



Memorandum

July 12, 2023

To: Steve Giesbrecht, Borough Manager
From: Chris Cotta, Public Works Director
Re: Republic Services Contract Renewal

The Borough's Municipal Solid Waste (MSW) Transport and Disposal Agreement with Republic Services expires on August 31, 2023. The basic terms of this agreement date from 2013 and cover transportation and disposal of MSW and recyclables generated by the Petersburg Borough. The basic form of the agreement has been in use for over 25 years and was updated in 2013 to incorporate changes resulting from negotiations with the Southeast Alaska Solid Waste Authority (SEASWA) and Petersburg Borough.

Republic Services is proposing a 2-year renewal of the existing agreement, with some significant changes:

- Price escalations will be a fixed 5.5% per year.
- In the first year of the new contract our base rate per ton of MSW will go up from \$128.76 to \$172.86 starting September 1, 2023 and will thereafter be subject to the annual 5.5% increase. This represents a first-year increase of approximately 34% from our current rate.
- Recycling rates will also increase but the first-year cost is a lesser percentage than MSW.
- Once the proposed renewal agreement expires (in either 2 or 3 years), future agreements with Republic will require the Borough to utilize its own shipping containers. This would mean a substantial capital investment and would also greatly increase O&M costs for the dept.

Although the contract cost increase is significant, the above costs are in line with what other nearby Southeast communities pay for waste disposal. Annual contract cost is expected to be in the \$400-450K range, with a total value of the proposed 2-year contract of approximately \$850K. We were able to obtain one other quote for solid waste shipment and disposal, from Waste Management. Their base rate per ton was \$195.87 vs. \$172.86 quoted by Republic.

Public Works recommends moving forward with the 2-year renewal as described above, with optional 3rd year at Borough's discretion. Hopefully by the time the contract has reached its expiration date we will be able to find a less expensive solution for waste disposal, either by negotiating a joint contract with other local communities or perhaps a region-wide solution applied through the SEASWA.

If you agree with this contract approval recommendation, please forward it to the Borough Assembly for consideration at their next regular meeting on July 17th, 2023. Thank you.

Attachment: Republic Services Contract Extension Agreement (1 page)

Public Works Department

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