



**NAPA-VALLEJO WASTE
MANAGEMENT AUTHORITY**

Agenda Date: 6/2/2011

Agenda Placement: 8A

Napa-Vallejo Waste Management Authority Board Agenda Letter

TO: Board of Directors
FROM: Luthy, Richard - Executive Director
Napa-Vallejo Waste Management Authority
REPORT BY: Richard Luthy, Executive Director, Napa-Vallejo Waste Management - 707-299-1314
SUBJECT: Keller Canyon Contract Extension

RECOMMENDATION

KELLER CANYON

DISCUSSION AND POSSIBLE ACTION: Consideration of possible extension of Keller Canyon Disposal Contract.

EXECUTIVE SUMMARY

Waste collected at the Devlin Road Transfer Station is currently transported to Keller Canyon Landfill in Antioch for disposal under the provisions of a 5-year contract that was executed in 2007. Keller Canyon was selected through a competitive Request-for-Proposal (RFP) process managed by the Authority, with technical assistance from HDR Engineering. The contract includes a provision allowing the Authority to extend the contract by up to two additional 5-year terms by notifying Keller Canyon of the Authority's intent to extend the contract. This notification must take place 12 months prior to the scheduled expiration of the contract. The current contract will expire on June 30, 2012, so if the Authority intends to renew, it must notify Keller Canyon before July 1, 2011.

Because market conditions have changed since 2007, representatives of Keller Canyon have indicated they might consider contract changes that could benefit the Authority. Keller Canyon has notified Authority staff that they are willing to waive the one-year contract extension notification requirement in order to allow time to discuss possible contract changes with the Authority. Staff recommends that the Authority delay a decision on renewing the Keller Canyon contract until at least the July 2, 2011 Board, and continue negotiations with Keller Canyon. propose contract modifications.

If contract renewal discussions with Keller Canyon are not productive, the Authority has the option to issue another RFP prior to expiration of the contract, or to extend the contract with no change in the current terms.

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

Since the RFP for disposal sites was issued in 2007, market conditions for solid waste disposal have changed dramatically. Tonnages are down at all disposal sites, leading landfill owners to be more competitive in their pricing. In January 2010, a provision of the Keller Canyon contract requiring 3 percent per year price increases became effective. In 2007, The Authority paid \$24.90/ton for Municipal Solid Waste (MSW) disposal and \$14.44 for Alternative Daily Cover (ADC) disposal. The MSW rate included pass-through costs (governmental fees) of \$7.22/ton. Pass-through costs are not added to the ADC rate. Rates for 2011 are \$28.85/ton for MSW and \$16.16/ton for ADC. Pass-through costs have increased to \$8.81/ton for MSW. Rates for 2012 are projected to be \$29.60/ton for MSW and \$16.64 for ADC.

In 2010, the Authority delivered about 140,000 tons of MSW to Keller Canyon, meaning that each \$1.00 in increased disposal fees represents an annual expense to the Authority of approximately \$140,000. Representatives of Keller Canyon are willing to discuss contract changes to lower current and ongoing costs to the Authority, and have agreed to waive a contract provision requiring notification of extension by July 1, 2011. This will allow time for Authority staff and Keller Canyon to discuss potential contract changes prior to the Board making a firm decision on whether or not to extend the contract for another five years.

SUPPORTING DOCUMENTS

A . Waiver Letter

Executive Director: Approve
Reviewed By: Martha Burdick