

Richland County Council Request of Action

Subject: Richland County Solid Waste Management Plan Update

A. Purpose

1. County Council is requested to approve the contract negotiations/extension for Solid Waste Collections Service Areas 2 & 6. The current vendors are Whitaker Container Service (Service Area 2) and Southland Sanitation (Service Area 6).
2. County Council is requested to approve an increase in the fuel allowance cap from a maximum of 5% to 7.5% of the base curbside rate for all Solid Waste Collection Contracts. This percentage fluctuates up and down in accordance with the Fuel Consumer Prick Index.

B. Background / Discussion

1. Solid Waste Collection Contracts for Service Areas 2 & 6 expire on December 31, 2004. County Administration renegotiated new five-year contracts with the current vendors.

The new base rates negotiated are as follows:

Service Area 2 (Whitaker Container Service): \$10.92/month/residence.

Service Area 6 (Southland Sanitation): \$10.75/month/residence.

2. Currently all Solid Waste Collection Contracts allow for a maximum increase of 5% to the base rate per residence to offset the variations in fuel costs. The 5% maximum is based on fuel reaching \$1.50/gallon. Unfortunately, fuel prices have risen above this cap for over a year. The contractors met with the Procurement Director and Contracting Officers Representative starting in March and requested assistance. The request to increase the cap from 5% to 7.5% is the recommended assistance level.

C. Financial Impact

1. The financial impact of the new Solid Waste Collection Contracts for Service Areas 2 & 6 are listed on two attachments and provide for additional compensation of \$194,324.13 to Whitaker Container Service for Service Area 2 and \$54,235.44 to Southland Sanitation for Service Area 6 over existing contracts for Fiscal 2005. The renegotiations were anticipated and were budgeted in the 2005 Budget request. No additional funds are requested fund these contract changes.
2. The financial impact of increasing the fuel cap from 5% to 7.5% for all Solid Waste Collection contracts is \$117,211.95 with implementation starting January 2005 and continuing through June 2005. The anticipated renegotiations for Service Areas 2 & 6 and the subsequent contract rates will allow for the

implementation for this increase without a request for additional funds in the 2005 Budget.

D. Alternatives

Solid Waste Contracts for Service Areas 2 & 6

1. Approve the new Solid Waste Collection contracts for Service Areas 2 & 6.
2. Do not approve the Solid Waste Collection contracts are advertise for proposals for Service Areas 2 & 6.

Increase Fuel Allowance Cap from 5% to 7.5%

1. Approve recommended increase in fuel allowance cap from 5% to 7.5%.
2. Do not approve the increase in the fuel allowance cap.

E. Recommendation

Solid Waste Contracts for Service Areas 2 & 6

Alternative 1 is recommended.

Increase Fuel Allowance Cap from 5% to 7.5%

Alternative 1 is recommended.

Recommended by: Christopher S. Eversmann, PE Dept: Public Works Date: 11/15/04

F. Reviews

Finance

Reviewed by (Finance Director): Carrie H. Neal Date: 11/16/2004

Recommend Council approval Recommend Council denial

Comments regarding recommendation:

Reviewed by (Budget Director): Daniel Driggers Date: 11/17/04

Recommend Council approval Recommend Council denial

Comments regarding recommendation: Based on discussions with the Solid Waste group, the contractual increase and fuel allowance adjustment can be absorbed within the current collection fee rate.

Procurement

Reviewed by: Rodolfo A. Callwood
✓ Recommend Council approval
denial

Date: 11-17-04
 Recommend Council

Comments regarding recommendation:

Legal

Reviewed by: Amelia R. Linder
 Recommend Council approval
denial

Date: 11/17/04
 Recommend Council

Comments regarding recommendation: This request is at the discretion of Council.

Administration

Reviewed by: Tony McDonald
✓ Recommend Council approval
denial

Date: 11/17/04
 Recommend Council

Comments regarding recommendation: Recommend approval of the renegotiated collection contracts for service areas 2 and 6. Also recommend an increase in the fuel allowance cap from 5% to 7.5%. Both items can be absorbed in the current Solid Waste budget; therefore, no additional funding is required this fiscal year.

Whitaker Area 2

| Current Rate | W/ Fuel Allowance (5%) | # Households | Annual Payment |
|--------------|------------------------|--------------|----------------|
| 7.34 | 7.707 | 4,015 | \$ 371,323.26 |
| 7.44 | 7.812 | 4,125 | \$ 386,694.00 |
| TOTAL | | 8,140 | \$ 758,017.26 |

| New Rate | W/ Fuel Allowance (7.5%) | # Households | Annual Payment |
|----------|--------------------------|--------------|----------------|
| 10.92 | 11.739 | 8,140 | 1,146,665.52 |

DIFFERENCE (Annual) 388,648.26

DIFFERENCE (Six Months) 194,324.13

5-Year Contract Terms

| Year | Rate Per Household | CPI Increase |
|------|--------------------|--------------|
| 2005 | 10.92 | |
| 2006 | 11.30 | 0.035 |
| 2007 | 11.70 | 0.035 |
| 2008 | 12.11 | 0.035 |
| 2009 | 12.53 | 0.035 |

Southland Area 6

| | | | |
|--------------|------------------------|--------------|-------------------|
| Current Rate | W/ Fuel Allowance (5%) | # Households | Annual Payment \$ |
| 10.12 | 10.626 | 9,717 | 1,239,034.10 |

| | | | |
|----------|--------------------------|--------------|-------------------|
| New Rate | W/ Fuel Allowance (7.5%) | # Households | Annual Payment \$ |
| 10.75 | 11.55625 | 9,717 | 1,347,504.98 |

DIFFERENCE (Annual) 108,470.87

DIFFERENCE (Six Months) 54,235.44

5-Year Contract Terms

| Year | Rate Per Household | CPI Increase |
|------|--------------------|--------------|
| 2005 | 10.75 | |
| 2006 | 11.02 | 0.025 |
| 2007 | 11.40 | 0.035 |
| 2008 | 11.80 | 0.035 |
| 2009 | 12.22 | 0.035 |

Fuel Allowance Cap Increased to 7.5% from 5.0%

| | Budgeted Payments | |
|---------------|--------------------------|-----------------------|
| January-04 | \$788,599.50 | \$806,159.03 |
| February-04 | \$788,599.50 | \$807,319.03 |
| March-04 | \$788,599.50 | \$808,479.03 |
| April-04 | \$794,611.00 | \$813,802.12 |
| May-04 | \$794,611.00 | \$814,962.12 |
| June-04 | \$794,611.00 | \$816,122.12 |
| Total: | \$4,749,631.50 | \$4,866,843.45 |

Additional Budget Request (Difference): \$117,211.95