

29701

October 3, 2012

To: The Honorable Board of Acquisition and Contract

From: Thomas J. Lauro, P.E.
Commissioner of Environmental Facilities

Re: Authority to enter into a third amendment to the agreement with City Carting of Westchester, Inc. for Solid Waste Transfer Stations and Materials Recovery Facility Management and Operations, and Solid Waste Disposal, Composting and Miscellaneous Services, in order to: exercise the County's option to renew the agreement for the term August 1, 2014 through July 31, 2019 in an estimated amount not to exceed \$22,206,279 for the first year of the renewal term, subject to an annual adjustment formula; eliminate the 2011-2012 CPI increase in; reduce the management fee for the remainder of the term effective with the 2012-2013 contract year; and require the County, on behalf of Refuse Disposal District No. 1, to purchase diesel fuel with a full credit of the purchase price of the fuel to the County

In 2004, the County of Westchester, on behalf of Refuse Disposal District No. 1 ("the County"), concluded a Request for Proposals process conducted pursuant to Section 120-w of the New York General Municipal Law in order to procure a contractor to provide Solid Waste Transfer Stations and Materials Recovery Facility Management and Operations, and Solid Waste Disposal, Composting and Miscellaneous Services (the "Services"). On July 8, 2004, your Honorable Board adopted a Resolution authorizing an agreement with City Carting of Westchester, Inc. ("City Carting") to provide the Services for a five year period commencing August 1, 2004 and ending on July 31, 2009, with three (3) renewals of five (5) years each exercisable at the County's option (the "Agreement"). Payment in the first year of the Agreement was in an amount not to exceed \$16,917,300.00 payable according to specified fees, which were subject to an annual adjustment factor commencing in the second year of the contract equal to 0.75 times the percentage change in the Consumer Price Index ("CPI") for All Urban Consumers for New York, New York - Northeastern New Jersey as published by the U.S. Department of Labor, Bureau of Labor Statistics.

On December 14, 2006, your Honorable Board adopted a Resolution authorizing a first amendment to the Agreement which permitted the County to exercise its option to renew the

term for the period August 1, 2009 through July 31, 2014, in an amount not to exceed \$20,896,536.18, or less based on the actual CPI for the period in question for the first year of the renewal term payable at the fees set forth in the Agreement, subject to the Agreement's annual adjustment factor equal to 0.75 times the percentage change in the CPI. In addition, the first amendment required City Carting to replace a paper baler and conveyors at the Materials Recovery Facility ("MRF"), as well as fencing at the Mount Vernon Transfer Station.

On August 2, 2007, your Honorable Board adopted a Resolution authorizing a second amendment to the Agreement to increase the contract amount for year three of the Agreement from \$18,051,214 to \$20,000,000 and to continue the annual adjustment factor as agreed upon through July 31, 2009, due to an increase in Municipal Yard Waste Recycling.

Authority of your Honorable Board is now sought to enter into a third amendment to the agreement in order to exercise the County's option to renew the agreement for the term August 1, 2014 through July 31, 2019. In consideration of this early renewal, City Carting has offered to eliminate the 2011-2012 CPI increase, as well as reduce the management fee by \$300,000 for the remainder of the term effective with the 2012-2013 contract year.

Additionally, City Carting has offered to provide the County with an annual fuel adjustment credit for fuel used in the performance of the contract services, to be based on the difference between the terminal price for diesel fuel listed daily by Global Montello Group Corporation and the price paid by the County for the purchase of diesel fuel. Because the County is permitted to purchase diesel fuel less certain taxes, it is proposed that the County purchase the required amount of diesel fuel necessary to operate all vehicles used by City Carting in the performance of the contractual services, and subsequently be reimbursed by City Carting for both the cost of the fuel and the adjustment credit.

Based on an analysis of the last twelve (12) months of available data, the County's cost of diesel fuel is \$0.605 per gallon less than the daily listed terminal price. City Carting has agreed to provide the County a fuel adjustment credit based on the number of gallons of diesel fuel purchased for performance of the services multiplied by the adjustment factor of \$0.605 for the first year of the contract renewal. This credit will be applied to the management fee for operation of the Yonkers Transfer Station. The adjustment factor will be recomputed annually to incorporate price data from the preceding twelve (12) months. This amendment will not apply to the purchase or use of any fuels other than diesel fuel.

The third amendment will serve a public purpose due to the significant cost savings included in this agreement, while ensuring the same level of service remains in place. The proposed third amendment is necessary to alleviate some of the financial uncertainty incurred by City Carting while generating savings for the County. This agreement will be tracked and monitored by the Department of Environmental Facilities to evaluate the success or failure of this agreement by continual oversight of operations at the Material Recovery Facility and the County transfer stations.

Accordingly, I recommend the adoption of the annexed Resolution authorizing the County, on behalf of the District, to amend the agreement with City Carting of Westchester, Inc., in order to exercise the County's option to renew the agreement for the term August 1, 2014 through July 31, 2019; eliminate the 2011-2012 CPI increase; reduce the management fee for the remainder of the term; and require the County, on behalf of Refuse Disposal District No. 1, to purchase diesel fuel necessary for City Carting to fulfill its obligations pursuant to the contract with a full credit of the purchase price of the fuel, plus the adjustment credit to the County. The agreement shall be subject to annual appropriation by the Board of Legislators. All other terms and conditions of the current agreement, as previously amended, shall remain unchanged.

TJL/dlv
Attachment

APPROVED BOARD OF ACQUISITION & CONTRACT - 11/08/2012 - SOMMERHEIMER SECRETARY

RESOLUTION

Upon a communication from the Commissioner of the Department of Environmental Facilities, be it hereby

RESOLVED, that the County of Westchester, acting on behalf of Refuse Disposal District No. 1, is hereby authorized to execute a third amendment to the agreement with City Carting of Westchester, Inc., (“City Carting”), for Solid Waste Transfer Stations and Materials Recovery Facility Management and Operations, and Solid Waste Disposal, Composting and Miscellaneous Services (the “Agreement”) in order to: exercise the County’s option to renew the Agreement for the term August 1, 2014 through July 31, 2019; eliminate the 2011-2012 CPI increase; reduce the management fee for the remainder of the term effective with the 2012-2013 contract year; and require the County, on behalf of Refuse Disposal District No. 1, to purchase diesel fuel necessary for City Carting to fulfill its obligations pursuant to the contract with a full reimbursement of the purchase price of the fuel to the County; and be it further

RESOLVED, that City Carting shall provide the County a fuel adjustment credit based on the number of gallons of diesel fuel purchased for performance of the services multiplied by the adjustment factor of \$0.605 for the first year of the contract renewal. This credit will be applied to the management fee for operation of the Yonkers Transfer Station. The adjustment factor will be recomputed annually to incorporate price data from the preceding twelve (12) months. This amendment will not apply to the purchase or use of any fuels other than diesel fuel; and be it further

RESOLVED, that all other terms and conditions of the Agreement, as previously amended, shall remain unchanged; and be it further

RESOLVED, that the Agreement shall be subject to annual appropriation by the Board of Legislators; and be it further

RESOLVED, that the County Executive or his duly authorized designee is authorized to execute any documents and take any actions necessary to effectuate the purposes hereof.

Account to be Charged/credited

Estimated NTE 2014-2015

Fund	Dept	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars
251	60	Various	4380		\$22,206,279

Budget Funding Year(s) 2014 - 2019 Start Date 8/1/14 End Date 7/31/19
(must match resolution)

Funding Source Tax Dollars 100%

State Aid _____

\$ 22,206,279 Federal Aid _____
(must match resolution)

Other _____

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