



Meeting Date: 02 / 07 /12

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Grant Dunne, Management Analyst III *gd* Agenda Item No. **I-7**

Reviewed By: City Manager *gd* City Attorney *ys* Finance *jc* Public Works

DATE: January 27, 2012

TO: City Council

FROM: Rob Roshanian *S.R.*, Interim Public Works Director
Public Works Department

SUBJECT: **Third Amendment to Agreement No. A-5997 for Solid Waste Disposal Services Between the City of Oxnard and Waste Management Incorporated, Simi Valley Landfill**

RECOMMENDATION

That City Council approve and authorize the Mayor to execute the Third Amendment to the Agreement for Solid Waste Disposal Services with Waste Management of California, Incorporated to extend the contract expiration date to January 31, 2013 (Agreement No. A-5997).

BACKGROUND

The Simi Valley Landfill is owned and operated by Waste Management of California, Incorporated (WMC) and is located at 2801 Madera Road. It has been in operation as a landfill since 1970. In 1972, the site began operations under the Ventura Regional County Sanitation District (now Ventura Regional Sanitation District, VRSD). In 1981, Waste Management of California, Inc (WMC) purchased the landfill and received approval to expand the permitted operating life of the facility. The landfill is permitted to operate through 2054.

DISCUSSION

The Third Amendment (Attachment No. 1) extends the initial term of the Agreement that expires February 25, 2012 to January 31, 2013. The Third Amendment allows WMC to charge the City an additional \$4.00 per ton fee for waste delivered by the City to the Simi Valley Landfill originating from outside the County of Ventura (County) as outlined in the Addendum Agreement for Sustainability Fee at the Simi Valley Landfill and Recycling Center between WMC and the County. This fee was implemented to preserve in-county landfill capacity. Waste delivered from the City to the Simi Valley Landfill that originates out-of-county represents an average of 1% or 250 tons from the overall waste volume of 17,500 tons per month that is typically delivered from the City. The out-of-county waste handled by the City primarily derives from the residual of out-of-county recyclable material processed at the Del Norte Facility. The estimated cost value associated with handling out-of-county tons pertaining to the \$4.00 per ton fee is \$1,000 per month (250 tons @ \$4.00/ton). The net estimated

Third Amendment to Agreement No. A-5997 for Solid Waste Disposal Services Between the City of Oxnard and Waste Management Incorporated, Simi Valley Landfill

January 27, 2012

Page 2 of 2

revenues the City receives generated from the sale of this processed recyclable material ranges from \$25,000 to \$50,000 per month depending on market conditions. The Third Amendment maintains all other terms and conditions in the existing agreement.

The Second Amendment, approved by City Council on September 20, 2011, expires on February 25, 2012. The Third Amendment will extend the term from February 26, 2012 through January 31, 2013 coinciding with the term of the Short Term Service Agreement with Republic Services for the operation and maintenance of the Del Norte Facility. The extension time will allow staff to further research the City's landfill disposal options while continuing its effort to negotiate a long term disposal service agreement with WMC in conjunction with the future firm operating the Del Norte Facility.

The current disposal fee is \$26.26 per ton. The average public posted rate in the combined counties of Santa Barbara, Ventura and Los Angeles for landfill tipping fees of similar waste is \$52.63 per ton. The City delivers approximately 17,500 tons or 81% of its waste to the Simi Valley Landfill on a monthly basis.

The Toland Road Landfill is the only other landfill operated within Ventura County. The City has an agreement with the Ventura Regional Sanitation District, owner and operator of the Toland Road Landfill, which does not expire until November 14, 2020. The City delivers approximately 4,100 tons or 19% of its waste to the Toland Road Landfill per month for a disposal fee of \$31.00 per ton. The Toland Road Landfill cannot accommodate receiving all of the City's remaining waste tonnage because tonnage commitments made to other waste haulers has limited their landfill's available capacity.

Based on annual disposal and landfill tipping fee, the estimated value over the term of this Third Amendment is approximately \$5,300,000. Existing solid waste system user fees and charges provide cost recovery for disposal service at the Simi Valley Landfill.

FINANCIAL IMPACT

There are sufficient funds appropriated in Solid Waste Enterprise Fund Account Number 631-6304-844-8268 (Solid Waste/Processing & Disposal/Utilities/Refuse & Disposal) in the Fiscal Year 2011-12 budget for the expense of disposal fees at the Simi Valley Landfill.

Attachment #1 – Third Amendment to Agreement No. A-5997

**THIRD AMENDMENT TO
AGREEMENT FOR SOLID WASTE DISPOSAL SERVICES
BETWEEN
THE CITY OF OXNARD AND
WASTE MANAGEMENT OF CALIFORNIA, INC.**

THIS AGREEMENT is made this 7th day of February, 2012 by and between the City of Oxnard, a California municipal corporation ("City") and Waste Management of California, Inc., a California corporation ("Owner"). This Agreement amends the "First Amendment to Agreement For Solid Waste Disposal Services Between the City of Oxnard and Waste Management of California," dated September 25, 2006 ("First Amendment") and the "Second Amendment to Agreement For Solid Waste Disposal Services Between the City of Oxnard and Waste Management of California," dated September 20, 2011 ("Second Amendment").

RECITALS

WHEREAS, Owner is the owner and operator of the Simi Valley Recycling and Disposal Facility (the "Facility") and City desires to dispose of Residual Solid Waste at the Facility on the terms and subject to the conditions set forth in the First Amendment and Second Amendment, as modified herein; and

WHEREAS, Owner agrees to grant such right to dispose of Residual Solid Waste at the Facility on the terms and subject to the conditions set forth in the First Amendment and Second Amendment, as modified herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions contained in this Agreement and for other good and valuable consideration, the parties agree as follows.

1. Section 2.1 of the First Agreement, as modified by the Second Agreement, is deleted in its entirety and amended to state:

2.1 Term. The initial Term of this Agreement shall begin as of the Effective Date and shall continue until the close of business on January 31, 2013 (the "Initial Term"). Thereafter, this Agreement may be extended beyond the Initial Term for one or more additional terms (the "Successive Term"), for a time period to be determined by the parties, upon mutual written agreement of the parties made not less than sixty (60) days prior to the end of the Initial Term or any Successive Term.

2. Section 5.1 of the First Agreement is deleted in its entirety and amended to state:

5.1 Disposal Fee.

5.1.1 Residual Solid Waste Originating in Ventura County or Outside the State of California. For Residual Solid Waste delivered to the Facility and accepted by Owner originating within Ventura County or from outside the State of California, City shall pay a Disposal Fee of twenty-six dollars and twenty-six cents (\$26.26) per ton, which shall include all fees and charges in effect as of the date of this Agreement except for the Countywide Integrated Waste Management Plan (CIWMP) disposal fee. City shall in addition pay Owner the applicable CIWMP disposal fee, to the extent such fee is or becomes imposed on or payable by the Facility.

5.1.2 Residual Solid Waste Originating Outside Ventura County but Within the State of California. For Residual Solid Waste delivered to the Facility and accepted by Owner originating

from outside Ventura County but within the State of California, in addition to the amounts set forth in Section 5.1.1, City shall pay the amount of the Sustainability Fee as set forth in that certain agreement between Owner and County entitled "Addendum Agreement for a Sustainability Fee at the Simi Valley Landfill and Recycling Center," dated July 19, 2011. Currently, the Sustainability Fee is four dollars (\$4.00) per ton.

5.1.3 The Sustainability Fee will be charged based on the disposal reporting information submitted by City to Owner and County, which is due no later than 75 days following the end of the previous quarter, as required by 14 CCR sections 18809.1-11. Owner will invoice City for any Sustainability Fee amounts within 15 days from receipt of report, with payment in accordance with Section 5.8.

3. Except as provided herein, all other terms and conditions of the First Amendment and Second remain in full force and effect.

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IN WITNESS WHEREOF, City and Owner have executed this Agreement as of the date and year first above written.

CITY OF OXNARD

WASTE MANAGEMENT OF CALIFORNIA, INC.

Dr. Thomas E. Holden, Mayor

By: MIKE SMITH

Name: 

Mike Smith
Vice President, Market Area
General Manager

ATTEST:

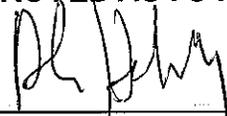
APPROVED AS TO INSURANCE:

Daniel Martinez, City Clerk

James Cameron
James Cameron, Chief Financial Officer

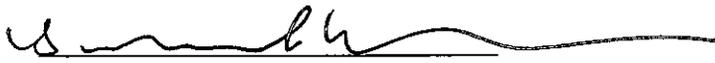
APPROVED AS TO FORM:

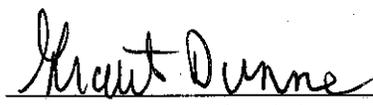
APPROVED AS TO AMOUNT:


Alan Holmberg, City Attorney

Loren R. Borwick for
Edmund F. Sotelo, City Manager

APPROVED AS TO CONTENT:


Rob Roshanian, Interim Public Works Director


Grant Dunne, Project Manager