Board of Supervisors Memorandum

April 9, 2013

Solid Waste Operating Services Contract

Background

My January 14, 2013 memorandum to the Board indicated the County would be proceeding with a Request for Proposals (RFP) to select a private entity to operate the County's solid waste facilities. The County currently operates the Ajo, Tangerine Road, Ina Road and Sahuarita Landfills; the Catalina and Ryan Field Transfer Stations; rural collection sites at Arivaca, Arivaca/Sasabe, Why and Lukeville; and the waste tire collection program. The private entity is tasked with assuming all operational responsibility with the exception of the Ina Road Landfill, which will remain closed.

Now is the appropriate time to conduct such an RFP, since the landfills are nearing the end of their useful life; and the financial burden to maintain solid waste operations is budgeted at nearly $2 million annually. This cost will increase once the landfills reach capacity and are closed and alternate disposal locations must be found for the waste from the transfer stations.

In response to the RFP, the County received one proposal from Tucson Recycling & Waste Services (TRWS). A three-member panel, including two County employees and one outside solid waste professional, reviewed the proposal and conducted an oral interview. The proposal was deemed responsive and addressed all County requirements. The panel recommended proceeding with contract negotiations. The County now plans to enter into a contract with TRWS effective July 1, 2013.

As stated in my previous memorandum, no County employees will lose their jobs as a result of this service transition. Any County employee desiring continued employment with Pima County will be placed in another position; and any employee offered a position with the private contractor may, of course, accept such an offer.

In addition to providing operating services, the private contractor will also provide cover material for closure of the Tangerine Landfill at no cost. However, the County will be responsible for hauling the material from the Marana Regional Landfill to the Tangerine Landfill. This cost is expected to be $5.65 per cubic yard, or less if an appropriate shorter haul route can be found. Approximately 350,000 cubic yards of cover material will be required. The County currently pays Granite Construction $5 per cubic yard for cover material at the Tangerine Landfill. At this rate, the County will realize a cost savings of $1.75 million.

TRWS' operating proposal for the facilities includes continuation of all existing services. TRWS anticipates reaching capacity at the Sahuarita and Tangerine landfills in the first year by increasing the disposal volumes. The company is able to accomplish this because they have a dedicated waste stream from Waste Management, Inc. and from their hauling operations. When the Sahuarita Landfill is closed, the contractor will, at their expense, construct and operate a transfer station at the site. While the landfill is still in operation, they will continue to accept biosolids from the Town of Sahuarita. Waste accepted at Sahuarita would include waste from the Nogales Transfer Station in Santa Cruz County currently operated by TRWS and waste at Catalina would include waste from Pinal County. The Tangerine Landfill will remain open until the Marana Regional Landfill is in operation to ensure continued availability of waste disposal in that area. The existing transfer stations will remain and hours may expand. The rural collection centers at Arivaca and Arivaca/Sasabe Junction will remain in place but the Lukeville and Why locations will be closed, since these locations do not serve the general public. TRWS has proposed an option to install a small transfer station in Ajo to accept residential waste only in lieu of operating the landfill. This installation is contingent upon obtaining available County property with utilities. Any commercial haulers would need to find alternate disposal options.

TRWS will operate the County's waste tire collection program. The location will remain at Tangerine until that site is closed. After that time, the site will be relocated to either Sahuarita or Catalina.

TRWS is proposing the fee structure shown in Table 1 below.

Table 1: Proposed Facility Entry Fees.

Facility/Service	Year 1	Year 2	Year 3	Year 4	Year 5
TANGERINE LANDFILL					
Residential	$10 per vehicle (PV)	N/A	N/A	N/A	N/A
Commercial	$30 per ton	N/A	N/A	N/A	N/A
SAHUARITA LANDFILL					
Residential	$15 PV	N/A	N/A	N/A	N/A
Commercial	$32.50 per ton	N/A	N/A	N/A	N/A
Ajo Landfill					
Residential	$5 PV	$7 PV	$8 PV	$9 PV	$10 PV
Commercial	$8/cubic yard (CY) loose	$8 CY loose	$10/CY loose	$11/CY loose	$12/CY loose
Commercial	$12/CY compacted	$13/CY compacted	$14/CY compacted	$15/CY compacted	$16/CY compacted
CATALINA TRANSFER STATION					
Residential	$10 PV	$15 PV	$17.50 PV	$20 PV	$22.50 PV

Table 1: Proposed Facility Entry Fees.

Facility/Service	Year 1	Year 2	Year 3	Year 4	Year 5
	$30/ton	$35/ton	$39/ton	$41/ton	$43/ton
Commercial	$39/ton	$40.95/ton	$42.95/ton	$45.10/ton	$46.50/ton
Ryan Field Transfer Station					
Residential	$5 PV	$7 PV	$8 PV	$9 PV	$10 PV
SAHUARITA TRANSFER STATION					
Residential	N/A	$15 PV	$17.50 PV	$20 PV	$22.50 PV
Commercial	N/A	$40.95/ton	$42.95/ton	$45.10/ton	$46.50/ton
OTHER SERVICES					
Rural Collection Centers	No charge				
Antifreeze, batteries, oil, paint	No charge				

You will note this fee schedule maintains the existing fees for the first year, and then fees increase gradually over the next 10 years. The only exception is the Ajo Landfill; TRWS is proposing to initiate a fee for disposal at Ajo in the first year as indicated in the Table 1. TRWS will seek Board of Supervisors approval for any additional fee increases. TRWS will continue to honor the reduced fee program of $2 per entry for low income households.

TRWS has proposed an annual contract amount of $686,240 in the first year, increasing annually to $850,500 in Year 10 of the contract. Table 2 below is the proposed annual fee schedule. Please note we have not agreed to this annual cost schedule and are continuing to negotiate with TRWS to reduce this cost.

Table 2: Annual Fees for Service.

Year	Monthly Fee	Annual Cost	Tire Cost (per ton)
1	$57,187	$686,240	$5.00
2	59,790	717,480	5.25
3	60,918	731,012	5.50
4	62,143	745,720	5.65
5	63,343	760,120	5.75
6	64,610	775,320	5.90
7	65,904	790,850	6.05
8	67,220	806,645	6.20
9	69,238	830,850	6.40
10	70,875	850,500	6.65
	Total	**$7,694,737**	

TRWS has proposed several options for reducing this annual amount by the following:

1. Ryan Field: increase the entrant fee to $10 per entrant. Fee decrease of $60,000 in Years 1 and 2.
2. Ajo Hours: decrease open hours to Monday, Wednesday and Saturday. Fee decrease of $50,000 per year.
3. Ajo Transfer Station: install a compactor on a County-owned site with utilities near the landfill. Fee decrease of $75,000 per year.
4. Catalina: increase entrant fee to $15 per entrant. Fee decrease of $30,000 in Year 1.
5. Tangerine: use of County equipment. Fee decrease of $100,000 in Year 1.
6. Sahuarita: use of County equipment. Fee decrease of $200,000 in Year 1.

It appears that Options 2, 3, 5 and 6 are reasonable and would result in a fee reduction of $425,000 in the first year, which would result in net fees paid by the County of $261,240. Options 1 and 4 do not appear reasonable. Options 5 and 6 only result in a fee reduction during the first year because the landfills will reach their capacity and cease operation at that time. TRWS will also operate the waste tire collection program and proposes to charge the County the fees identified in Attachment 2. These fees will be covered by the separate tire fund managed by the County and funded by the State based on tire sales.

Recommendation

I recommend the Board of Supervisors direct staff to continue negotiations with Tucson Recycling & Waste Services, LLC and to present a final contract for Board of Supervisors consideration at the May 14, 2013 meeting.

Sincerely,

C.H. Huckelberry
County Administrator

CHH/mjk – April 3, 2013

c: John Bernal, Deputy County Administrator for Public Works
Ursula Kramer, Director, Environmental Quality
George Widugiris, Director, Procurement

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: 04/09/2013

ITEM SUMMARY, JUSTIFICATION and/or SPECIAL CONSIDERATIONS:

Most Qualified: Award of Contract, Requisition No. 13000000000000000265, Tucson Recycling & Waste Services, LLC (Headquarters: Tucson/AZ) for Outsourcing of Landfill & Transfer Station Operations, in the not to exceed amount of $7,694,737.00. Contract is for a ten-year term and includes three (3) five-year renewal periods. Funding Source: Solid Waste Special Revenue Funds. Administering Department: Environmental Quality.

Background

Pursuant to the Pima County Procurement Code Section 11.12.020 and as requested by the Department of Environmental Quality, Request for Proposals # 82342 was published in the legal newspaper of Pima County, and posted to the Procurement Department Internet site and completed to establish a contract for Outsourcing of Landfill & Transfer Station Operations. Notice of the solicitation was given directly to all vendors registered with Pima County for relevant commodities, researched and identified by the Procurement Contracts Officer, or provided by the requesting Department. Seven firms attended the pre-proposal conference. Pursuant to the published solicitation terms, the award is recommended to the only responding firm.

The Administering Department will work with the Contractor to reduce the total cost to the County. The final contract will be presented to the Board at the May 14 Board meeting.

Contract Officer: Nina Schatz, *CPPB,* 724-8719, Procurement Department

Payment System: AMS

CLERK OF BOARD USE ONLY: BOS MTG. _____

ITEM NO. _____

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