



# TOWN OF KILL DEVIL HILLS

*Land Where Flight Began*

MEMORANDUM

February 20, 2019

TO: Mayor and Board of Commissioners

FROM: Debora P. Díaz, Town Manager

REF: New Business

### **3. Subscription type residential curbside recycling rate increase and extension request (Attached NB-3)**

Public Services Director Steve Albright's accompanying memorandum provides a history of the Town's relationship with Bay Disposal as its franchisee for the subscription-type curbside recycling service which is available to our citizens. The existing agreement provides for two, five-year extensions of the agreement subject to approval by all parties. Bay Disposal has submitted its request in writing to extend the franchise agreement for the first five-year period, which will begin in 2019, with a proposed rate increase, and a language adjustment.

There has been no rate increase in the service since 2011, at which time residential rates increased from \$7.45 to \$7.82. The new rate, effective 2019, will be \$12.45 per cart, per month. Bay Disposal outlines a number of factors affecting the rate, including, lower costs for marketing recovered materials; higher quality standards for recovered materials; a change in the company's infrastructure; and the sale of Bay Disposal to Waste Connections in early 2018.

Bay Disposal has been responsive and cooperative with Town Staff and their customers in Kill Devil Hills. We have enjoyed an 11-year relationship that has worked well in providing the service to those who want it, without imposing it on those who continue to enjoy our Recycle Yard, or do not recycle.

Staff recommends the Board of Commissioners continue the subscription type residential curbside recycling program with Bay Disposal, with:

- Extension of the initial term of the franchise agreement for an additional five years, with a second five-year extension available for negotiation in 2024;
- Approval of the rate increase to \$12.45 per cart, per month;
- Approve minor modifications to the franchise agreement relating to purchase of Bay Disposal by Waste Connections, which has been approved by the Town Attorney.

A motion will be in order.



# TOWN OF KILL DEVIL HILLS

## PUBLIC SERVICES

Post Office Box 1719, 107 Town Hall Drive  
Kill Devil Hills, NC 27948  
Administration (252) 480-4080 Fax (252) 441-6136  
Office Hours: 8:00 a.m. – 5:00 p.m. Mon. – Fri.  
Water Plant (252) 480-4090  
www.kdhnc.com

**STEPHEN F. ALBRIGHT**  
Director

February 20, 2019

**DEREK A. DAIL**  
Assistant Director

### **Memorandum**

**MARCIA K. OLLIS**  
Administrative Services

To: Debora P. Diaz, Town Manager

**ALFRED W. BURTON**  
Water Plant

From: Stephen F. Albright, Public Services Director *SA*

**WILLIAM H. WATERFIELD**  
Water Systems

*Subject: Subscription Type Residential Curbside Recycling Rate Increase and Extension Request*

**L. RANDOLPH TURNER**  
Streets

The Town updated the voluntary subscription curbside recycling program franchise agreement in early 2014 following the completion of the first three terms that officially commenced on May 1, 2008. The first five-year term of the 2014 franchise will expire May 1, 2019. The franchise agreement allows by mutual consent of the parties up to two five-year extensions as outlined in the current agreement dated March 10, 2014.

**LYNN E. LINDSEY**  
Solid Waste

Bay Disposal has indicated an interest in continuing and requests the first five-year extension. Additionally, Bay Disposal has requested a rate increase in the amount of \$12.45 per month per cart (negotiated down from the initial request of \$14.31). Attached correspondence from Bay Disposal includes:

- Letter dated November 30, 2018 requesting rate increase
- Letter dated February 11, 2019 requesting extension of franchise agreement and reducing proposed rate

This proposed rate matches the rates currently being charged in surrounding areas for similar services. Staff acknowledges that the rate increase seems substantial but it is intended to recover the KDH rate to the rate shared by many of our neighboring jurisdictions. Bay Disposal has held KDH rates low over the history of the franchise starting at \$7.45 in 2008 with only one increase to \$7.82 in 2011 and holding this price since 2011. Town residents have been fortunate to have benefitted from the lower rates over the life of the franchise to date.

Bay Disposal has provided justifications for this increase in their attached correspondence. Bay Disposal has indicated a number of changes in the recycling market including:

- Lower costs for marketing recovered materials
- Higher quality standards for recovered materials
- Bay has closed their materials recovery facility (MRF) and is now incurring tipping fees for total tonnage collected
- Bay Disposal was acquired by Waste Connections in early 2018

Bay Disposal provided the only response to the initial franchise request in 2014. They continue to maintain their facility in Powells Point, NC while servicing most of the surrounding jurisdictions with recycling services. Therefore, staff recommends the continuation of the program by Bay Disposal to include:

1. Extension of the initial term of the franchise agreement for an additional five years;
2. Approve rate increase of \$12.45 per cart per month;
3. Approve minor modifications to franchise agreement relating to purchase of Bay Disposal by Waste Connections.

Thank you for your assistance.



February 11, 2019

The Town of Kill Devil Hills  
ATTN: Steve

Dear Steve,

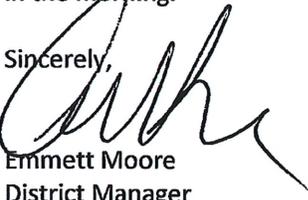
In reference to our conversation regarding similar recycling collection contract pricing, you will find below a sampling. Please keep in mind that, unlike some of our competitors, we have made a commitment to honor existing pricing until those contracts expire or come up for renewal. That being said, please see below:

Town of Kill Devil Hills	\$7.82 per home per month
Town of Kitty Hawk	\$12.45 per home per month
Town of Manteo	\$12.45 per home per month
Town of Nags Head	\$17.06 per home (seasonal) per month

Hopefully, this is the information you were looking for. Bay Disposal & Recycling would be willing to offer the Town of Kill Devil Hills the same rates as Kitty Hawk and Manteo if you were to choose to extend the existing agreement and not solicit new bids. Obviously, we can discuss tomorrow.

Please do not hesitate to reach out to me if you need anymore information. Otherwise, we will see you in the morning.

Sincerely,



Emmett Moore  
District Manager



November 30, 2018

Town of Kill Devil Hills  
P.O. Box 1719  
Kill Devil Hills, NC 23948  
ATTN: Steve Albright

RE: Recycling Franchise Agreement

Dear Mr. Albright,

In accordance with Section XII.B (page 9 of 12) of the Recycling Franchise Agreement between Bay Disposal and The Town of Kill Devil Hills regarding rate adjustment, Bay Disposal is requesting a rate increase for the following reasons:

- The current rate of \$7.82 per home has been the same since May 2011
- Recycling commodity values have dropped to a point where we have been forced to close our recycling processing facility and deliver the material to a third party vender at a rate of \$75.00 per ton (transportation and processing)

These two factors alone leave us no option but to ask for an increase from \$7.82 per month per home to \$14.31 per home per month.

We apologize for any inconvenience this may cause and hope you understand. Please do not hesitate to reach out to Josh or myself if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Emmett Moore", is written over the word "Sincerely,".

Emmett Moore  
District Manager