

Memorandum

TO: Board of Public Works

FROM: Michael Lewis, Director of Public Works/City Engineer

DATE: September 14, 2012

RE: Amendment to Veolia's Garbage Contract.

Our solid waste disposal contract with Veolia expires at the end of the year. We have had this contract since 1984 and have extended it about every 5 years since. We feel that Veolia has provided excellent service over the years for a fair price. Our current tipping fee is \$43.41 per ton. All garbage is hauled to the City owned transfer station at the end of Rogers Street at about 52nd Street. The DNR solid waste site shows an average State wide fee of \$52-\$53, but that probably doesn't include hauling to the landfill, which our fee does include.

The State during their budget a year or two ago increase their fee (tax) from \$5.90 to \$13.00 or an increase of \$7.10 per ton. Veolia asked to add that increase on our fees and we said no. The contract says we should negotiate any changes in State fees, but we basically refused to negotiate. Veolia, and probably to keep what has been a good relationship, didn't take it any further.

They have proposed two options for us to consider, which do not include the impact of the current \$13.00 per ton State fee:

3 year contract extension

2013 tipping fee \$46.99 (basically splitting the additional \$7.10 fee increase).
2014 and beyond would be increased by the usual CPI, max of 5%.

5 year contract extension

2013 Current fee of \$43.41 plus the usual CPI, max of 5%.

We have been directed to except the 5 year contract extension along with if State/Federal tax per ton increases more than \$1, Veolia has the right to petition the City for the rate increase and if we refuse, the Contractor cancel the contract within 120 days.

The actual amended agreement is being finalized with the above revisions.