



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2021-751, **Version:** 1

A resolution approving Amendment One (1) to the contract between the Metropolitan Government of Nashville and Davidson County, through the Department of Public Works, and BFI Waste Services, LLC, to extend the contract by 5 years, update the Per Ton Charge for Municipal Waste and amend certain other parts of the contract.

WHEREAS, RS1999-1473 approved a contract between the Metropolitan Government of Nashville and Davidson County ("Metro") and BFI Waste Services, LLC, for Transfer Station Facilities, Operation of the Transfer Stations, Waste Transportation Services and Disposal Services for Solid Waste dated January 16, 2002 ("Contract"); and,

WHEREAS, pursuant to the Contract, Metro may exercise the option to extend the Contract for a maximum of two (2) five-year Renewal Terms; and,

WHEREAS, the parties wish to exercise the option to renew the contract for an additional five (5) year term, to update the Per Ton Charge for Municipal Waste and to make certain other housekeeping edits for clarification; and,

WHEREAS, it is in the best interest of The Metropolitan Government of Nashville & Davidson County that Amendment 1 be approved.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Amendment 1 to the Contract between the Metropolitan Government of Nashville and Davidson County, acting by and through the Department of Public Works, and BFI Waste Services, LLC, attached hereto as Exhibit A, and incorporated herein by reference, is hereby approved, and that the Metropolitan Mayor is authorized to execute the same.

Section 2. Any amendments, renewals, or extension of the terms of the agreement shall be approved by resolution of the Metropolitan Council.

Section 3. That this resolution shall take effect from and after its final passage, the welfare of The Metropolitan Government of Nashville & Davidson County requiring it.

Analysis

This resolution approves an extension of Metro's contract with BFI Waste Services, LLC, currently operating as Republic Services, Inc. ("Republic") for operation of a solid waste transfer station and for the disposal of solid waste. The Council authorized a contract with BFI through the adoption of Resolution No. R99-1473 in March 1999. However, the contract was not negotiated and executed until 2002. The contract is for a term of 20 years, with two additional five year optional extensions. Under this contract, Republic operates a waste transfer station located at 1160 Freightliner Liner Drive. All of the solid waste collected by Metro Public Works

and its collection contractors is taken to this transfer station. Republic then transports the waste to a landfill out of county (currently the Republic-owned Middle Point landfill in Rutherford County).

Metro Public Works has determined that it is in Metro's best interest to extend the contract for five years under basically the same terms with a few modifications. The primary change is an update in the per ton charge for solid waste. The existing contract provides for a 2½% increase in the rate each year. The FY2021 price per ton is \$40.73, and the FY2022 price per ton will be \$41.75. The extended contract includes the following amounts per ton:

- Year 1 - FY23 - \$45.00
- Year 2 - FY24 - \$45.00
- Year 3 - FY25 - \$46.11
- Year 4 - FY26 - \$47.25
- Year 5 - FY27 - \$48.42

The Contract Amendment Abstract form attached to the amendment indicates that the value of the amendment is estimated to be \$41,800,000.

Although this is a significant increase in the price per ton, Metro Public Works believes it is in Metro's best interest to agree to the extension. The original contract was entered into for a 20 year period with a fixed 2.5% annual escalator. Much has changed since 2002, including fuel costs, payroll, and costs of disposal. Further, and more importantly, agreeing to this five year extension brings five years of stability in which Metro will know that it has a place for its solid waste to go. The Middle Point landfill in Rutherford County is nearing capacity. Under the terms of this contract, Republic is required to ensure that our solid waste is taken somewhere outside of Davidson County even if the Middle Point landfill closes.

The amendment also provides that Republic will contribute \$50,000 to Metro's waste reduction education program.