

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

Date: September 3, 2020

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: Agreement with Republic Services for City of Palm Bay Recyclables

Descriptions and Conditions:

On November 19, 2019, the Indian River County (IRC) Solid Waste Disposal District (SWDD) and St. Lucie County (SLC) entered into an Interlocal Agreement for Recycling Services. The Interlocal Agreement formalized the process whereby SWDD is responsible for the transportation cost for delivering recyclables that are generated in IRC to SLC and for SLC to accept the IRC recyclables for sorting, processing, bailing, marketing and selling by SLC. The Interlocal Agreement has an initial term that expires on September 30, 2025, with an automatic five (5) year extension, unless one party gives notice to the other party that it does not wish to extend the Interlocal Agreement.

On February 18, 2020, the SWDD Board awarded Bid No. 2020028 for the Transportation of Recyclables from IRC to SLC to Republic Services. Republic Services transfers the recyclables to SLC at a current rate of \$13.70 per ton under a purchase order that was issued on April 1, 2020. This transportation agreement remains in effect through September 30, 2020, and is eligible to be renewed annually through September 30, 2025, if the contractor is performing in accordance with SWDD standards.

For background purposes, Republic Services currently operates the IRC Recycling Transfer Facility under the Solid Waste Operations and Maintenance Agreement (O&M Agreement), which expires on December 31, 2024.

On August 15, 2020, the IRC SWDD Board acknowledged the request by Republic Services to bring recyclables from the City of Palm Bay to the IRC Recycling Transfer Facility starting on October 1, 2020, and authorized staff to negotiate a formal agreement with Republic Services for SWDD Board approval at a future public meeting. The SWDD Board also directed staff to negotiate an amendment to the Interlocal Agreement with St. Lucie County for the acceptance of the additional recyclables at their St. Lucie County Recycling Facility. Note, Republic Services was awarded the Materials Management Agreement by the City of Palm Bay on June 1, 2020, and it commences on October 1, 2020.

The purpose of this agenda item is to obtain SWDD Board approval for the attached Recyclables Transfer and/or Disposal Procurement Agreement (T&D Agreement) with Republic Services.

Analysis:

Staff and Republic Services have negotiated in good faith to present the attached T&D Agreement with the objective of 1) providing a transfer station to support a neighboring inter-county municipality, City of Palm Bay 2) protecting the environment in providing a recycling solution and 3) providing a financial benefit for SWDD and SLC.

The following summarizes the key elements of the T&D Agreement:

Term: The initial term for this agreement is effective October 1, 2020, and runs five (5) years to September 30, 2025. There is a five-year bi-lateral renewal to run concurrently with Republic Services' existing 10-year contract with the City of Palm Bay through September 30, 2030, contingent on an approved amendment between IRC and SLC.

Title: The title to the loads of recyclables from the City of Palm Bay shall remain with Republic Services and never pass to SWDD or IRC.

Payment: The following fees are established as a payment from Republic Services to SWDD:

1. Republic Services shall pay a transfer station fee of \$90.00 per ton for Recyclable Materials delivered to the SWDD's Recycling Transfer Station at the IRC Landfill. The approximate tonnages of recyclable materials from the City of Palm Bay are 8,000 tons annually, which escalate yearly with a maximum set to 10,000 tons annually.
2. Republic Services shall pay a disposal fee of \$70.00 per ton for contaminated loads, which are non-conforming materials within a load of source separated single stream recyclable material. A procedure has been established in the T&D Agreement to identify and reject non-conforming materials. In the event that SLC issues a suspension from accepting recyclables from SWDD for up to and including ten (10) business days, then SWDD would allow Republic Services the option to remove or dispose of the materials in the IRC Landfill.
3. Republic Services shall pay an alternate transfer station fee of \$5.00 per ton for the use of SWDD's Recycling Transfer Station to bring the recyclables from the City of Palm Bay to an alternate processing facility in the event that SLC issues a suspension from accepting recyclables from SWDD for up to and including ten (10) business days and for a maximum period of six months.

Facility Transition Assistance: A provision is included in the T&D Agreement for SWDD and Republic Services to discuss assistance from Republic Services for the relocation of the existing single stream transfer station through a separate Memorandum of Understanding.

SWDD's Materials to an Alternate Facility: In the event that SLC issues a suspension from accepting recyclables from SWDD, a provision is included in the T&D Agreement for SWDD and Republic Services to address the cost for the transportation and processing for a period of up to

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six months if SWDD, at its sole discretion, directs SWDD’s own recyclables to an alternate processing facility. This will require a waiver of the requirement for bids by the SWDD Board.

Staff reached out to St. Lucie County and has obtained an amendment to the interlocal agreement for St. Lucie County to accept the additional tons from the City of Palm Bay via IRC at a processing rate of \$45 per ton. A separate agenda item is provided for approval of this Interlocal amendment.

The following table illustrates the potential financial impact to SWDD:

Source	Tons	Rate (per ton)	Revenue
Republic Services via City of Palm Bay	8,000	\$90	\$720,000
Processing Share to St. Lucie County	8,000	-\$45	-\$360,000
Transportation Cost to St. Lucie County	8,000	-\$13.70	-\$109,600
Net Revenue from Republic Services:			\$250,400

Current Transportation Cost to St. Lucie County	20,000	\$13.70	\$274,000
Less Net Revenue from Republic Services			-250,400
Revised SWDD Current Transportation Cost:			\$23,600

Based on historical data, SWDD anticipates expending roughly \$274,000 to transport recyclables to St. Lucie County. The potential additional revenue from Republic Services would reduce those costs to \$23,600, thus creating a net savings of \$250,400.

Staff supports and recommends approval of the attached Recyclables Transfer and/or Disposal Procurement Agreement with Republic Services.

Funding:

This is primarily an additional revenue source to SWDD and will overall help reduce our costs; however, from an operating budget perspective, the acceptance of additional tons from the City of Palm Bay will result in an increase in the transportation costs to St. Lucie County. Specifically, using 28,000 tons per year times \$13.70 per ton results in a total transportation cost of \$383,600. Additionally, SWDD will need to pay St. Lucie County a rate of \$45 per ton, or approximately \$360,000 per year, for the processing of the approximately 8,000 tons of recyclables from the City of Palm Bay.

For Fiscal Year 2020/21, funding for the SWDD Recycling services in the amount of \$300,000 is proposed in the SWDD recycling account, which is funded from SWDD assessments and user fees.

Description	Reason	Account Number	Amount
Other Contractual Services	Transportation	41125534-033490	\$109,600
Other Contractual Services	Processing	41125534-033490	\$360,000
Total =			\$469,600

The approval of a final agreement with Republic Services and approval of the amendment to the Interlocal agreement with St. Lucie County will require a budget amendment to increase funding in this account by \$469,600. However, as stated above, these additional funds will be covered by the additional potential revenues and will not impact the SWDD assessments and user fees.

Recommendation:

Solid Waste Disposal District (SWDD) staff recommends the SWDD Board approve the Recyclables Transfer and/or Disposal Procurement Agreement with Republic Services to bring recyclables from the City of Palm Bay to the Indian River County Recycling Transfer Facility starting on October 1, 2020; and authorize the Chair to execute the agreement and all other documents necessary to effectuate the agreement, after review and approval by the County Attorney.

Attachment:

1. Recyclables Transfer and/or Disposal Procurement Agreement with Republic Services