



Legislation Details (With Text)

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Title: A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Authorizing The Appropriate City Officials To Execute A Second Amendment To The Agreement With Waste Connections Of Florida, Inc. For Recyclables Processing Services In An Estimated Annual Amount Of \$430,000.00.

Sponsors:

Indexes:

Code sections:

Attachments: 1. RESOWaste ConnectionsRecyclingbestinterestSecondAmendment20195.29.pdf, 2. Second Amendment Recyclables Processing Waste Connections Final June 5 2019.pdf, 3. R-2014-111.pdf, 4. R-2018-193.pdf, 5. Executed RC First Amendment.pdf, 6. TermSheet-Waste ConnectionsRecycables2019.pdf, 7. BIS 19-193.pdf

Date	Ver.	Action By	Action	Result
6/19/2019	1	Special City Commission Meeting	adopt	Pass

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Authorizing The Appropriate City Officials To Execute A Second Amendment To The Agreement With Waste Connections Of Florida, Inc. For Recyclables Processing Services In An Estimated Annual Amount Of \$430,000.00.

Staff Recommends: Approval of the Attached Resolution.

Explanation:

The Department of Public Works, Environmental Services Division requires an agreement with a qualified contractor to provide Recyclables Processing Services Citywide.

On May 7, 2014, the City Commission passed and adopted Resolution Number R-2014-111, which authorized the city to enter into an agreement with Waste Connections to provide recyclables processing services in accordance with Bid F-4365-13-IS for an annual estimated revenue amount of \$226,560.00. This contract was due to expire on July 3, 2018 unless renewed upon mutual agreement. Waste Connections did not want to renew under the same terms and conditions and the City needed to analyze various solid waste options.

On June 6, 2018, the City Commission passed and adopted Resolution No. R-2018-193 which approved and authorized the execution of a First Amendment to the Agreement to allow for an interim Agreement with Waste Connections term was extended until July 31,

2019, in order to allow the City to evaluate its Solid Waste and Recyclables Processing Services.

The interim Recyclables Processing Services Agreement with Waste Connections revised the compensation to the contract, Waste Connections and the revenue to the City. There would be no cost to the City, but the recyclables processing revenue share (rebate) set forth changed from 35.5% per ton to 0% per ton during this extension period. This was heavily negotiated as the recycling market has collapsed, overseas markets for material and products have substantially decreased and all other municipalities are dealing with higher recyclables processing costs across the Country. During this interim Recyclables Processing Services Agreement the City avoided paying any processing fees.

On October 17, 2018, a Solid Waste Workshop was conducted with the Mayor and the City Commission and the Mayor and City Commission supported Public Works Department, Kessler Consultant Inc. (the City's solid waste consultant), recommendation to negotiate with Waste Connections for a solid waste disposal agreement and a recyclables processing services agreement. City staff along with the City's solid waste consultant and the Procurement Services Department have determined that it is in the best interest to retain Waste Connections for recyclables processing services. This is the best pricing when compared with other such contracts in Broward County. Additionally, the transfer station is located at 1899 SW 31st Avenue in Pembroke Park, which is in close proximity to our City and Waste Connections has performed satisfactory in the past.

The Department of Public Works and its solid waste consultant have negotiated a recyclables processing services agreement with Waste Connections that revises the revenue calculations to be paid by Waste Connections to the City or paid by the City to Waste Connections based upon the revenue requirements set forth in Exhibit "A" of the Second Amendment entitled Section 6.1.7 Payment Calculation. Below is an example of how the rebate/payment is calculated:

Calculation of Average Market Value

The Average Market Value (AMV) of Program Recyclables is calculated by inserting the Southeast USA Region Average commodity price first posted in the month for which payment is being made in www.secondaryfiberpricing.com <<http://www.secondaryfiberpricing.com>> and www.secondarymaterialspricing.com <<http://www.secondarymaterialspricing.com>> for each Material and Index Description listed in the table. The Southeast USA Region Average is then converted to an equivalent Market Value (\$/Ton) except in certain cases as specified in this Contract. The Market Value is then multiplied by the Material %. The average market values for all materials are then totaled to provide the AMV for Program Recyclables during that month. For illustrative purposes, the table below calculates the AMV for February 2019.

Material	Index Description	Southeast U Average (F	Market Value (\$/Ton)	Material %	Average Market Value (\$/Ton)
Newspaper	PS 54	-2.50	(\$2.50)	9.9%	(\$0.25)
Corrugated containers	PS 11	72.50	\$72.50	20.0%	\$14.50
Mixed paper	PS 54	-2.50	(\$2.50)	19.9%	(\$0.50)
Steel cans	sorted, baled and picked up	122.50	\$122.50	1.6%	\$1.96
Aluminum cans	sorted, baled and picked up	55.50	\$1,110.00	1.3%	\$14.43
Plastics #3- #7	Commingled (#3-7, baled and	-1.50	(\$30.00)	3.8%	(\$1.14)
PET	Baled and picked up	15.88	\$317.60	5.0%	\$15.88
Natural HDPE	Baled and picked up	40.50	\$810.00	1.4%	\$11.34
Colored HDPE	Baled and picked up	18.25	\$365.00	2.1%	\$7.67
Glass (3 Mix)	Delivered	-22.50	(\$22.50)	10.7%	(\$2.41)
Aseptic Containers	None at this time	0	\$0.00	0.7%	\$0.00
Contaminatio n	N/A	N/A	\$0.00	23.6%	\$0.00
				100.0%	\$61.48

When the AMV is	% to City
<\$30.00	0%
\$30.00 - \$39.99	40%
\$40.00 - \$49.99	40%
\$50.00 - \$59.99	75%
\$60.00 - \$69.99	75%
\$70.00 - \$79.99	75%
\$80.00 - \$89.99	75%
\$90.00 - \$94.99	80%
\$95.00 - \$99.99	80%
\$100.00 - \$104.99	80%
\$105.00 - \$109.99	80%
\$110.00 - \$114.99	80%
\$115.00 - \$119.99	80%
\$120.00 - \$124.99	80%

\$125.00 - \$129.99	85%
\$130.00 - \$134.99	85%
\$135.00 - \$139.99	85%
\$140.00 - \$144.99	85%
\$145.00 - \$149.99	85%
\$150.00 - \$154.99	85%
\$155.00 - \$159.99	85%
\$160.00 - \$169.99	85%
\$170.00 - \$179.99	85%
>\$179.99	85%

This sample Net Payment calculation is based on the February 2019 AMV.

If,
AMV = \$61.48
Processing Fee = \$85.00
Tons of Program Recyclables (for sample calculation only) = 900

Then,
Net Payment = ((AMV * % to City) - Processing Fee) * Tons
= ((\$61.48 * 75%) - \$85.00) * 900 = (-\$38.89) * 900 = -\$35,001.00

Since the Net Payment is less than \$0.00, the City would make payment to the Contractor of \$35,001.00

The recycling market values fluctuate daily. We have surveyed other municipalities and this processing fee is lower than in other communities. We anticipate this to be an estimated annual cost of \$430,000.00.

The proposed Second Amendment to the Agreement provides that the term will expire on July 2, 2023 and may be extended for one additional five year term under the same terms and conditions subject to City Commission approval.

Section 38.48 (C)(8) of the Purchasing Ordinance provides that, when the Commission declares by a five-sevenths (5/7ths) affirmative vote that competitive bidding and competitive proposals are not in the best interest of the city, are exempt from the competitive bidding and competitive proposal requirements.

Funding for this service has been provided in the FY 2019 budget in the Department of Public Works Budget Account Number 445.520101.53400.543610.00000.000.000 - Waste Disposal-Solid Waste Account.

Recommended for inclusion on the agenda by:
Charles W. Lassiter, Public Works, Assistant Director
Sylvia Glazer, Public Works, Director
George R. Keller, Jr., CPPT, Assistant City Manager, Public Safety