



Public Works Department/Solid Waste Division

WCA Contract Extension

July 18, 2013

Background

- Current WCA Contract expires Sept. 30, 2016
- Contains provision that allows up to two additional 5-year extensions
- RFP expressed interest in utilizing alternative fueled vehicles; deemed not feasible at the time
- WCA approached staff in Spring 2012 about proposal to convert fleet to CNG
- CC authorized negotiations January 2013

WCA Agrees:

1. Eliminate diesel surcharge – estimated \$262,386 savings per year
2. Reduce the current contract rate increase of 8% in FY 15 to 6% - estimated savings of \$0.24 household/month - \$75,870 savings per year. Another 6% increase in year three (FY 19) of the contract extension – cost of \$0.78 household/month

3. CNG costs into the future

- Option A – establish a \$0.10 per household per month to cover CNG costs
- Option B – establish a variable rate adjustment whereby any CNG cost fluctuations:
 - below 12% of the base cost = no cost to the City
 - greater than 12% = adjustment factor based on inflation
 - greater than 20% = would be split 50/50 between WCA and City

WCA Agrees:

- Terminate use of the WCA Transfer Station on Bear Archery Rd to process municipal solid waste (MSW) and direct haul all MSW to Leveda Brown Environmental Park
- Establish deed restrictions on the Transfer Station property prohibiting processing MSW in perpetuity
- Annual savings of \$247,000 for County
- Establish a commercial CNG fueling station operational by 3rd quarter of 2014

City Agrees:

- Extend contract from October 1, 2016 through September 30, 2021
- Pay 6% rate increase on October 1, 2014
- Pay 6% rate increase on October 1, 2018
- Extend allowable average service life of WCA curbside collection trucks from four to eight years
- Pay CNG fuel adjustment – either Option A or Option B

Staff Recommendation

Authorize the City Manager to:

- complete an agreement to include the terms outlined above including Option A; and
- execute a 5-year contract extension with WCA, Inc. in return for converting their fleet to CNG and providing a publicly accessible CNG fueling station.