



MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Bryan Gruesbeck, Town Manager

SUBJECT: Request from Waste Industries for Renewal of the Solid Waste Collection, Transportation and Disposal Agreement

DATE: February 22, 2016

Background: Attached please find the letter from Waste Industries, which attempts to address some of the issues discussed at the previous Board meeting with regard to their request to extend Term of the Agreement for an additional two (2) years, effective July 1, 2016.

During the meeting you asked if Waste Industries would consider adjusting the “fuel surcharge” clause that was set during a time when fuel prices were much higher than they are at the present time. You also requested that Waste Industries consider expanding marketing and educational capacities with regard to recycling – including group meetings and other materials to promote sustainability – and to consider offering additional recycling services.

In addition to the detail offered in the letter, Bill Davidson of Waste Industries has informed me that they began using trucks powered by compressed natural gas in Pittsboro beginning in 2012.

In my estimation, there is room for continued growth of the recycling program currently offered by Waste Industries. However, implementation of the fuel surcharge in a way that benefits the Town appears to be difficult. Mr. Davidson indicates in the letter (see the table on page 2) and in a subsequent conversation that the CPI category used to determine the annual increases was less expensive and generated more savings to the Town than the CPI category originally outlined in the Agreement. As Mr. Davidson indicated during our previous meeting and in the attached letter, Waste Industries has never implemented the fuel surcharge. Moving forward, if they were to integrate the fuel surcharge, Mr. Davidson indicates that Waste Industries would apply the more costly CPI category with the fuel surcharge, per the Agreement.

Mr. Davidson and other representatives from Waste Industries will be in attendance on February 22, 2016 to answer your questions and receive direction.

Action Requested: Receive the response from Waste Industries and authorize the Town Manager to finalize the Renewal Term, when appropriate.