



Legislation Text

File #: K-1819-45, **Version:** 1

CONTRACT K-1819-45: BY AND BETWEEN THE NORMAN MUNICIPAL AUTHORITY AND OKLAHOMA CITY LANDFILL, L.L.C. D/B/A SOUTHEAST (OKC) LANDFILL TO PROVIDE SOLID WASTE DISPOSAL SERVICES FOR THE CITY OF NORMAN THROUGH AUGUST 31, 2023.

BACKGROUND: The City of Norman produces about 90,000 tons of municipal solid waste (MSW) per year that is hauled to and disposed at an Oklahoma Department of Environmental Quality (ODEQ) permitted landfill pursuant to Environmental Protection Agency (EPA) Subtitle D regulations. Existing Contract K-1415-133 with Oklahoma City Landfill L.L.C. d/b/a Southeast (OKC) Landfill expired June 30, 2018 and the contract has been extended temporarily until a new contract is in place.

The term of the existing disposal agreement was three years; the disposal rate for the most recent year was \$20.66 per ton resulting in an annual disposal cost of approximately \$1,860,000. After discussions with several of the vendors, it was determined that a longer term agreement might result in better pricing. The new agreement is for a period of five years. On April 3, 2018, Request for Proposal (RFP) 1718-52 was issued for Disposal of Municipal Solid Waste for a period of five years and potential vendors were notified.

DISCUSSION: On May 1, 2018 proposals were received from four vendors representing five landfill disposal locations. Proposals were reviewed, compared and ranked according to the following criteria:

- lowest disposal cost and proposed inflationary increases over the five-year term;
- cost of transportation to the disposal facility including travel distance and time,
- turn-around time at the disposal facility including accessibility, internal roadways, scales, etc.,
- past experience, and
- consideration of additional services such as recycling.

The Southeast Landfill proposal prepared by Republic Services did not have the lowest disposal fee per ton, but the landfill is 19 miles from Norman which is significantly closer than the other landfills which varied between 28 and 44 miles from our transfer station. The transport trucks (large tractor-trailer trucks) average 17 trips to the landfill daily so the additional mileage would add significant time, fuel, repairs and shorten the life of the transport trucks; these transportation costs were considered in addition to the disposal rate.

Additionally, the Southeast Landfill proposal included two incentives making their proposal more attractive. These are sharing in the landfill gas revenues and a reduced curbside recycling rate if both the solid waste and recycling proposals are accepted. Both of these are discussed briefly below and are separate agreements that must be approved by the Norman Municipal Authority.

1. **Sharing Landfill Gas Revenues:** Landfill gas, consisting primarily of methane and carbon dioxide, is produced from decomposing refuse within the landfill. Southeast Landfill built an extensive facility to capture, clean and sell the gas collected. If Southeast Landfill receives at least \$500,000 during the contract year from the sale of landfill gas, it agrees to pay the NMA the greater of \$20,000 or up to 25% of the revenues based on the percentage of Norman's total MSW delivered divided by the total MSW received at the landfill during that period.
2. **Curbside Recycling Agreement:** The existing residential curbside recycling agreement also expired this year and a new agreement is necessary. A separate RFP was issued and the resulting recycling contract is the subject of a companion agenda item. The curbside recycling proposal by Republic Services included both a monthly unit rate per household assuming a stand along recycling agreement or a monthly reduction of \$0.45 (about 14.5%) per household if the NMA approves both the curbside recycling agreement and the landfill disposal agreement from Republic Services.

It is in the best interest of the NMA to approve the curbside recycling agreement and the landfill disposal agreement from Republic Services. The annual rates proposed in the solid waste agreement are:

- Year 1: \$19.75 per ton
- Year 2: \$20.31 per ton
- Year 3: \$20.88 per ton
- Year 4: \$21.47 per ton
- Year 5: \$22.08 per ton

These fees include the State of Oklahoma flow fee of \$1.25 per ton. The existing rate is \$20.66 per ton. Disposal expenses are tracked in Waste Disposal, Tipping Fee (account 033-5563-432.43-31).

RECOMMENDATION: Staff recommends that the NMA approve Contract K-1819-45 with Oklahoma City Landfill L.L.C. d/b/a Southeast (OKC) Landfill.