

DATE: December 7, 2016  
TO: Mayor and City Council  
FROM: Assistant City Manager *[Signature]*  
SUBJECT: Sanitation Contract  
Amendment



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## RECOMMENDED ACTION

**Approve the amendment, extending the term of the contract for sanitation services to October 31, 2020, establishing the rates, terms and services.**

## BUDGET IMPACT

The franchise fee will remain consistent and any increased revenues associated will be nominal.

## DISCUSSION

In accordance with Article III of the city's solid waste ordinance, the collection of municipal solid waste in the city limits has been outsourced for over twenty years. In 2009 after a thirteen year tenure with Republic Services, the city issued requests for proposal from haulers and made the determination that the service provided by Advanced Disposal was the most cost effective and greatest value at the time. A contract was entered into for a term of three years, which was later extended for a second term with an expiration coming up in October.

During this time, there were a couple of unusual economic factors affecting the type and level of service being provided. The first of which was the lingering effects of the economic recession and its impact on the recyclables market. The initial years of the recession brought about a bubble, of sorts, within the smaller recyclables and reclaimed metals market as other sectors of the economy ground to a halt. The second was related to the cost of oil/fuel and its effect on the collection segment of the waste stream. Fuel and other market-sensitive factors could and were mitigated through CPI adjustments as a part of the contract, while recyclables continued to flag.

As a consequence, representatives for our service provider recommended changes to the recycling program to remove items from the recyclables list, which was implemented in 2015. Most of the other haulers in the metro area followed suit at about the same time. In early 2016, we began discussions about amending the contract to not only provide a corrected list of recyclables in the appendix to the contract, but to enhance the service by making larger recycling carts available—a request we have received consistently.

The changes to the contract being proposed are summarized below and do not substantially change the customer experience or service:

- Special Sugar Hill bag service remains in place for those that prefer a pay-as-you-throw program. Effective January 1, 2017 per bag cost = \$1.95 purchased as a box of 20 for \$39.00.
- Advanced Disposal will maintain a one month inventory of Sugar Hill Bags to fill retail outages when manufacturer's delivery times would exceed retail inventory on hand.
- Residents that participate in the weekly curbside collection program continue to receive the existing 18-gallon recycling bin and recycling service at no additional charge.
- Cart customers may choose a 65-gallon, wheeled cart for an expanded recycling service for \$2.75 per month.
- No charge cart delivery for those choosing to expand their recycling efforts.
- Recycling rebate is excluded from the extension effective January 1, 2017.

- Glass is excluded from the recycling program.
- Residential service is \$13.00 / month for weekly sanitation cart service, effective January 1, 2017.
- Monthly rate for residential service with the optional 65-gallon recycling cart = \$15.75.
- Commercial rates are adjusted comparable to the residential rate increase indicated.
- 3-year contract extension with new expiration date October 31, 2020.
- Waive \$7,500 annual City of Sugar Hill payment for 2015 / 2016 due 7/1 each year and waive the fee each year of the three-year extension. All City properties serviced at no cost.
- All other terms, conditions, services remain unchanged.

Additionally, staff researched rates for these residential services in several other neighboring jurisdictions and the results are summarized below:

	MSW		Recyclables	
	95-gal. cart	Bags	18-gal. bin	65-gal. cart
<b>Advanced - Proposed</b>	\$ 13.00	\$ 1.95		\$ 2.75
<b>Sugar Hill - Current</b>	\$ 12.70	\$ 1.37	Incl.	-
<b>Gwinnett</b>	\$ 19.12	-	Incl.	Addtl.
<b>Suwanee</b>	\$ 16.25	-	Incl.	
<b>Fairburn</b>	\$ 14.73	-	Incl.	
<b>Lilburn</b>	\$ 13.12	-	Incl.	
<b>Duluth</b>	-	\$ 1.11	Incl.	N/C
<b>Dacula</b>	\$ 16.00	-	Incl.	-
<b>Auburn</b>	\$ 15.51	-	Incl.	-

Based on the research completed, the residential rates being offered by Advanced are substantially lower than that of most of the neighboring cities and jurisdictions. One final consideration in the determination is the disruption and inconvenience to the customer that making a change in vendors would introduce that may be avoided.

*Attachment*

*Extension Agreement*

## EXTENSION AGREEMENT

**THIS EXTENSION AGREEMENT** is entered into as of this 12<sup>th</sup> day of December, 2016 by and between **THE CITY OF SUGAR HILL**, a political subdivision of the State of Georgia (the “City”) and **ADVANCED DISPOSAL SERVICES ATLANTA, LLC** (the “Company”).

**WHEREAS**, the City and the Company desires to extend the Agreement dated October 15, 2009 as Amended on February 15, 2010 and as Extended on November 12, 2013 as follows:

### 3. TERM

The first Renewal Term of this agreement ending October 31, 2017 shall be extended three years and remain in full force and effect during this second Renewal Term ending October 31, 2020.

### 6. COLLECTION FEES

6.1 Effective January 1, 2017, the contractor shall no longer provide a rebate for recyclables. Sugar Hill commercial customers that do not generate enough recyclables for a dumpster may request once a week recycling service with a 95-gallon cart for a rate of **\$6.50 per month** for each cart until November 1, 2017. Commercial front load and industrial roll-off / compactor customers shall be billed directly by the Company in amounts not to exceed those on the attached pricing schedule until November 1, 2017.

### 13. RATES

13.1 Collection Rates. Effective January 1, 2017, the residential rate for curbside cart service shall be **\$13.00 per month** and **\$1.95 per bag** sold by the box for **\$39.00 per box of 20 bags** until November 1, 2017.

### 16. RECYCLING SERVICES

Residents of Sugar Hill using the 95-gallon curbside garbage service may choose to upgrade their recycling capacity by choosing an optional 65-gallon cart for recycling at a rate of **\$2.75 per month** until November 1, 2017 in lieu of the 18-gallon bin. Those residential customers using the Pay-As-You-Throw Sugar Hill bag program will continue to receive recycling services at no additional charge via the 18-gallon bin.

### APPENDIX “A”

1. The contractor will maintain a one-month inventory of Sugar Hill “Special Bags” at its’ location to fill outages at local retailers when manufacturers delivery times would exceed retail inventory on hand.
2. Bags are sold by the box (20 per box) at a price of **\$39.00 per box** until November 1, 2017.

### APPENDIX “C”

2. Glass Bottles and Jars (Green, Brown, Clear) are no longer included in the list of acceptable recyclable items.
5. Add “Glass” to the list of items that will not be accepted as recyclable.
6. The Company shall collect commingled Recyclables only from the approved Bin or 65-gallon Cart except that paper materials and flattened cardboard may be placed beside the Bin or Cart. No other materials will be collected.

**ADDENDUM**

In recognition of our outstanding business relationship and the City of Sugar Hill's extension of our agreement under the terms contained herein, the Company agrees to waive the required annual payment as stipulated in the February 15, 2010 Addendum.

**WHEREAS**, the City and the Company agree that all other terms and conditions of the initial Agreement as Amended and Extended remain in full force and effect;

**NOW, THEREFORE**, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree and have executed this Extension Agreement in three counterparts, each of which shall be deemed an original addendum and agreement, all as of the date first above written.

**City of Sugar Hill**

**Advanced Disposal Services Atlanta, LLC**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

**Brandon Hembree**

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

**Mayor Pro Tem**

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Title

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Printed Name

**6. COLLECTION FEES COMMERCIAL & INDUSTRIAL**

6.1 All Commercial and Industrial Customers within The City using containerized service shall be billed directly by the Company in amounts not to exceed those set forth as follows:

**COMMERCIAL FRONT LOAD FEE SCHEDULE**

	1 time per week	2 times per week	3 times per week	4 times per week	5 times per week	6 times per week	EXTRA PU Charge
2 yard	55.97	108.81	165.35	219.32	273.59	330.13	45.00
4 yard	73.96	143.93	216.76	290.44	361.29	434.09	55.00
6 yard	92.81	179.92	269.88	364.40	451.22	542.61	65.00
8 yard	109.95	214.19	326.42	432.37	539.18	645.71	75.00

Pricing based on loose yards, compactor containers are charged at 3 times the above rate. Extra pick rates at \$60.00

Sugar Hill commercial customers that do not generate enough recyclables for a dumpster can request once a week service with a 95-gallon cart for recycling service for the 33 recyclable items at a cart charge of \$6.50 per month for each cart.

**INDUSTRIAL ROLL-OFF FEE SCHEDULE**

<b>Open Top</b>	Flat Rate Charge	Disposal Rate Per Ton	Monthly Rental	Delivery Charge
20 yard	294.00	38.55	100.00	85.00
π30 yard	330.00	38.55	100.00	85.00
40 yard	365.00	38.55	100.00	85.00

\*Open Top rates include cost of disposal up to 4.5 tons. All tons more than 4.5 will be charged at disposal rate above.

<b>Compactors</b>	Haul Charges	Disposal Rate Per Ton	Monthly Rental	Delivery Charge
Self-Contained Compactor	145.00	38.55	456.00	
Stationary Compactor	145.00	38.55	313.00	

Rental rates above are for new compactor equipment. Options and installation are additional and based upon individual customer requirements.

