



# Solid Waste In-Region Disposal Agreements

## City Council Meeting

*November 16, 2010*

# PRESENTATION OVERVIEW



- Recommendations
- Background
- Current vs. Amended Agreement
  - Environmental Benefits
  - Financial Issues
  - Key Issues
- Next Steps

# RECOMMENDATIONS



## Adopt Resolutions to:

1. Amend MSW Service Agreement with BLT;
2. Execute Agreement with the County of Sacramento for MSW to NARS;
3. Amend Recycle Agreement with BLT, and
4. Execute Settlement Agreement with BLT.

# RECOMMENDATIONS (cont.)



Options to change primary disposal facility to in-region: 1) costly termination or 2) amendment to current agreement with BLT – requires suspending competitive bidding

Amending existing agreement:

- Expedites in-region disposal (original agreement has 8+ years remaining);
- Allows use of NARS for all north area tonnage to maximize operational savings, and;
- Allows City control over waste stream.

# BACKGROUND



## September 1994

- City landfill closed
- City trucks direct-hauling to Kiefer twice a day

## August 1996

- Original MSW Transfer and Disposal RFP
- BLT selected through competitive process

## September 1998

- Original Agreement with BLT
- 15-year term with 117,000 tons/year guarantee

## May 1999

- 1<sup>st</sup> delivery to BLT - agreement takes effect

# BACKGROUND (cont.)



## Amendment 1 – August 2005

- Allows City to divert up to 25,000 tons per year to NARS for up to 3 years
- Extension of original agreement by 5 years
- Directs BLT to build North Area Transfer Station

## Amendment 2 – June 2008

- Allows City to continue diverting 25,000 tons per year to NARS for more 2 years
- Parties to negotiate regarding in-region disposal
- Recycle Agreement extended by 5 years

## Amendment 3 – March 2009

- Kiefer Landfill added as alternate disposal site

# CURRENT vs. AMENDED AGREEMENT



	Current	Proposed Amended
Term	20-year term expiring in May 2019	20-year term from date of first disposal at Kiefer Landfill
Primary Disposal Facility	Lockwood, Nevada	Kiefer Landfill (3-Party deal for in-region disposal between the City, County and BLT)

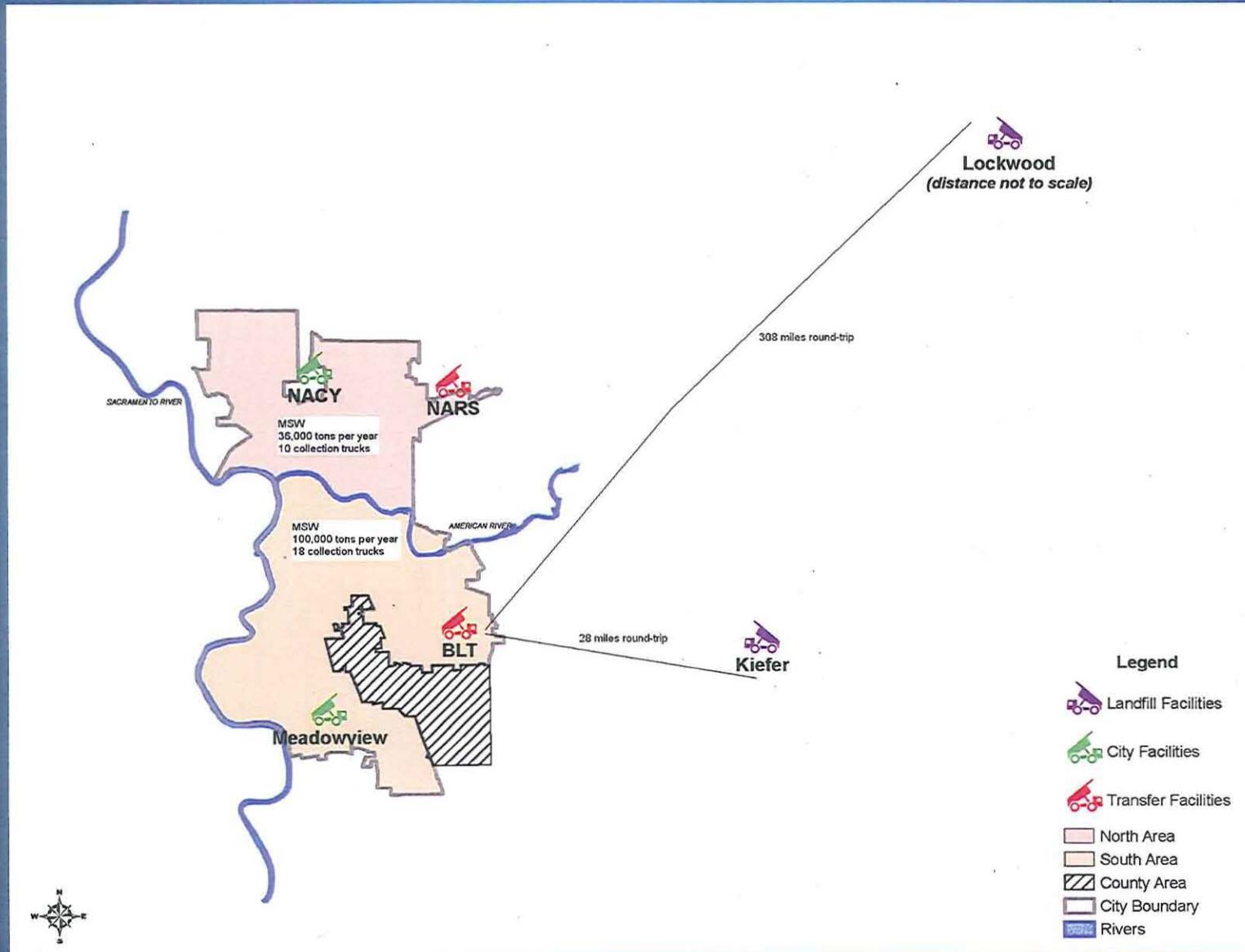
# CURRENT vs. AMENDED AGREEMENT

(cont.)



	Current	Proposed Amended
<b>Change in Primary Disposal Facility</b>	City or BLT may <u>request</u> a change disposal facilities	City can <u>direct</u> BLT to change the primary disposal facility
<b>Disposal at NARS</b>	Term has ended	25,000 immediately and Up to 40,000 tons per year for term of agreement

# ENVIRONMENTAL BENEFITS - Map



# ENVIRONMENTAL BENEFITS



## Amended Agreement

- Reduction of over 1.74 M driving miles
- Reduction by over 7.14 M lbs of CO<sub>2</sub> emissions per year
- Over 85% reduction from current levels



# FINANCIAL ISSUES

## Amended Agreements

### Execution of Agreements

- BLT must notice Lockwood within 10 days to begin 24-month out clause at Lockwood
- City can direct up to 25,000 tons/year immediately to NARS

### Effective Date

- When BLT delivers City Waste to Kiefer
- City can direct up to 40,000 tons/year to NARS

# FINANCIAL ISSUES (cont.)



## Tiered-pricing system

	BLT Initial Service Fee			
	Tier 1	Tier 2	Tier 3	Tier 4
Tonnage per year received at SRTS	Up to 150,000	150,001 to 250,000	250,001 to 350,000	Over 350,000
Price per Ton	\$55.85	\$52.91	\$45.00	\$43.35

# FINANCIAL ISSUES (cont.)



	FY 2012/13		
	Projected Total Cost	Difference from Current Agreement	Projected Typical Family Monthly Cost/Savings <sup>1</sup>
<b>Current Agreement</b>	\$6.95 M		
<b>Amended Agreement Tier 1</b>	\$7.30 M	\$350,000	\$0.25
<b>Amended Agreement Tier 3</b>	\$6.20 M	(\$750,000)	(\$0.50)

Fuel reduced from  $\approx 16.4\%$  of rate to  $\approx 3.0\%$  of rate

<sup>1</sup> Projection uses FY11 Typical Family Monthly Solid Waste Charge of \$41.68

# KEY ISSUES (cont.)



	Current	Proposed Amended
<b>Rate Covenant</b>	To be paid from “other available sources” including General Fund.	To be paid only from the “Solid Waste Enterprise Fund”

# KEY ISSUES (cont.)



## EIR Process

- Terminate 2005 Amendment 1 directive to build a transfer station north of the American River

## Waste-to-Energy Facilities

- City can direct BLT to any Waste-to-Energy Facility
- City will get 100% benefit from any revenue
- City to have all carbon credits for savings in transportation to the new facility

# KEY ISSUES (cont.)



## Proposed Amended Recyclables Agreement

- Extend amended agreement to run concurrently with the Amended MSW Agreement
- Better pricing structure to ensure better valuation of recyclable materials

# NEXT STEPS



- BLT to send notice to Lockwood within 10 days
- Deliveries to NARS to begin immediately
- Staff will return to Council for direction on controlling the City's commercial waste



**THE END**