



**NAPA-VALLEJO WASTE  
MANAGEMENT AUTHORITY**

Agenda Date: 12/6/2018

Agenda Placement: 8C

## Napa-Vallejo Waste Management Authority Board Agenda Letter

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**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:** Amendment To Agreement 07-03

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### **RECOMMENDATION**

#### **AMENDMENT TO AGREEMENT 07-03**

REQUESTED ACTION: Approval of Amendment 1 to Amended and Restated Agreement 07-03 dated March 19, 2010 with Northern Recycling Operations and Waste Services, LLC, amending procedures for determining the Transport Component of the Service Fee, and authorization for the Chair to sign.

### **EXECUTIVE SUMMARY**

The Authority's contract with Northern Recycling Operations and Waste Services, LLC, (NROWS) for operation of the Devlin Road Transfer Station (DRTS) includes transporting refuse from the DRTS to the Authority's Designated Disposal Site, Potrero Hills Landfill. NROWS subcontracts with a trucking firm, currently Tiger Lines, to provide equipment and drivers to transport the material to the landfill. The Authority reimburses NROWS for these trucking costs through the Transport Component of the Service Fee paid to NROWS.

The current five year contract with Tiger Lines began January 1, 2014 and will expire at the end of 2018. The contract contains a provision for up to two annual extensions by mutual agreement of the parties, and Northern planned on using this option for 2019. However, Tiger Lines is unwilling to accept a one year extension under the current contract terms due to increased operating costs. The current contract adjusts the rate paid to Tiger Lines by a factor based on 70% of the annual change in CPI. This compensation structure has not kept pace with their costs for recruiting and paying qualified drivers, responding to changes in DOT regulations, increased rates for Pollution and General Liability insurance, and reduced efficiency due to increased traffic congestion on the haul route.

NROWS management has solicited informal prices from other trucking firms, and all have quoted fees in excess of the rate requested by Tiger Lines. NROWS is recommending that the contract with Tiger Lines be extended for

one year at their requested rate of \$218.78 per load (approx. \$9.51 per ton), with the understanding that formal bids will be solicited next year for a new trucking contract beginning in 2020. Authority staff concurs and recommends authorization of the proposed contract amendment.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **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**

During the five year term of the trucking contract, CPI has increased by 12.7 percent, while compensation paid to Tiger Lines has only increased by 8.1 percent. In order to cover their increased costs of operations, Tiger Lines is requesting an increase of \$5.00 per load, which is equivalent to about \$0.22 per ton. This would increase the total Service Fee paid to NROWS for all operating and transportation services from \$26.55 per ton to \$26.77, or about 0.8 percent.

The proposed amendment:

1. Adjusts the Transport Component of the 2019 Service Fee by \$0.22 per ton to compensate for increased costs of transporting Municipal Solid Waste and Alternative Daily Cover to Potrero Hills Landfill.
2. Establishes procedures for taking bids, determining subcontracted hauling costs, and annually adjusting the corresponding Transport Component in 2020 and beyond.
3. Authorizes the Executive Director to approve changes to the Transport Component of less than ten percent.
4. Requires that changes to the Transport Component greater than ten percent be approved by the Board of Directors.

The amendment would clarify transportation subcontracting procedures going forward, and provides reasonable and prudent adjustment of the Service Fee for 2019. Staff recommends approval by the Board of Directors.

### **SUPPORTING DOCUMENTS**

None

Executive Director: Approve  
Reviewed By: Martha Burdick