



HISTORIC  
FRANKLIN  
TENNESSEE

ITEM #8  
WRKS 02/28/2012

## MEMORANDUM

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February 16, 2012

TO: Board of Mayor and Alderman

FROM: Eric Stuckey, City Administrator  
Russ Truell, Assistant City Administrator of Finance and Administration  
Becky Caldwell, Solid Waste Director

SUBJECT: Consideration of inter-local agreement with Bi-County Solid Waste Management to haul and dispose of solid waste processed in the City-owned transfer station

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### **Purpose**

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider an inter-local agreement with Bi-County Solid Waste Management relative to hauling and disposal of solid waste processed in the City-owned transfer station.

### **Background**

During the past several years, the City has seen a considerable increase in landfill tip fees. The most striking example is the 25% increase in landfill tipping fees experienced by the City in January of 2010. Because the City of Franklin does not own and/or operate a landfill, it can expect to continue to see increasing fluctuations in the fees based on its ability to obtain agreements with third parties for extended timeframes. Additionally, the number of landfills and landfill capacity in the middle Tennessee area continues to decrease and directly impacts the City's operational expenses.

The City of Franklin currently disposes of solid waste through a contract with Republic Services, Inc. with the City providing the transportation ("hauling") to the Middlepoint Landfill in Murfreesboro. With this agreement set to expire June 30, 2012, the City has been exploring options to manage costs associated with disposal and secure landfill capacity for an extended period of time. The City has an opportunity to enter into an inter-local agreement with Bi-County Solid Waste Management to provide both transportation and disposal services for an extended period of time. Bi-County Solid Waste Management is a Tennessee Solid Waste Authority formed by Montgomery and Stewart Counties in 1974. This local government authority, which is governed by a seven member board, was the first government-run landfill, in Tennessee, to meet the new Subtitle D regulations for solid waste. The Bi-County landfill is a total of 556 acres. In 2007, Bi-County completed a land swap with Fort Campbell U. S. Army Base that provided 356 acres, which added an estimated 100 years of capacity to the landfill. Current operating practices include the use of compactors to compact solid waste in a balefill.

The proposed inter-local agreement establishes a partnership with Bi-County Solid Waste Management and is based on four (4), 3-year intervals. The agreement is to maintain a set fee for three (3) years, while increasing the rate incrementally, every three (3) years based on the Consumer Price Index (CPI). This inter-local agreement establishes a 12-year relationship between the City of Franklin and Bi-County Solid Waste Management. Through this long-term arrangement the City can realize both rate



stability and certainty at a highly competitive rate. The provision of solid waste transportation services through Bi-County also presents an opportunity for savings by eliminating to own and maintain several tractor trailer units.

The attached spreadsheet offers a comparison of the projected expenses for the next five fiscal years. The first column represents expected costs with maintaining hauling and disposal services as we currently operate, while the “Bi-County” column provides similar details of expected costs associated with entering into an inter-local agreement with Bi-County Solid Waste Management for hauling and disposal services. Additionally, details of the cost per ton calculations using both our current operating expenses and the projected cost per ton upon entering the inter-local agreement with Bi-County Solid Waste Management indicate the potential savings per ton associated with this decision. As depicted on the attached spreadsheet, the City projects an annual savings over the next five years ranging from \$542,561 (FY13) to \$991,521 (FY15). The fluctuation in annual savings is largely driven by the anticipated need for equipment replacement under the City’s current operations. In total, the projected savings from FY13 through FY17 is \$3.68 million or an annual average of \$737,000.

Choosing to partner with Bi-County Solid Waste Management will decrease the City’s Disposal Division by four employees. The City will provide options for these employees to maintain employment within the City of Franklin at their current rate of pay and current benefits.

The proposal to partner with Bi-County Solid Waste Management for our hauling and disposal services will decrease the City’s risk and liability associated with everyday operations. The City can also decrease our variable expenses and provide a high degree of certainty in our landfill service agreement for the next twelve years.

### **Options**

At this time, the Board has the option to choose one (1) of four (4) arrangements for solid waste disposal:

1. Choose to approve the inter-local agreement with Bi-County Solid Waste Management for hauling and disposal of solid waste processed through our City-owned transfer station
2. Choose to continue hauling solid waste with City-owned resources and extend the existing agreement, with Republic Services, with the expectation the tip fee will increase to \$26.23 per ton and exponentially every year, based on the Consumer Pricing Index, for the remaining three (3) years of the existing agreement.
3. Choose to continue hauling solid waste with City-owned resources and request preparation of specification documents to proceed through the bid process to possibly obtain an alternative arrangement for landfill services.
4. Choose to request preparation of specification documents to proceed through the bid process to obtain a third party hauling company, in addition to a possible alternative arrangement for landfill services.

### **Financial Impact**

The proposed inter-local agreement presents an opportunity for the City to realize significant saving compared to existing operations. As depicted on the attached spreadsheet, the City projects an annual



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### **Recommendation**

Approval of inter-local agreement with Bi-County Solid Waste Management for solid waste hauling and disposal services is recommended.