



City Council Report

Date: January 23, 2017
To: City Council
Through: Mike Kennington, Chief Financial Officer
From: Edward Quedens, MPA, C.P.M., CPPO, Business Services Director
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator
Subject: Dollar Limit Adjustments for Solid Waste Disposal, Recyclable Material Processing, and Vegetative Waste Processing Services as requested by the Environmental Management and Sustainability Department **(Citywide)**

Purpose and Recommendation

Council is requested to approve a Dollar Limit Increase to the Term Contract for Solid Waste Disposal, Recyclable Material Processing, and Vegetative Waste Processing Services for 2016 and 2017 as recommended.

The Environmental Management and Sustainability Department and Purchasing recommend authorizing a dollar limit increase of \$155,000.00 for 2016, increasing the annual contract amount from \$6,800,000 to \$6,955,000; and authorizing a dollar limit for the 2017 in the amount of \$7,325,000; with Salt River Commercial Landfill Company dba Salt River Landfill; Republic Services dba Allied Waste Transportation, Inc., Allied Transfer Services of Arizona, LLC, Allied Waste Transfer Services of Arizona, LLC; Waste Management of Arizona, Inc.; ReCommunity; United Fibers, LLC; and Waste Technologies, LLC dba Right Away Disposal; based on estimated requirements.

Background / Discussion

This contract provides six pre-qualified vendors for solid waste disposal, recyclable materials processing, and vegetative waste processing services for the City of Mesa, the Town of Gilbert, and City of Tempe. This multi-agency contract increases market leverage, and provides the municipalities substantial cost savings on disposal and increased revenues on recyclables. Benefits include competitive low tipping fees that may be secured for at least ten-years, and the new disposal and recycling sites are within closer proximity to the City of Mesa's daily collection routes. This contract provides significant operational savings and increased revenue throughout the contract term.

Council awarded this Term Contract on 11/18/2013. The landfill contracts were initiated in January 2014 in the amount of \$5,628,000.00 as budgeted at the time. Since then, there have been several price increases based on the agreement (refuse, green and recycle fee increases from multiple vendors) as well as City tonnage growth. Council approved an increase of \$1,172,000.00 on 2/22/2016 to support the pricing changes and tonnage growth. The increase request for 2016 in the amount of \$155,000.00 is needed to pay for the December 2016 invoices for tipping fees for solid waste and green waste, and recycling fees; this is an estimated dollar insufficiency based on current historical tonnages and pricing as December invoices have not yet been received.

Environmental Management and Sustainability completed the tonnage analysis for the 2017 term from 1/1/2017 through 12/31/2017, and is requesting a contract limit of \$7,325,000.00. This includes the vendors' rate increases (ranging from 1.64% to 2.3%) for refuse and green waste disposal, tonnage volume increases of 3%, as well as a contingency of 3%, and rounded up to the nearest \$25,000 estimate.

Alternatives

Council may choose not to authorize the dollar limit increase for 2016 and contract limit amount for 2017.

Fiscal Impact

The annual contract amounts for 2016, and 2017, are available in the Environmental Management and Sustainability operating budget through the Enterprise Fund, Solid Waste Sub Fund.

Coordinated With

Environmental Management and Sustainability Department and Purchasing

PURCHASING INFORMATION

Action: Dollar Limit Increase for 2016 (Year 3) and Dollar Limit for 2017 (Year 4)

Procurement Type: Request for Proposals

Solicitation Number: 2013109

Responses Received: 8

Initial Contract Term: Five Years (January 2014 through December 2018)

Possible Renewals: Two, five-year renewals subject to future Council consideration

Proposals received on September 9, 2013

Friedman Recycling Co. – Phoenix, AZ

Republic Services dba Allied Waste Transportation, Inc, Allied Transfer Services of Arizona, LLC, Allied Waste Transfer Services of Arizona, LLC – Phoenix, AZ

River Recycling, LLC dba ReCommunity – Charlotte, NC

Salt River Commercial Landfill Company dba Salt River Landfill – Scottsdale, AZ

Silver Bar Regional SWDS, LLC dba Silver Bar Mine Regional Landfill – Phoenix, AZ

United Fibers, LLC – Chandler, AZ

Waste Management of Arizona, Inc. – Tempe, AZ

Waste Technologies, LLC dba Right Away Disposal – Apache Junction, AZ

DOLLAR LIMIT ADJUSTMENTS RECOMMENDATION

Description	
Pre-Qualified Vendors to provide Solid Waste Disposal and Vegetative Waste Processing per Terms and Conditions, Specifications and Pricing as offered, to Municipal Parties	
Republic Services dba Allied Waste Transportation, Inc, Allied Transfer Services of Arizona, LLC, Allied Waste Transfer Services of Arizona, LLC – Phoenix, AZ	
River Recycling, LLC dba ReCommunity – Charlotte, NC	
Salt River Commercial Landfill Company dba Salt River Landfill – Scottsdale, AZ	
United Fibers, LLC – Chandler, AZ	
Waste Management of Arizona, Inc. – Tempe, AZ	
Waste Technologies, LLC dba Right Away Disposal – Apache Junction, AZ	
Original Award 11/18/2013 – Current Limit	\$5,628,000.00
Council approved Increase – 2/22/2016	\$1,172,000.00
Increase Request – 1/23/2017	<u>\$155,000.00</u>
New Annual Contract Amount for 2016 (City of Mesa amount for Year 3)	<u>\$6,955,000.00</u>
<u>2017 Contract Term from 1/1 thru 12/31/2017</u>	
All Solid Waste Trash Tons, incl. rate 1.64% to 2.3% increases	\$6,437,982.00
All Green Waste Tons, incl. 2.3% rate increases	<u>\$654,256.00</u>
Base	\$7,092,238.00
3% Contingency	<u>\$212,767.00</u>
Total Base	<u>\$7,305,005.00</u>
Term Contract Amount for 2017 (City of Mesa amount for Year 4)	<u>\$7,325,000.00*</u>
*Total Base rounded to the nearest \$25K increment.	