

RESOLUTION NO. 2019-147

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING AN EXTRAORDINARY RATE ADJUSTMENT TO ADVANCED DISPOSAL SERVICES OF JACKSONVILLE, LLC, AS PERMITTED BY THE FRANCHISE AGREEMENT FOR THE COLLECTION AND TRANSPORTATION OF RESIDENTIAL SOLID WASTE WITH ST. JOHNS COUNTY, AS AMENDED.

WHEREAS, St. Johns County ("County") and Advanced Disposal Services of Jacksonville, LLC ("Advanced") entered into a Franchise Agreement for the Collection and Transportation of Residential Solid Waste, as amended ("Agreement"), attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, section 5.16 of the Agreement provides that Advanced shall be solely responsible for paying the costs of processing and marketing recyclable materials, and the costs of removing and disposing any rejects, residue, or other contaminated or unacceptable materials; and

WHEREAS, section 9.3 of the Agreement provides that, once each year, Advanced may petition the County for a rate adjustment based on extraordinary changes in the costs of providing services under the Agreement, which shall be supported by appropriate documentation and an audited statement fully explaining and supporting any claim for a rate adjustment and documenting the extraordinary changes; and

WHEREAS, on October 9, 2018, Advanced submitted a request to the County for an extraordinary rate adjustment, explaining and supporting its claim for a rate adjustment and documenting the extraordinary change to the increased tipping fee price per ton due to industry-wide increases in costs of processing and selling material, attached hereto as Exhibit B and incorporated herein by reference; and

WHEREAS, on April 10, 2019, Advanced submitted a revised request for extraordinary rate adjustment of \$45 per ton rate for the period of August 1, 2018 through September 30, 2019, attached hereto as Exhibit C and incorporated herein by reference; and

WHEREAS, the Solid Waste Department has reviewed the request and other available information and has determined that the extraordinary rate adjustment requested in the April 3, 2019 request has been adequately explained, supported, and documented; and

WHEREAS, the County's Solid Waste reserves has adequate funds available to support the requested extraordinary rate increase for Fiscal Year 2019; and

WHEREAS, the County and Advanced intend to negotiate and draft proposed amendments to the Agreement to address the increased costs to Advanced for the remainder of the term of the Agreement; and

WHEREAS, the Contract Administrator for the Agreement has reviewed and recommended approval of the requested relief; and

WHEREAS, the Board of County Commissioners, at its sole discretion, approves this request and has determined that relief should be granted based on the documented extraordinary changes and costs, and that granting such relief is in the best interest of the County and the public.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, THAT:

Section 1. The above recitals are incorporated herein by reference and adopted as findings of fact.

Section 2. Pursuant to section 9.3 of the Franchise Agreement for the Collection and Transportation of Residential Waste with Advanced Disposal Services of Jacksonville, LLC, as amended, the Board of County Commissioners hereby grants the request for relief set forth in the April 10, 2019 request from Advanced, subject to the following conditions:

- a. The invoice for recyclable material shall be based on actual tonnage processed.
- b. No other rate adjustment waiver, or waiver of any other provision of the Agreement is granted.

Section 3. To the extent that there are typographical and/or administrative errors and/or omissions that do not change the tone, tenor, or context of this Resolution, then this Resolution may be revised without subsequent approval of the Board of County Commissioners.

PASSED AND ADOPTED by the Board of Board of County Commissioners of St. Johns County, Florida this 7<sup>th</sup> day of May, 2019.

BOARD OF COUNTY COMMISSIONERS OF ST.  
JOHNS COUNTY, FLORIDA

By: Paul M. Waldron  
Paul M. Waldron, Chair

ATTEST: Hunter S. Conrad, Clerk

By: Sam Halterman  
Deputy Clerk

RENDITION DATE 5/9/19



# EXHIBIT

# A

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**AMENDED AND RESTATED  
FRANCHISE AGREEMENT**

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**FOR THE COLLECTION  
AND TRANSPORTATION  
OF RESIDENTIAL WASTE**

**BETWEEN**

**ST. JOHNS COUNTY, FLORIDA**

**AND**

**ADVANCED DISPOSAL SERVICES  
OF JACKSONVILLE, LLC**

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5.13 Spillage

The Contractor shall not cause or allow any litter or spillage of Solid Waste or other materials to occur in the County as a result of the Contractor's activities. When the Contractor is transporting Solid Waste or other materials, the materials shall be contained, tied, or enclosed so that leaking, spilling and blowing are prevented. The Contractor shall immediately clean up any litter, leakage, or spillage caused by the Contractor's activities. If spillage occurs with oil, hydraulic fluids, leachate, or other liquids, the Contractor shall immediately clean up the spill and then report the time, location, and other relevant details to the Contract Administrator.

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5.14 Commingling of Materials Prohibited

When collecting or transporting Solid Waste or Source Separated Recyclables, the Contractor shall not commingle: (a) Source Separated Recyclables with Garbage, Yard Waste or other types of Solid Waste; (b) Yard Waste with Garbage, Bulky Waste, or other types of Solid Waste; (c) Residential Waste with Solid Waste or other materials collected or generated outside of the County; or (d) Residential Waste with Solid Waste or other materials collected at or generated on any property that is not Residential Property. Different types of Recyclable Materials may be commingled.

5.15 Hazardous Waste Prohibited

The Contractor shall not collect any item or material that is a Hazardous Waste. If Hazardous Waste is placed at a Customer's Curbside Collection Point, the Contractor shall leave a notice pursuant to Section 5.28, informing the Customer that the Hazardous Waste cannot be collected by the Contractor and providing the phone number for the County facilities that will assist the Customer with the proper handling and disposal of the Customer's materials. The Contractor also shall promptly provide the County with the Customer's address and photographs of the Customer's waste materials so that the County can notify the Customer about the proper disposal methods for the Customer's materials.

5.16 Processing Recyclable Materials, Rejects, and Residue

After the Contractor collects a Customer's Source Separated Recyclable Materials, the Contractor shall deliver the Source Separated Recyclable Materials to a Solid Waste Management Facility or other facility for Recycling. The Contractor shall deliver the Source Separated Recyclable Materials only to those facilities that have been approved in advance by the Contract Administrator, and the Contractor shall not change facilities without receiving the Contract Administrator's prior written approval. The Contract Administrator shall approve a facility only if and only for so long as the Contractor can demonstrate that the facility can and will Recycle or beneficially reuse the County's Source Separated Recyclable Materials. The Source Separated Recyclable Materials collected in the Service Area shall not be disposed of in a landfill or elsewhere, unless the Contractor receives the County Administrator's prior written approval for such disposal.

However, the Contractor may dispose of Rejects and Residue in a landfill or other appropriate facility. The Contractor shall be solely responsible for paying the costs of processing and marketing Recyclable Materials, and the costs of removing and disposing any Rejects, Residue, or other contaminated or unacceptable materials. The County does not make and affirmatively disclaims any warranties or representations concerning the quantity or quality of the materials that Customers will set out for collection in Recycling Bins or Recycling Carts.

5.17 Recycling Bins

The County will provide Recycling Bins to the Contractor until the Commencement Date or such earlier time as the County deems appropriate. Until the Commencement Date or an earlier date selected by the County, the Contractor shall deliver one (1) new Recycling Bin to each New Customer within five (5) days after the New Customer is added to the County's Customer list. The Contractor also shall provide one (1) additional Recycling Bin or one (1) replacement Recycling Bin when requested to do so by a Customer or the Contract Administrator. The Recycling Bin shall be delivered on or before the next regularly Scheduled Collection Day for Recyclable Materials or within five (5) days of the request, whichever occurs later. The size, color, and technical specifications of the Recycling Bins shall be determined by the Contract Administrator. The County shall pay the cost of procuring the Recycling Bins that are distributed pursuant to this Section 5.17. All of the costs associated with the storage and distribution of the Recycling Bins shall be paid by the Contractor.

5.18 Recycling Carts

Before the Commencement Date, the Contractor shall purchase, assemble, and deliver one (1) new Recycling Cart to each Residential Property in the Service Area. On and after the Commencement Date, the Contractor shall deliver one (1) new Recycling Cart to each New Customer within five (5) days after the Customer is added to the County's Customer list. The Contractor also shall deliver one (1) additional Recycling Cart anytime a Customer requests an additional cart for the collection of the Customer's Recyclables. The Contractor shall be responsible for the procurement, storage, assembly, and distribution of the Recycling Carts and for all costs associated with these activities.

The Contractor shall prepare and maintain an up-to-date list of all of the Customers and Residential Property that receive a Recycling Cart. The list shall identify the date, time, and address of: (a) each delivery of a new or replacement Recycling Cart under this Agreement; (b) each cart exchange pursuant to Section 5.25, below; and (c) each cart repair pursuant to Section 5.21, below. The general format and content of the list shall be subject to the approval of the Contract Administrator. The list shall be provided to the Contract Administrator in an electronic format (e.g., Excel spreadsheet) on the Commencement Date. An updated list shall be provided to the Contract Administrator every six (6) months thereafter.

CPI 2 is the CPI index number for April in the year before CPI 1 (e.g., April 2013)

Notwithstanding the foregoing provisions of this Section 9.2, the CPI adjustments that shall take effect on October 1, 2015, 2016, and 2017, shall be calculated in a different manner. The CPI adjustments for October 1, 2015, 2016, and 2017 shall be calculated in accordance with the normal procedures described above, and then the amount of the increase or decrease in the Rates shall be reduced by an additional two percent (2%). For example, if the CPI adjustment for October 1, 2015 is calculated to increase the Rates by three percent (3%), the actual CPI adjustment shall increase the Rates by only one percent (1%). Similarly, if the CPI adjustment for October 1, 2015 is calculated to increase the Rates by one-half of one percent (0.5%), the actual CPI adjustment shall reduce the Rates by one and one-half percent (1.5%).

### 9.3 Extraordinary Rate Adjustment

Once each year, the Contractor may petition the County for a Rate adjustment, based on extraordinary changes in the cost of providing services under this Agreement. The Contractor shall submit appropriate documentation to fully explain and support any claim for a Rate adjustment. The Contractor's request shall include an audited statement that documents the extraordinary changes in the Contractor's costs. The Contract Administrator shall review and recommend approval or denial of the Rate adjustment. The Board shall consider the Contractor's request for a Rate adjustment at a duly noticed public meeting. At its sole discretion, the Board may approve or deny the request. If the request is granted, the Board shall have the right to reduce the Contractor's Rates when the cost of the Contractor's operations returns to normal. Every six (6) months after a request is granted, the Board shall have the right to request, and the Contractor shall prepare, an updated audit to demonstrate why the extraordinary Rate adjustment should remain in effect.

### 9.4 Contractor's Invoices

The Contractor shall prepare and submit a monthly invoice to the County for the work that was performed during the preceding month. The invoice shall identify the number of Customers that were served, the Rate that should be charged for each Customer, and the total payment due to the Contractor. The first invoice shall cover the period from the Effective Date until the end of the calendar month that includes the Effective Date. Thereafter, each invoice shall cover the work performed during the preceding calendar month.

### 9.5 Payment Time

The Contractor shall be paid all undisputed amounts within forty-five (45) days after the County receives a proper invoice for the work performed by the Contractor during the preceding month.

# EXHIBIT

# B



# Advanced Disposal

RECEIVED

OCT 12 2018

ST. JOHNS COUNTY  
PUBLIC WORKS

October 9, 2018

Greg Caldwell, MPA  
St. Johns County Public Works Department  
Assistant Public Works Director  
2750 Industry Center Road  
St Augustine, FL 32084

**RE: Request for Additional Rate Adjustments for Extraordinary Costs**

Mr. Caldwell,

In Section 9.3 on page 26 of the Amended and Restated Franchise Agreement for the Collection and Transportation of Residential Waste between St. John's County, Florida and Advanced Disposal Services of Jacksonville, LLC (Advanced Disposal) makes provision for the Contractor to petition the County based on extraordinary changes in the cost of providing services under this Agreement. Below Advanced Disposal will demonstrate that due to the factors beyond its control has incurred a number of significant costs related to the processing of recyclable materials that justify a request for an Extraordinary Rate Adjustment.

On August 13, 2018, Advanced Disposal received a letter from Republic Services explaining the changes in the global and local recycling markets and its direct impact on their processing costs and the need for them to charge a tipping fee of **\$92.49** per ton at their Nine Mile Recycling Transfer Station to offset these costs. The new tipping fee became effective on September 1, 2018. (*Letter attached*) As a result of this new tipping fee, Advanced Disposal's costs related to recyclable materials in St. John County has increased dramatically. The average monthly increase in our costs are nearly **\$47,000.00**. Attached are 12 months of invoices from Republic Services starting with October 2017 through September 2018. Based on these invoices, the annual recyclable materials tonnage collected by Advanced Disposal and delivered to Republic's Nine Mile Recycling Transfer Station are **8,162** tons. The monthly average tonnage is **680** tons. The new tipping fee increased our price per ton by **\$68.79**.

Annual Tons	8,162
Monthly Average Tons	680
Tipping Fee Per Ton Increase	\$68.79
Monthly Increase in Costs	\$46,774.48 (680 x \$68.79 = \$46,777.20)
Residential House Count as of 10/03/18	30,960

Rate Increase Requested Amount Formula (Average monthly increase in costs of \$46,774.48 divided by the current residential house count of 30,960 equals a **\$1.51** rate increase per home)



## Advanced Disposal

Based on the information provided, Advanced Disposal is seeking a rate adjustment request for a **total monthly amount of \$1.51 per home**. Advanced Disposal is merely seeking this rate increase to offset our new costs related to the increase in the tipping fee charged by Republic Services. We greatly appreciate the partnership we share with St. John's County on providing these critical environmental services to each resident. Thank you for your careful consideration of our requested rate adjustment and appreciate your support on this request. If you have any questions or concerns please contact me.

Sincerely,

Greg Huntington  
Municipal Marketing and Government Affairs Manager

Cc: Johnny Goodspeed: District Manager  
Kristine Austin: District Controller  
Mark Blocker: Site Manager





**REPUBLIC  
SERVICES**

7000 Imeson Rd. Jacksonville, FL 32219  
o 904.999.3033 f 904.999.3675 republicservices.com

Dear Customer,

China's new import policies related to China Sword have forced significant changes to the global recycling marketplace. Stricter standards on contamination, combined with a diminished demand for certain types of material, are creating unprecedented financial challenges. As a result, we must change the way we operate.

Effective September 1, 2018 all recycling materials delivered to the 9 Mile Rd Recycling Transfer Station will be charged a tipping fee of \$92.49 per ton.

Republic Services is committed to the preservation of our environment and will continue to invest in our recycling operations. It's the right thing to do for our industry and our planet. To overcome the hardships imposed by China Sword we continue to support the development of new markets in Asia and other areas. But, this will take 3 – 5 years to come to fruition. In the meantime we will continue to make sure that your recyclables are delivered to the manufacturers that need them.

The tipping fee is static and will be adjusted annually to reflect the current state of the industry. This means if the market improves, and contamination drops, the tipping fee will also be reduced.

What can you do to help?

1. Work with Florida DEP and other players in the industry to educate and reduce contamination at each residence. This is imperative to the future of recycling.
2. Eliminate "Glass" from your list of acceptable materials.
3. To cover these new costs, introduce an incentivized "Cost Sharing" pricing model to your residents. By adding a Recycle Processing Fee to invoices you will cover your costs but also enable the residents to see the financial benefit of their efforts as the market, and contamination levels, improve.

Thank you for your consideration. If you have any questions or would like to meet to discuss in more detail please contact Don Collins at 407-760-4326.

Sincerely,

  
Jason Graves  
Operations Manager  
Jacksonville Recycle Processing Center

**EXHIBIT**

**C**



# Advanced Disposal

April 10, 2019

Greg Caldwell, MPA  
St. Johns County Public Works Department  
Assistant Public Works Director  
2750 Industry Center Road  
St Augustine, FL 32084

**RE: Request for Extraordinary Costs Reimbursement**

Mr. Caldwell,

This letter is to serve as a follow up to the letter we sent to you on October 9, 2018 requesting an additional rate adjustment for extraordinary costs pertaining to recycling processing fees. This type of request is allowed in the current agreement in Section 9.3 on page 26 of the Amended and Restated Franchise Agreement for the Collection and Transportation of Residential Waste between St. John's County, Florida and Advanced Disposal Services of Jacksonville, LLC (Advanced Disposal) makes provision for the Contractor to petition the County based on extraordinary changes in the cost of providing services under this Agreement. Based on a number of mutually beneficial meetings with you and your staff as well as our internal due diligence to find efficiencies in our collection methods and to identify other recycling facilities, we have adjusted our original request to the following:

We are requesting a onetime payment of \$351,000 to cover the extraordinary expenses we have been incurring as a result of the rate increase in the recycling processing fees, which started on September 1, 2018. This onetime payment will cover a 13-month period between September 1, 2018 to September 30, 2019. This dollar amount is based on an increase in the recycling processing fee of \$45 per ton with an approximate monthly tonnage of 600 tons and a 13-month total of 7,800 tons.

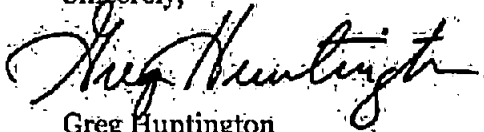
Monthly Average Tons	600
13-Month Total Tons	7,800
Processing Fee Per Ton Increase	\$45.00
Monthly Increase in Costs	\$27,000 (600 x \$45.00 = \$27,000)
13-Month Increase in Costs	\$351,000 (13 x \$27,000 = \$351,000)

Additionally, beyond this 13-month period starting on October 1, 2019 we are requesting an amendment to the current service agreement that will make a provision for St. Johns County to reimburse Advanced Disposal on a monthly basis for recycling processing fees. The monthly invoice will reflect the recycling tonnage that is delivered to one of the approved recycling facilities.

Tonnage delivered to the Republic Waste Services recycling location will be \$68.00 per ton and tonnage delivered to the Environmental Land Services recycling location will \$51.47 per ton. Depending on the area of the County that we are collecting resident's recyclables items will determine which facility is most advantageous to utilize in order to contain costs. Advanced Disposal is committed to continue our efforts to search for the most efficient and cost-effective solutions for the processing of recyclable material.

We greatly appreciate the partnership we share with St. Johns County on providing these critical environmental services to each resident. Thank you for your careful consideration of our requested assistance on this matter. If you have any questions or concerns please contact me.

Sincerely,



Greg Huntington  
Municipal Marketing and Government Affairs Manager

Cc: Johnny Goodspeed: District Manager  
Kristine Austin: District Controller  
Derick Redding: Area Manager  
Mark Blocker: Site Manager