


DATE: December 1, 2016
TO: Mayor and City Council
FROM: Assistant City Manager 
SUBJECT: Sanitation Contract
Amendment



RECOMMENDED ACTION

Approve the amendment, extending the term of the contract for sanitation services to October 31, 2020 and formalizing the recycling program changes implemented recently.

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 under contract with the service provider for over twenty years. In 2009, 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 next 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 cart 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.
- 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 services in several other neighboring jurisdictions and the results are summarized below:

	MSW		Recyclables	
	95-gal. cart	Bags	18-gal. bin	65-gal. cart
<i>Advanced - Proposed</i>	\$ 13.00	\$ 1.88		\$ 2.75
<i>Sugar Hill - Current</i>	\$ 12.70	\$ 1.37	Incl.	-
<i>Gwinnett</i>	\$ 19.12	-	Incl.	Addtl.
<i>Suwanee</i>	\$ 16.25	-	Incl.	
<i>Fairburn</i>	\$ 14.73	-	Incl.	
<i>Lilburn</i>	\$ 13.12	-	Incl.	
<i>Duluth</i>	-	\$ 1.11	Incl.	N/C
<i>Dacula</i>	\$ 16.00	-	Incl.	-
<i>Auburn</i>	\$ 15.51	-	Incl.	-

Based on the research completed, the rate being offered by Advanced is substantially lower than that of most of the neighboring cities and jurisdictions, with the exception of Peachtree Corners and Lilburn. 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 12th 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.

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 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.

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.
3. The resident must be signed up for garbage “cart” service to receive recycling services under the terms of this contract.
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 ay 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

Printed Name

Printed Name

Title

Title

Date

Date

Witness

Witness

Printed Name

Printed Name