

FM-5 (Contract)

Council District(s) All

Department of Public Works and Transportation

Commercial Transportation & Disposal Services

The Administration is requesting approval of a contract with BFI Waste Services, LLC d/b/a Republic Services of Baltimore to provide transportation and disposal services for commercial municipal solid waste accepted at the Eastern Sanitary Landfill (including tonnage from Harford County), Central Acceptance Facility, and Western Acceptance Facility. The contract also provides options for transportation and disposal of other types of municipal solid waste, including Baltimore County residential waste and single-stream recyclables. The contract commences July 1, 2024, continues for 8 years, and will renew automatically for three additional 4-year periods. The contract does not establish a maximum compensation amount. The Department advised that estimated compensation totals \$1.2 billion for the entire 20-year term, including the renewal periods. See Exhibit A.

Fiscal Summary

Funding Source	Total Compensation	Notes
County ⁽¹⁾	\$ 1,204,573,973	⁽¹⁾ Special Fund Operating Budget. ⁽²⁾ Estimate for the entire 20-year term.
State	--	
Federal	--	
Other	--	
Total	<u>\$ 1,204,573,973</u> ⁽²⁾	

Analysis

The contractor will provide transportation and disposal services for commercial municipal solid waste (MSW) accepted at the Central Acceptance Facility (CAF) in Cockeysville, the Eastern Sanitary Landfill (ESL) in White Marsh, and the Western Acceptance Facility (WAF) in Halethorpe. The contract also provides for the transportation and disposal of Harford County MSW, which is accepted at ESL. According to the contract documents, the contractor's primary disposal site will

be the King and Queen Sanitary Landfill in Little Plymouth, Virginia; the contractor's alternate disposal site will be the Old Dominion Landfill in Richmond, Virginia. The contract provides that the contractor is responsible for providing enough capacity to transport the entirety of all MSW delivered to a County facility on any given day; if for any reason the designated disposal facility or alternate designated disposal facility cannot accept delivery of the MSW, the County has the right to hold the contractor liable for all excess costs (i.e., increased tipping fees, transport costs to other facilities, costs associated with re-routing collection vehicles). The contract also provides that the contractor is not guaranteed any quantities under this agreement. The contract documents also indicate that the contractor, with advance notice, may be requested to provide transportation and disposal services for additional quantities of MSW greater than the outlined commercial MSW tonnages, and for transportation and disposal services for residential MSW (approximately 215,000 tons per calendar year). The contract documents further indicate that the County may be interested in securing from the contractor transportation and processing for single-stream recyclables (approximately 25,000 tons per year).

Unit prices for transportation services consist of two components: a fuel cost per ton of waste transported, and a non-fuel (wages, overhead, and profit) cost per ton. Fuel costs and non-fuel costs per ton of waste range from \$10.00-\$11.48 and \$53.17-\$58.83, respectively, based on pickup location. Disposal services per ton of waste are \$31.84 or \$34.65, based on pick up location.

The contract commences July 1, 2024, continues for 8 years, and will renew automatically for three additional 4-year periods, unless the County provides notice of non-renewal. The contract does not establish a maximum compensation amount but provides that "the failure of the County to appropriate sufficient funds in any future fiscal year to provide funds for this agreement shall entitle the County to terminate this agreement without prior notice to the Contractor." The Department advised that estimated compensation totals \$1,200,000,000 for the entire 20-year term, including the renewal periods. The County may terminate the agreement by providing 90 days prior written notice.

Prior to the commencement of each contract year, the non-fuel component of transportation services and disposal service costs may be increased in accordance with the Consumer Price Index - All Urban Consumers – United States City Average-Water and Sewer and Trash Collection Services, as published by the United States Department of Labor, Bureau of Labor Statistics at the time of the request, or up to a maximum 5% increase on the current pricing, whichever is

lower. In addition, the contractor may request price adjustments as a result of changes in State or federal laws that relate to the performance of these services. The fuel unit price shall be adjusted every six months, on January 1st and July 1st, according to the Diesel Fuel price index published by the U.S. Department of Energy as it relates to the Petroleum Administration for Defense (PAD) District 1 (East Coast), Subdistrict 1B (Central Atlantic) (PADD 1B); the monthly adjustment will increase or decrease the originally bid fuel price per ton by 2% for every 8-cent per gallon change above or below the established threshold price of \$4.40 per gallon.

The Department advised that the estimated \$1,204,573,973 in compensation is based on estimated commercial waste tonnages from 2023. The Department further advised that this expense will be more than covered by an assumed \$125/ton disposal fee (above the current \$100/ton for non-contracted entities) that the County will charge customers on site; the Department estimates that the proposed contract will generate an estimated \$142.4 million in revenue to the County (over the entire 20-year term including renewals considering no fee increases over the same term), which ultimately will flow to the County's General Fund.

The County awarded the contract through a competitive negotiation process based on qualifications and price from two proposals received. According to the contract documents, there is a 25% M/WBE participation requirement for the trucking/transportation portion.

On April 19, 2021, the Council approved a 2-year and 6-month contract (which commenced January 15, 2021) with Waste Management of Maryland, Inc. for similar types of services with estimated compensation totaling \$25 million. On December 19, 2022, the Council approved an amendment to the contract to extend the contract term through the earlier of the date the County executes a new contract, or June 30, 2024.

County Charter, Section 715, requires that "any contract must be approved by the County Council before it is executed if the contract is...for services for a term in excess of two years or involving the expenditure of more than \$25,000 per year...."

Executive Summary

Vendor Name – BFI Waste Services, LLC DBA Republic Services, Inc.

Purpose – This Contract with BFI/ Republic Waste Services addresses Commercial Transportation and Disposal services for Commercial MSW accepted at the Eastern Sanitary Landfill, Central Acceptance Facility and Western Acceptance Facility transfer stations. In addition, this contract also pertains to transportation and disposal services for Harford County MSW, which is accepted at ESL. This contract has no impact on the movement or collection of residential waste in Baltimore County.

In 2023 Baltimore County transferred roughly 151,000 tons of commercial MSW through Baltimore County Transfer stations. This system generated \$8 per ton of revenue for the county; roughly \$1.2 million in total.

In 2023 Baltimore County also generated \$8 per ton of revenue from 171,000 tons of Harford County tonnage that was transferred through Baltimore County transfer stations. This generated \$1.3 million in revenue for Baltimore County. In addition, Baltimore County put 33,829 tons of commercial material into Eastern Sanitary Landfill, generating \$3,382,900 in revenue.

In July of 2024 the current commercial MSW contracts with Republic and Waste Management are expiring. Transfer and Disposal services were put out for bid in 2023 and Republic Services was selected to service all 3 transfer stations for the transportation and disposal of commercial solid waste starting in July of 2024. The initial term of the contract is 8 years with three (3) additional four (4) year extension options. Republic will be transporting commercial MSW to landfills in Pennsylvania and Virginia. Once this contract is in place no commercial MSW will hit Baltimore County's landfill.

This contract will not impact Baltimore County's budget as all fees will be handled as a pass through; commercial vendors will pay an offsetting cost to Baltimore County to cover the transfer and disposal services delivered by Republic. This contract will continue to generate revenue for Baltimore County through commercial tonnages and Baltimore County's contract with Harford County.

Contract Value \$ 1,204,573,973

Term – 8 years with three (3) four (4) year renewal options.

Vendor Selection method - other

Prepared by: Department of Public Works and Transportation