

**Indian River County, Florida  
Solid Waste Disposal District  
Board Memorandum**

**Date:** November 4, 2019

**To:** Jason E. Brown, County Administrator

**From:** Vincent Burke, PE, Director of Utility Services

**Prepared By:** Himanshu H. Mehta, PE, Managing Director, Solid Waste Disposal District

**Subject:** Interlocal Agreement between the Solid Waste Disposal District and St. Lucie County for Recycling Services

**Descriptions and Conditions:**

On August 21, 2012, the Indian River County (IRC) Solid Waste Disposal District (SWDD) Board approved the Recyclables Transfer, Processing and Marketing Agreement (Agreement) to Resource Recovery Systems, LLC d/b/a ReCommunity (“ReCommunity”). This Agreement was in response to Request for Proposal (RFP) No. 2012023 for dual-stream recycling services for a five (5) year term commencing on September 1, 2012, with an optional five (5) year extension. On July 14, 2015, the SWDD Board approved the First Amendment to the Agreement, which assigned the processing services from ReCommunity to Tropical Exchange Corporation d/b/a Tropical Recycling and transitioned from dual-stream processing to single stream processing. The First Amendment to the Agreement amended the initial term from five (5) years to eight (8) years through August 31, 2020. On September 18, 2018, the SWDD Board approved the Second Amendment to the Agreement to approve the optional two (2) year extension to the Agreement through August 31, 2022.

On August 13, 2019, Tropical Recycling notified SWDD staff that their processing facility in Ft. Pierce suffered a catastrophe from unforeseen weather on August 12, 2019. Specifically, Brian Katz, President of Tropical Recycling, stated that “Our entire infrastructure is severely affected by the damage, rendering us unable to transfer and process recyclables; the duration of this could be four weeks or possibly longer. We are currently making all efforts to resume operations as quickly as possible.”

On August 16, 2019, the respective County Administrators for Indian River County and St. Lucie County agreed to a month-by-month letter agreement for SWDD to transport and for St. Lucie to process the recyclables due to the emergency nature of the situation. SWDD began sending the recyclables on August 21, 2019.

On October 14, 2019, Tropical Recycling informed SWDD staff that the City of Ft. Pierce had condemned their processing facility on October 9, 2019.

Therefore, staff is requesting approval of the attached Interlocal Agreement between SWDD and St. Lucie County to formalize the processing of recyclables generated in Indian River County. St. Lucie staff is planning to tentatively bring this draft agreement to their Board for approval on November 19, 2019.

**Analysis:**

A brief summary of the attached Interlocal Agreement is, as follows:

- **Delivery and Acceptance of Recyclables** – SWDD, through its authorized Recyclables transporter, may transport and deliver to the St. Lucie County Single Stream Processing Facility, recyclables collected in Indian River County. St. Lucie’s Facility will accept the recyclables for sorting, processing, baling, marketing, and selling by St. Lucie.
- **Term of the Agreement** – The initial term of this agreement shall commence retroactively to August 21, 2019 when SWDD started delivering recyclables to St. Lucie County, and terminates on September 30, 2025. The agreement shall automatically renew for an additional five (5) year term unless written notice of non-renewal or termination with appropriate notice as stipulated in the agreement.
- **Transportation Costs** – SWDD is responsible for the transportation cost for delivering the recyclables to St. Lucie County. SWDD is also responsible for any transportation cost back to the IRC Landfill as a result of St. Lucie County rejecting recyclables in accordance with the appropriate procedures in the agreement.
- **Processing & Marketing Fee** – Only in terms of a revenue share to SWDD which is detailed below, St. Lucie County will charge SWDD a processing and marketing fee of \$75 per ton for the recyclables and \$10 per ton for Old Corrugated Cardboard (OCC). Otherwise, SWDD shall not be required to pay a processing fee to St. Lucie if the Average Market Value (AMV) of the recyclables is less than \$75.00 per ton or the value of segregated OCC is less than \$10.00 per ton.
- **Revenue Share (This section only applies if the AMV for recyclables exceeds \$75.00/ton, or the AMV for OCC exceeds \$10/ton.)** – On a monthly basis, starting October 1, 2019, St. Lucie County has agreed to share 50% of the revenue from the sale of recyclables less the AMV of \$75 per ton to cover their processing and marketing costs. Similarly, St. Lucie County has agreed to share 50% of the revenue from the sale of segregated OCC less the AMV of \$10 per ton for their marketing costs. The segregated OCC requires minimal processing by St. Lucie County which reflects the difference in the rates for recyclables vs. OCC materials.

The following table shows the quantities of recyclable materials for the past four years:

Materials	FY 15/16	FY 16/17	FY 17/18	FY 18/19	Total	Average
Old Corrugated Cardboard	2,358	2,586	2,130	898	7,972	1,993
Single Stream Recyclables	14,770	15,953	17,302	15,614	63,640	15,910
<b>Total</b>	<b>17,128</b>	<b>18,539</b>	<b>19,432</b>	<b>16,512</b>	<b>71,611</b>	<b>17,903</b>
Transportation Cost @ \$16/ton <sup>(a)</sup>	\$274,048	\$296,624	\$310,912	\$264,192	\$1,145,776	\$286,444
(a) This is the current rate; however, transportation of recyclables will be going out to bid.						

It is anticipated that based on the current recycling market conditions that there may be some minimal revenue to be received for OCC; however, the current AMV for the single stream

recyclables does not merit a revenue share to SWDD at this time. In the event recycling market conditions improve (i.e., the AMV exceeds \$75/ton), there could be the potential for SWDD to receive minimal revenue from single stream recyclables.

SWDD staff supports and recommends approval of the Interlocal Agreement between SWDD and St. Lucie County.

In addition, SWDD staff and Tropical Recycling have mutually agreed to terminate our agreement, which we will bring for SWDD Board approval at a future board meeting.

**Funding:**

Funding for the SWDD Recycling services is budgeted and available in the SWDD recycling account, which is funded from SWDD assessments and user fees.

<b>Description</b>	<b>Account Number</b>	<b>Amount</b>
Other Contractual Services	41125534-033490	\$300,000

As a conservative estimate, staff is estimating 20,000 tons per year at a rate of \$15 per ton for the transportation of recyclables from Indian River County to St. Lucie County which results in an approximate cost of \$300,000 per year.

**Recommendation:**

Solid Waste Disposal District staff recommends that its Board approve the Interlocal Agreement with St. Lucie County and authorize the Chairman to execute the same, as presented, upon legal review and approval of the same agreement by the St. Lucie County Board of County Commissioners.

**Attachment:**

- 1) Interlocal Agreement with St. Lucie County