	2014
FDOT	I-595 Improvements (Broward County)	\$1.2 billion	35 year	2014
FDOT	I4 Ultimate (Seminole & Orange Counties)	\$2.3 billion	40 year	2023
City of Houston	MRF (FCC - design, build, operate) 2017 NWRA "Recycling Facility of the Year"	\$10.1 million	10 year + options	2016
City of Dallas	MRF (FCC design, build, operation) 2020 NWRA "Recycling Facility of the Year"	\$25.6 million	15 year + option	2019



# P3 Procurement Process

- Conducted two market sounding events to receive input from potential proposers
- Released a draft copy of RFP and Comprehensive Agreement for public comment prior to releasing RFP to solicit feedback
- During formal solicitation, requested feedback and issued four addenda to provide clarification and address concerns



# P3 Procurement Process

**Why P3 instead of conventional contracting approach?**

- **County land would not be used to offset cost**
- **County would not own building and plant at end of term**
- **County would have less control over processing, diversion, sustainability, and education opportunities**
- **County would likely have to make multimillion dollar investment to upgrade existing MRF as a transfer station**



# P3 Procurement Process

## Proposal review committee

- **Carrie Black – Chief Sustainability and Resiliency Officer**
- **Angela Brown – Sr. Contract Administrator,  
Business Development Division**
- **Marc Cannata – Deputy Director, Utilities**
- **David Gregory – Solid Waste Division Manager**
- **Allan Morrison – Solid Waste Manager, City of Orlando**
- **Carrie Mathes – Procurement Division Manager (non-voting)**
- **Commissioner Scott – BCC Delegate**



# P3 Procurement Process

- **One proposal received from FCC Environmental Services Florida, LLC (FCC)**
- **Several comments received from firms that did not submit proposals**
  - “... we determined that the requirements under this bid do not meet the business model for [our company] to submit a response for these services; specifically, the requirement that the selected vendor would be required to invest millions of dollars on a facility that would not be owned by the vendor at the end of the contract term.”
  - “Chief among these concerns are the inability to propose an alternative site owned by the proposer and the terms associated with construction and handoff of a facility built on County property.”



# Presentation Overview

- Background
- Public-Private Partnership (P3) Procurement Process
- **Proposal Considerations**
- Issues & Opportunities
- Requested Action



# Proposal Considerations

- **Comprehensive Agreement included in the solicitation**
- **Company to design, build, own, operate, finance, and transfer at end of term a MRF to be built at the landfill**
- **County to pay a fee for each ton of County recyclables accepted for processing and receive a credit for the value of the recyclable commodities**
- **All costs for development and operation included in the processing fee**



# Proposal Considerations

- Long-term agreement – 20-year, plus extensions – to allow time for company to recover investment
- No termination for convenience
- Tiered pricing structure – more tons, lower price
- Ability for local government “County Partners” to receive same pricing as County
- Company can bring in outside tons that pay a “host fee”
- County to receive best price



# Proposal Considerations

- **Quality proposal**
- **Conducted interview**
- **Experienced company and management team**
- **State-of-the-art facility**
- **Education center**
- **Handle high contamination**

## Important FCC MRFs

Name	Country
Placer , CA	United States
Houston, TX	United States
Dallas, TX	United States
Granada	Spain
Barcelona	Spain
Madrid	Spain
Alicante Spain	Spain
Zisterdorf	Austria
Envirosort	United Kingdom





# Proposal Considerations

## Benefits and highlights of proposal

- Company to provide turn-key provision of building, processing system, and operating expertise
- Building size: 135,500 sq. ft.
- Building life: more than 30 years
- Preliminary construction schedule – 654 days
- Value of site development and building      \$49 million
- Value of processing system                      \$28 million
- Total initial construction value                \$77 million



# Proposal Considerations

## Benefits and highlights of proposal

- Education and outreach facilities at the new MRF
- High integration of automation to provide flexibility and ability to manage County's recycling stream
- Modular equipment design for future flexibility
- Company has been transparent in its pricing approach and has expressed willingness to consider approaches to lower County's cost





# Proposal Considerations

- All costs covered by monthly fee for tons delivered
- Partnership approach – the more tons, the lower the cost
- Price we pay = Processing Fee – Value of Recyclables
  - If recycling value greater than processing fee, payment to County

Tons Per Month	Fixed Fee (Capital Cost) \$/ton	Operating Fee \$/ton	Processing Fee \$/ton
4,600	\$143.41	\$137.00	\$280.41
5,430	\$121.49	\$137.00	\$258.49
6,001	\$109.93	\$124.00	\$233.93
8,001	\$82.45	\$109.50	\$191.95
10,001	\$65.96	\$98.00	\$163.96
12,001	\$54.97	\$85.00	\$139.97
13,000	\$50.75	\$85.00	\$135.75



# Presentation Overview

- Background
- Public-Private Partnership (P3) Procurement Process
- Proposal Considerations
- **Issues & Opportunities**
- Requested Action



# Issues & Opportunities

- **Currently contracting to transport waste out of County for recycling – no long-term price stability**
- **Current facility needs significant investment or complete rebuild just to support transfer operations**
- **FCC proposes to provide significant capital investment to build, own, and operate a new MRF**
  - **Global and U.S. MRF experience, positive references**
  - **Local hauler experience**



# Issues & Opportunities

- **A new MRF will provide (what does this agreement provide?):**
  - Price stability over long-term with 20-year agreement
  - Potential for lower price as more tons delivered to MRF
  - Leadership in sustainability by recycling locally
  - Waste diversion from landfill, extending landfill life
  - Education opportunities and enhanced visibility for recycling
  - Technological innovation and opportunities for collaboration to improve the environment



# Issues & Opportunities

- **Opportunities include:**
  - Having a state-of-the art MRF located in Orange County
  - Showcasing the County's recycling efforts
  - Owning the facility at end of term
  - Managing costs over long-term and reducing costs with added volume
  - Ability to negotiate final elements and price to look for best value for County customers – during Q&A, FCC indicated willingness to evaluate and implement cost savings



# Issues & Opportunities

- Tiered pricing proposal – processing fee minus recycle value
- Current price paid to WM: \$175.10 minus recycle value
- County – 4,600 tons/month
- Orlando – 830 tons/month
- Area local governments  
– 11,000 tons/month
- Able to add third-party recycling
- Tons recycled will increase as population increases

Tons Per Month	Processing Fee \$/ton	Change from Current \$/ton	Potential Annual Customer Cost Impact *
4,600	\$280.41	\$105.31	\$25.27
5,430	\$258.49	\$83.39	\$20.01
6,001	\$233.93	\$58.83	\$14.12
8,001	\$191.95	\$16.85	\$4.04
10,001	\$163.96	(\$11.14)	(\$2.67)
12,001	\$139.97	(\$35.13)	(\$8.43)
13,000	\$135.75	(\$39.35)	(\$9.45)

\* Based on currently proposed prices. Not finalized.



# Presentation Overview

- Background
- Public-Private Partnership (P3) Procurement Process
- Important Considerations
- Issues &
- **Requested Action**



# Requested Action

**Selection of FCC Environmental Services Florida, LLC for Public Private Partnership for the Development and Operation of a Materials Recovery Facility. Further request the Board authorization for the Procurement Division to enter into contract negotiations and bring the final negotiated contract to the Board for consideration.**