



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 12/5/2019

Agenda Placement: 7D

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors

FROM: Richard Luthy - Executive Director
Napa-Vallejo Waste Management Authority

REPORT BY: Richard Luthy, Executive Director, Napa-Vallejo Waste Management - 707-299-1314

SUBJECT: NROWS CONTRACT RATE ADJUSTMENT FOR DISPOSAL TRANSPORT COSTS

RECOMMENDATION

CONTRACT TRANSPORT COST RATE ADJUSTMENT

REQUESTED ACTION: Authorization and Approval for Executive Director to revise the Transport Cost Component of the Base Haul Rate in the Amended and Restated Agreement with Northern Recycling Operations and Waste Services from \$9.51 per ton to \$11.04 per ton in accordance with the procedures established in Amendment No. 1 to that agreement dated December 6, 2018.

EXECUTIVE SUMMARY

In December 2018, the Board approved Amendment No. 1 to the Authority's operating agreement with Northern Recycling Operations and Waste Services, LLC (NROWS) in order to establish and clarify procedures for setting rates for hauling of refuse from the Devlin Road Transfer Station (DRTS) to the Potrero Hills Landfill. The contract amendment requires NROWS to obtain competitive bids from a minimum of two potential trucking subcontractors and submit those bids to the Executive Director for review. If the rate proposed by the low bidder is less than ten percent above the current rate, the Executive Director may revise the Transport Component of the Base Haul Rate to reflect the new rate. If the proposed increase is greater than ten percent, the rate adjustment requires Board approval.

NROWS submitted trucking bids to the Authority on November 26, 2019. Bids were received from two firms, Bettendorf Trucking and Tiger Lines. Bids were as follows:

1. Bettendorf Trucking: \$11.96 per ton based on peak fuel cost during the contract term of \$4.00 per gallon.
2. Tiger Lines: \$10.79 per ton based on \$4.00 per gallon peak fuel cost
\$11.04 per ton based on \$4.50 per gallon peak fuel cost.

Both bids are for a contract term of five years with an optional one year extension.

Staff is recommending that the Board approve the Tiger Lines bid of \$11.04 per ton based on peak fuel cost of \$4.50 per gallon during the term of the contract.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In December 2018, the Board approved Amendment No. 1 to the Authority's operating agreement with Northern Recycling Operations and Waste Services, LLC (NROWS) in order to establish and clarify procedures for setting rates for hauling of refuse from the Devlin Road Transfer Station (DRTS) to the Potrero Hills Landfill. The contract amendment requires NROWS to obtain competitive bids from a minimum of two potential trucking subcontractors and submit those bids to the Executive Director for review. If the rate proposed by the low bidder is less than ten percent above the current rate, the Executive Director may revise the Transport Component of the Base Haul Rate to reflect the new rate. If the proposed increase is greater than ten percent, the rate adjustment requires Board approval.

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Staff is recommending that the Board approve the Tiger Lines bid of \$11.04 per ton based on peak fuel cost of \$4.50 per gallon during the term of the contract. The current rate is \$9.51 per ton, and the current contract expires December 31, 2019.

The fuel cost limit is based on a contract provision that requires automatic price adjustments if the California average diesel fuel cost exceeds the agreed upon contract limit. The attached graph summarizes diesel fuel price fluctuations in California over time. Although the price has fluctuated dramatically at times, the overall general trend is in an upward direction. Setting the fuel price limit for the Fuel Surcharge at \$4.50 per gallon would provide protection against fuel price increases for the full five year term of the contract.

SUPPORTING DOCUMENTS

A . Diesel Fuel Costs

Executive Director: Approve

Reviewed By: Martha Burdick