

RESOLUTION NO. 2019-146

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING AN EXTRAORDINARY RATE ADJUSTMENT TO REPUBLIC SERVICES OF FLORIDA, LIMITED PARTNERSHIP, 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 Republic Services of Florida, LP ("Republic") 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 Republic 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, Republic 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 August 9, 2018, Republic 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 3, 2019, Republic submitted a revised request for extraordinary rate adjustment of \$20 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 Republic intend to negotiate and draft proposed amendments to the Agreement to address the increased costs to Republic 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 Republic Services of Florida, Limited Partnership, as amended, the Board of County Commissioners hereby grants the request for relief set forth in the April 3, 2019 request from Republic, 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 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**

**REPUBLIC SERVICES OF FLORIDA,  
LIMITED PARTNERSHIP**

### 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.

### 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.

Exhibit D shall be applied uniformly to all Customers, regardless of the number of Garbage Cans, Recycling Bins, or Recycling Carts used by any Customer.

## 9.2 CPI Adjustment

Once each year, the County shall adjust the Contractor's Rates, upward or downward, to reflect the percentage change in the consumer price index (CPI) that occurred during the preceding twelve months. However, the CPI adjustment shall not exceed four percent (4%) in any one year (i.e., the CPI adjustment shall not be greater than four percent (4%) of the Rate in effect immediately before the adjustment occurs). The CPI adjustments shall be based on the consumer price index published by the United States Department of Labor, Bureau of Labor Statistics, for all items in the wage earners and clerical workers (CPI-W) category for the South Urban Area.

Each CPI adjustment shall take effect on October 1. The first CPI adjustment shall take effect on October 1, 2014. The CPI adjustment shall reflect the percentage change in the CPI, measured from April 1<sup>st</sup> in the previous calendar year to March 31<sup>st</sup> of the calendar year in which the adjustment will occur. The percentage change in the CPI shall be calculated by using the following formula:

PC equals CPI 1, divided by CPI 2, minus 1.0, multiplied by 100

Where:

PC is the percentage change in the CPI from one year to the next

CPI 1 is the CPI index number for the most-recent April (e.g., April 2014)

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 adjustment that shall take effect on October 1, 2016, shall be calculated in a different manner. Specifically, after the CPI adjustment for October 1, 2016 is calculated in accordance with the procedures described above, 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, 2016 is calculated to increase the Rates by three percent (3%), the actual CPI adjustment shall only increase the Rates by one percent (1%). Similarly, if the CPI adjustment for October 1, 2016 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.

9.6 Payment Calculation

The Contractor's total monthly fee shall be calculated by multiplying the appropriate Rate times the total number of Customers served by the Contractor during the preceding month. The number of Customers shall be reported by the Contractor, but the number shall be subject to verification by the County.

9.7 Franchise Fee

A franchise fee shall be delivered to the County each month with the Contractor's invoice for its services under this Agreement. The Contractor shall pay a franchise fee to the County for any revenue generated above and beyond the base revenue generated by the Contractor's Regular Service in the Service Area (i.e., one (1) day a week collection for Solid Waste, Recycling, and Yard Waste). If additional or Special Services are provided to any individual residential units or communities, the Contractor shall pay a two percent (2%) franchise fee on the gross revenue collected for the Special Services and any other additional collections service provided in the Service Area. The franchise fee shall be



# EXHIBIT

## B



August 9, 2018

Greg Caldwell - Assistant Public Works Director  
St. Johns County Public Works  
2750 Industry Center Rd.  
Saint Augustine, FL 32084

RE: Request for Additional Rate Adjustments for Extraordinary Costs

Dear Mr. Caldwell,

As per our conversation, the recycling industry is facing unprecedented increases in the cost of processing and selling material. To meet the strict new contamination standards imposed by China's latest import policies (China Sword) the Recycle Processing Center must change the way it operates. As a result, effective September 1, 2018 all recyclable materials delivered to the 9 Mile Recycling Transfer Station will be charged a tipping fee of \$92.49 per ton. Attached is a copy of the letter from the Recycle Processing Center to entities in St. Johns County. To offset the \$92.49 per ton, effective October 1, 2018 we are requesting a monthly increase of \$2.07 per home.

The language in our agreement allows us to request rate adjustments for extraordinary cost increases as follows, "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." In addition to our recycling operations, we have also absorbed significant increases in the cost of delivering the standard curbside garbage, bulk and yard waste collection services. To offset these costs, effective October 1, 2018 we are requesting an additional \$1.13 per home.

Attached you will find documentation that demonstrates the financial challenges that we are facing in recycling processing, and curbside collection, and our plan to recover those costs. This rate adjustment request comes to a total monthly amount of \$3.20 per home.

We appreciate your support on this request. If you have any questions or concerns please feel to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Collins".

Don Collins  
Manager Municipal Sales



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

## St. Johns County Extraordinary Rate Adjustment 2018

As a direct result of China's implementation of their new import policies regarding recycled materials (China Sword) values have plummeted. The purpose of this document is to present the resulting, "new reality" of the global recycling economy and a plan to secure the sustainability of curbside recycling in St. Johns County. In addition to lower material values, contamination in the material collected at curbside is also taking its toll. China's strict new standards on acceptable contamination has made the clean separation of materials more important than ever before.

The graphs below illustrate the percent of each material found in a ton of commingled items collected at curbside. Due to China Sword, and other economic factors, the items in red now have a negative value. The program can no longer sustain the financial downturn with a majority of the material generating no revenue to support the cost of operations. Soft Mixed Paper commands 29.5% of the mix, Glass represents 19.5% and non-recyclable materials, or "contamination" makes up 26.3% of the total. All three combined make up 75.3% of what is received.

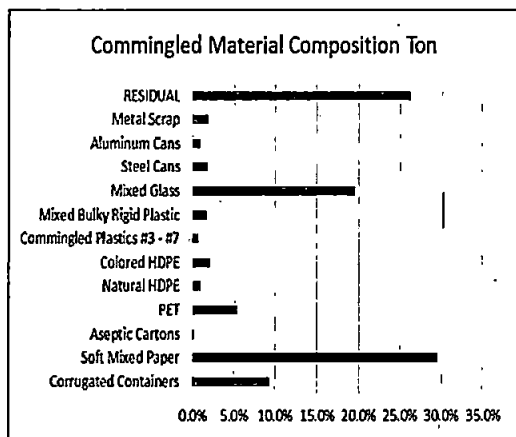


Illustration 1.

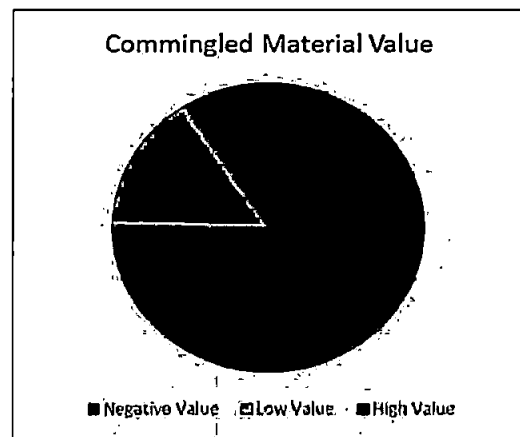


Illustration 2.

Recycle 2.0 is a new way to structure the financial integrity of our recycling programs. It establishes a more transparent and durable approach to meeting, and sharing the benefits and/or costs of recycling. This true partnership approach enables us to adjust the pricing annually to reflect the most recent outcomes of the marketplace. Below are the steps involved in the collection, transportation and processing of commingled recyclable materials. The costs associated with each step are presented in *Illustration 3* and defined below.

**Processing** – This is the total cost of operating the processing facility including capital investment, labor and other overhead costs associated with the daily operation of business.

**Transport** – This includes the cost of trucks, trailers and drivers moving back and forth between the transfer station and the processing facility. This work is provided by a subcontractor.

**Transfer Station Push** – This is the cost of equipment and labor used to receive and reload recyclables that are delivered to our transfer station.

**Residual Cost** – This covers the cost of loading, transporting and disposing of the residual material from the processing facility to the landfill. The total cost per ton for residual is \$73.99. This means if a composite ton has 26.3% residual we need \$19.46 per ton to cover the cost.

**Material Value** – The average value of a 100% clean composite ton of curbside recyclables in the first half of 2018 was \$91.54. The processing facility splits the proceeds with the transfer station 50/50 to help offset the costs of the operation.

**St. Johns County  
Extraordinary Rate Adjustment 2018**

<b>Republic Services Recycling Transfer Station Cost Calculator</b>							
Processing	Transport	TS Push	Total Cost	*Material Value	**Residual Cost	Net Processing	\$/Home
\$80.13	\$20.51	\$6.12	<b>\$106.76</b>	\$33.73	\$19.46	<b>\$92.49</b>	<b>\$2.07</b>

\*Material Value represents 73.7% of a ton. The value of a 100% clean ton is \$91.54 with 50% shared to offset transfer costs.

\*\*The Residual Cost represents 26.3% of a ton at a cost of \$73.99 per ton.

\*\*\*Rates are based on the current average weight collected per week at each home at 10.32lbs.

Illustration 3.

<b>Net Processing Value/Charge - Model for Annual Rate Review</b>			
Number of Homes			<b>52,070</b>
Pickups per Month			<b>4.33</b>
Pounds per set out			<b>10.32</b>
Tons per Month			1,163
Recycle Processing Rate per Ton for Residential Stream (from MRF Controller)			<b>\$106.76</b>
	%	Tons	Rate
Tons sold	74%	857.42	<b>45.77</b>
Residual tons	<b>26%</b>	305.97	<b>\$ (73.99)</b>
			<i>Rev from Commodity</i> \$ 39,244
			<i>Residual Costs</i> \$ (22,639)
			<i>Net Revenue</i> \$ 16,605
Commodity Value (Net Revenue divided by Tons per Month)			\$ 14.27
Net Processing Position (Commodity Value minus Processing Rate)			\$ (92.49)
Share with City (if commodity value exceeds processing costs)			50%
City Rebate (per Ton)			\$ -
Monthly Net Processing Value (Rebate or Net Processing Position x Tons per Month)			\$ (107,598)
<b>Rate Adjustment to Reconcile Commodity Market Value</b>			<b>\$ 2.07</b>

Illustration 4.

The \$2.07 amount could show as a separate line item on the non-ad valorem tax bill i.e., Recycle Processing Fee. The total amount for the year would be \$24.84. This amount would adjust up or down annually. As the market improves, contamination reduces, and participation increases on high value materials, the residents will see the benefit of their efforts.

To support the improvement of the program we will work with the County to amplify the promotional and education efforts through social media, radio and television news broadcasts and web links with various supporters of the program. This includes the St. Johns County Schools, City of St. Augustine and all HOA's.

St. Johns County  
Extraordinary Rate Adjustment 2018

2018 100% Clean Material Value

2018 Actual Value		January	February	March	April	May	June	6 Month Avg.	Composite %	Actual Value
Category	Commodity	Per Ton	Per Ton	Per Ton	Per Ton	Per Ton	Per Ton	Per Ton	Per Ton	Per Ton
Fiber	CORRUGATED CONTAINERS	\$140.80	\$111.99	\$113.65	\$103.43	\$97.13	\$97.90	\$110.81	12.6%	\$13.94
Fiber	SOFT MIXED PAPER	\$41.25	\$37.15	\$28.86	-\$3.87	\$5.13	\$9.74	\$19.71	40.0%	\$7.89
Fiber	ASEPTIC CARTONS	\$50.00	\$50.00	\$50.00	\$50.00	\$10.00	\$10.00	\$36.67	0.2%	\$0.06
Plastic	PET	\$285.82	\$296.64	\$304.69	\$317.00	\$319.84	\$333.00	\$309.50	7.2%	\$22.25
Plastic	Natural HDPE	\$690.05	\$700.26	\$742.57	\$802.97	\$840.00	\$840.00	\$769.31	1.3%	\$9.92
Plastic	Colored HDPE	\$392.42	\$400.00	\$410.00	\$450.00	\$430.00	\$350.00	\$405.40	2.8%	\$11.25
Plastic	PLASTICS # 3-7	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	1.0%	\$2.00
Plastic	MIXED BULKY RIGID	\$15.00	\$60.00	\$49.14	\$15.00	\$45.31	\$38.17	\$37.10	2.3%	\$0.86
Glass	GLASS (3 MIX)	-\$7.40	-\$5.38	-\$4.74	-\$3.60	-\$3.80	-\$5.28	-\$5.03	26.5%	-\$1.33
Metal	STEEL CANS	\$169.47	\$169.48	\$190.64	\$205.13	\$191.80	\$191.78	\$186.38	2.4%	\$4.46
Metal	ALUMINUM CANS	\$1,319.34	\$1,415.43	\$1,437.36	\$1,464.00	\$1,511.54	\$1,617.58	\$1,460.87	1.2%	\$18.19
Metal	METAL SCRAP	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	2.6%	\$2.04
									100%	\$91.54

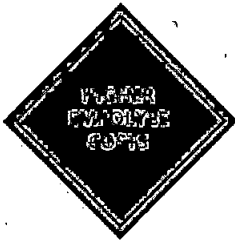


## St. Johns County Extraordinary Rate Adjustment 2018

The extraordinary rate adjustment is based on two parts. The first is the \$2.07 per month needed to stabilize recycling operations. The second is based on unforeseen increases in our operating costs that could not be predicted prior to the implementation of the service. Since the implementation of our CNG fleet, we have absorbed an accumulation of cost increases that are outpacing the amounts allowed by the standard rate adjustment structure of our agreement. For good reason, the contract includes language for an Extraordinary Rate Adjustment that enables us to ask for help when needed. In addition to the \$2.07 we also need \$1.13 to offset the extraordinary costs below.



The environmental benefits of migrating our fleet to CNG is good for the community. The financial gain for the County in the sell of the CNG purchased by Republic further supports the program. However, the cost to maintain our semi-automated CNG vehicles is exceeding our original projections. Specifically, delayed fueling times, insufficient tank capacities, and mechanical failures related to the CNG design are significantly exceeding our budgeted cost of operation.



The entire transportation industry is struggling to find and keep qualified drivers. Significant improvements in the economy, and St. Johns County's low unemployment rates, contribute to the challenge. With more opportunities to drive trucks, that don't contain garbage, the pool of drivers available to fit our needs is diminishing. To compete, our pay rates, benefits and recruiting costs have greatly increased.



In recent years, manufacturers and retailers have managed a deliberate effort to maximize shipping capacity but also to dominate shelf space. The goal is to package products into configurations that capture the impulse purchase but minimize drag on the ocean liners delivering from China. We call it "Lightweighting". This means more bigger packages with less weight. The recent migration to on-line spending is driving aggressive growth in cardboard at the curb. It weighs less than most other materials but it occupies a lot more space in our trucks. This means our trucks fill up faster so we get less homes per load. In 2000 a ton of water bottles equaled 48,000 bottles. Today, it takes 92,000 bottles to make a ton. We are collecting more volume with less weight increasing driver hours and reducing the efficiency of our routes.

The total combined monthly rate increase needed to restore the funding required to operate is \$3.20 per home. We are proposing that the County split the \$2.07 amount, for the Recycling Processing Fee, out as a separate line item ( $\$2.07 \times 12 = \$24.84$ ) on the non-ad valorem tax bill. The remaining \$1.44 ( $\$1.44 \times 12 = \$17.28$ ) can be added to the current residential collection fees.

The following pages present additional information and documentation to the crisis posed by the implementation of China Sword.



St. Johns County  
Extraordinary Rate Adjustment 2018

## China Sword – Global Change in Law Headlines

### THE WALL STREET JOURNAL.

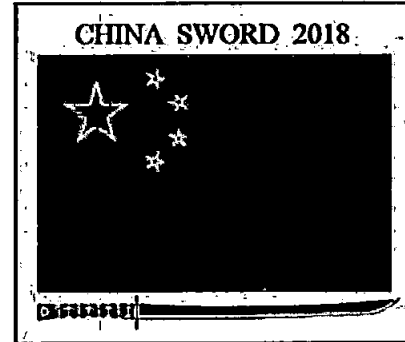
#### Recycling, Once Embraced by Businesses and Environmentalists, Now Under Siege.

Local officials raise fees and send recyclables to landfills as economics erode.  
Bob Tita – May 13, 2018

### Waste 360

#### Eight thoughts on current recycling market upheaval.

A broader look in general and how to make sense of current turmoil in the market  
Chaz Miller – October 30, 2017



### PENSACOLA News Journal

PART OF THE USA TODAY NETWORK



Recycling is in trouble – and it may be your fault.  
Paul Singer – April 20, 2017

#### Pensacola's curbside recycling has gone to landfill for at least two months

Jim Little – May 4, 2018

- News laws in China have banned ALL mixed paper from entry into the country causing a complete crash in value. (Effective 1-1-18)
- Mixed plastic containers have also been banned. China received 56% of the world's recycled plastics in 2017.
- Acceptable contamination levels have been reduced from 3%+ to less than .5%. (Effective 3-1-18)
- The number of Import permits have been significantly reduced



90% of U.S. residents want recycling and are willing to pay for it!

63.8 million

Americans said they will place an item into a recycling container even if they aren't sure it's recyclable

1. 2014 Republic Services National Survey  
2. Waste 360 April 22, 2014 - Americans Can Benefit From More Recycling Education







## ***Recycling Program Changes – Ongoing through August 3, 2018***

### **Overview**

NWRA members are seeing the impacts of China's policies limiting imported recyclables. Numerous programs across the country are making programmatic changes. Here is a sampling of some of the changes.

### **Discussion**

- **Programmatic changes.** Communities are focused on improving recycling quality and changing what is acceptable.
  - The City of Austin identified the following common contaminants: garden hoses, plastic foam, pizza boxes, and syringes.
  - The Stark-Tuscarawas-Wayne Joint Solid Waste Management District in Ohio also mentions food contaminated pizza boxes as well as plastic bags, partially filled bottles and cans as well as garden hoses and window pane glass.
  - Rogue Disposal in Southern Oregon dropped glass from curbside. Instead it is being redirected to drop-off locations. Rogue now only accepts four items: OCC, metal cans, milk jug style containers and ONP.
  - Brookline, Massachusetts residents received reminders through OOPS! Stickers passed out in their carts when volunteers peered into bins to determine whether the public was throwing trash into their recycling bins.
  - Wyckoff, NJ switched to dual stream recycling with every other week collection alternating between fiber and container streams.
  - Bosque Farms, NM was informed by their contractor AC Disposal that the local MRF will no longer accept their single-stream leading to a suspension of recycling services. Recycling will now be limited to a drop-off location where material will be required to be segregated. AC Disposal has reached out to three facilities in Albuquerque but does not know when they will begin accepting materials again.
  - Due to increases in the cost of recycling, Republic Services has increased rates to customers in Indianapolis by as much as 100%.
  - In Connecticut, Housatonic Resources Recovery Authority contracts for recycling with 11-member towns has seen tip fees for recyclables go from \$10/ton four years ago to \$25/ton two years ago to \$40/ton earlier this year. Commodity rebates from Winter Brothers have also declined.
  - Ecomaine has sent two bills totaling \$5500 to the town of Sanford, ME as a penalty for 25% contamination. Penalties could reach \$100,000/year. Waterboro, ME is considering removing its unmanned drop-off location due to contamination. Along

with Casella Waste Systems, these communities are focused on improving education.

- Andover, MA will modify what will be acceptable in the recycling stream in the near future. They plan on removing pizza boxes, shredded paper and #6 plastics. An updated list is expected by the end of July.
- Deerfield Beach and Sunrise, FL residents' recycling will not be sent to either the landfill or WTE after the cities did not replace the previous contracts. Recyclables in Florida that are sent to the WTE facility will "count as recycling" due to electricity generation. Deerfield Beach will cease curbside collection after the City Commission did not approve a new recycling contract with WM after the previous one expired on July 2<sup>nd</sup>. The processing costs were anticipated to rise to \$96/ton from the previous \$51/ton. Coupled with a potential fee for contamination, the city was facing a price increase of \$400,000 annually.
- Lincolnton, NC stopped recycling last month because Sonoco could not find a home for the material. Mecklenburg County's contractor, Republic Services, now gives away bales of material or even pays to get rid of them leading officials to say that the economics of recycling is "broken" with recycling costing \$70/ton with a potential to rise to \$90/ton whereas disposal only costs \$33/ton. To manage contamination, the 35 ton/hour MRF operates at only 25 tons/hour with plastic bags as the "bane" of recycling.
- Westfield, NJ announced that new guidelines for recycling eliminating #3-#7 plastic by the end of the year and immediately banning plastic bags and shredded paper.
- Washington, DC Director of Public Works, Christopher Shorter, said that it used to be cheaper to recycle material, but now that has changed. The city wants to better educate the residents and is considering other options including a third cart for organics and pay-as-you-throw.
- Monterey Regional Waste Management District in California will no longer accept plastic bags for recycling beginning August 1<sup>st</sup>.
- Jefferson County, WA contractor Skookum's broker has stopped accepted mixed paper and commingled tin/aluminum and plastic bales.
- Arab, AL rejected a request by Republic to increase rates but will be looking to educate the public about contamination by putting out flyers on what is recyclable.
- Latah County, ID commissioners are considering whether to drop glass and plastic from their recycling drop-off program because recycling costs of \$130/ton now exceed landfilling costs of \$85/ton.
- Johnson County Recycling District, IN will end its dropoff recycling program on July 31<sup>st</sup> due to rising costs.
- Mt. Lebanon, PA residents and neighboring South Hills Area Council of Governments will no longer be able to recycle glass or #3-7 plastics. Rejected recyclables will result in fines of \$150 beginning in 2020.
- Sierra Vista, AZ has limited recycling to metal food and beverage cans, #1 & 2 plastic and OCC.
- Franklin, NH is sending recyclables to the waste-to-energy facility. They are maintaining the recycling carts to encourage residents to stay in the "recycling

habit" in hopes that the market will turn around. The cost to get rid of recyclables is \$129/ton up from previously being paid \$20/ton and much greater than the \$68/ton for disposal.

- Lincoln County, NM will no longer accept mixed paper or paperboard at its drop-off sites.
  - Fort Edward, NY is sending recyclables to the waste-to-energy facility after deciding not to pay the \$120/ton fee to drop off material at County Waste's recycling facility.
- **Recycling contracts.** The industry continues to adjust to the changes in recycling. Many communities are reviewing their recycling contracts and some are beginning to renegotiate them.
    - Western Recycling and the Pocatello City, Idaho will renegotiate their contract after the city approved this on June 14<sup>th</sup>.
    - On the east coast, Penn Waste is approaching municipalities about renegotiating their contracts. They currently collect recycling from 70 municipalities. Penn Waste updated their guidelines for recycling to go "back to basics" on July 1<sup>st</sup>. The items they will recycle is limited to: cans; newspapers; #1, 2, & 5 plastic and glass bottles and jars; cardboard; and cartons.
    - Koekuk County, Iowa will issue a one-year renewed contract to Waste Management rather than the typical three-contract due to preferences by both parties as a result of "tanking" recycling when China got "real finnickly."
    - Recology and SeaTac, WA are negotiating an amendment or surcharge to the existing contract to address changes in recycling.
    - Republic Services is requesting that Hartford, CT's Materials Innovation and Recycling Authority (MIRA) consider renegotiating the contract due to losses it is experiencing from depressed commodity prices.
    - Coeur d'Alene agreed to restructure the city's solid waste contract with Coeur d'Alene Garbage Services to "absorb a crash in market demand for recyclables."
    - Beginning July 2<sup>nd</sup>, Pensacola, FL will once again have an outlet for recyclables after reaching an agreement with Emerald Coast Utilities Authority. For nine months, recycling was landfilled after Tarpon Paper stopped taking the city's material.
    - Brighton, MI recently approved a one-year contract with Waste Management that includes a \$9/household increase directly attributable to China's National Sword policy.
    - Auburndale, FL commissioners are considering a request by Advanced Disposal and Republic services to increase recycling fees from \$2.53/month to \$4/month in October and \$5.46/month in October 2019. A vote is expected in August.
    - Decatur, GA switches service providers due to cost concerns related to recycling. The city signed a one-year contract with Pratt. Curbside glass will now be managed in a separate bin.
    - Las Cruces-Dona Ana County, NM approved a rate hike from \$5.40 to \$6.50 beginning September 1. There will also be an effort to reduce contamination. However, recent efforts to limit recyclables to a "fab five" has flopped. What

happens to items that do not have a market is uncertain as it is currently being stockpiled.

- Richland, WA contractor Clayton Ward has found only a single vendor to take their recyclables, Waste Management's SMaRT Center. Last year, Richland was paid about \$16/ton for its materials. This year, Richland has paid SMaRT \$122.60/ton to take the recycling.
- Village of Walnut, IL approved a 54 cent per household increase to Republic Services to address higher costs related to recycling.
- Staunton, VA will pay 16 times more for recycling services beginning August 1<sup>st</sup>. Sunoco Recycling will charge \$52,000 annually for what the city is currently paying \$3100. In addition to curbside collection, Sunoco provides drop-off containers which were previously free but will now cost the city \$75/month each. Material costs will also change with the city receiving payment for OCC and aluminum but paying for mixed paper (\$50/ton), plastic (\$60/ton), and glass (\$32.50/ton).
- Copley, OH is seeking legal advice on a 95-cent/month/household increase requested by Republic Services. They are in the third year of a five-year contract.
- Rapids City, IL agreed to pay \$1900 more annually for recycling services to Republic Services for its 406 households. The current contract expires in June 2019.
- Leominster, MA's new contract with G.W. Shaw & Son went from \$0 for recycling to \$87.50/ton which based on last year's recycling rate could cost the city an additional \$220,000.
- Fitchburg, MA also began paying for recycling for the first time in 25 years at \$40/ton when Waste Management began enforcing a contract provision that allowed them to charge.
- Stamford, CT rebid their recycling contract after the previous one with City Carting expired in June. The two bids were for \$58 and \$80/ton with City Carting providing the low bid. Prior to this bid, recycling had been a revenue source for the city by as much as \$250,000. Last year, they received \$95,000. The new contract requires the city to pay \$700,000.
- West Orange, NJ approved a new 5-year contract with Suburban Disposal for refuse and recycling collection. The \$2.9 million contract represents a 65% increase over the previous contract.
- Chenoa City Council, IL is weighing options for managing recycling including whether to pay an additional 70 cents per customer for 12-months with rates to change again at the end depending on markets. Alternatively, the city might consider eliminating the recycling program.
- North Salem, NJ rebid its recycling contract due to expire at the end of August. Only the current contractor, City Carting, provided a new bid at a 43% increase over the previous year. The bid went from \$632,000 to \$903,000. The reason for this increase is that the Beacon Plant recycling center used to pay \$15/ton but now charge \$61/ton and may increase to \$85/ton. Garbage disposal, by comparison, is \$72/ton. Other potential bidders cited gas prices and union wage increases as issues.

- Cordova, IL will face a 39 cent/month increase in waste management bills beginning in September to offset new recycling costs from Republic Services. The new recycling collection contract was extended to 2025.
  - Raisin Township, MI is looking at options to keep their drop-off facility open as a result of a notice from their contractor, Modern Waste, that the cost per load would increase from \$18.75 to \$133.
  - Valley Center, KS is facing a \$1.63 increase per customer from its curbside contractor, Waste Management. A previous drop-off center operated by Waste Connections was removed by the company because of cost considerations. Waste Management stated that the reason for the increase is that they have to pay Waste Connections \$90/ton at the transfer station where previously there was no cost.
  - Auburndale, FL is reviewing a request from Advanced Disposal to increase curbside costs from a stipulated contract rate of \$2.53/month to \$4/month effective October. The rate would increase to \$5.46 next October.
  - Gouldsboro, ME has eliminated the curbside recycling program beginning September 1<sup>st</sup> due to rising costs. The price to recycle went from \$45/ton last November to \$140/ton and is expected to continue to rise, possibly as high as \$200/ton by the end of the year. Casella Waste Systems will not offer a fixed price for recycling due to market volatility.
  - Oyster Bay, NY will continue to be paid by Winter Brothers for their recycling through the end of 2018 at a rate of \$25.08/ton. However, the four one-year extensions will not be enforced and the town will rebid the contract for 2019 and beyond.
  - Roy & North Ogden, UT face increases to recycling costs. Waste Management has approached the City of Roy about raising collection costs by \$1.23/month from \$10.94 to \$12.17 beginning in December. North Ogden faced a similar request earlier from Republic Services and raised rates by \$0.49/month from \$11.83 to \$12.33.
- **Joint Advisory on Recycling Contracts.** NWRRA and SWANA developed a joint advisory for recycling contracts along with two addenda. These may be helpful when approaching municipalities about contracts. NWRRA and SWANA anticipate reissuing the advisory next week with a new preface to increase awareness.

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## NWRA Member Update – August 3, 2018

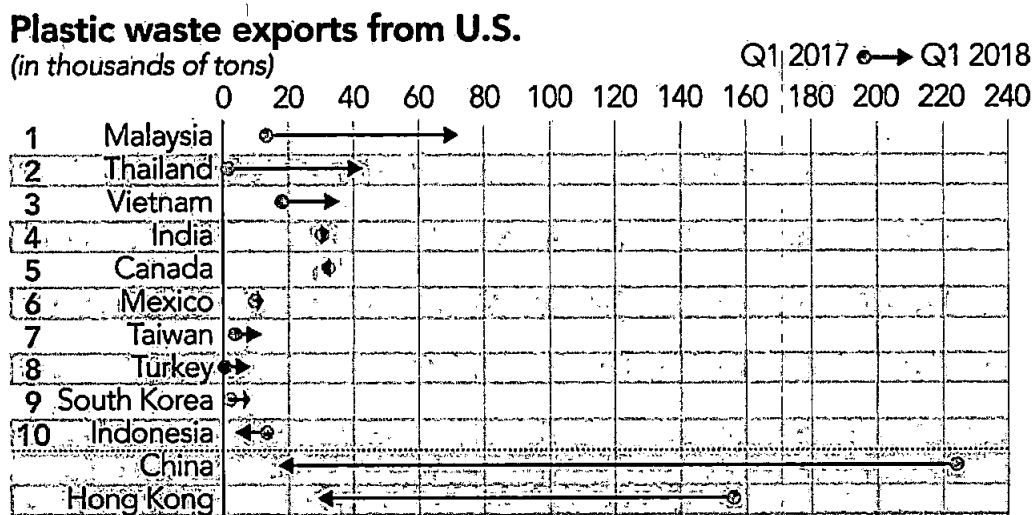
### Consequences from China’s Policies on Recycling

#### Overview

NWRA members are seeing the impacts of China’s policies limiting imported recyclables. In order to support our members, NWRA has developed this update to communicate the association’s efforts and request feedback on further actions. We hope this update will serve as a quick way to communicate what is going on to be responsive to member needs.

#### What’s new?

- Malaysia and Vietnam.** As predicted, temporary restrictions for some materials have been imposed in Malaysia. Authorities have ceased issuing permits for plastic as of July 23rd. This is anticipated to last another three months. The amount of material exported to Malaysia went from 50,000 tons/month to 120,000 tons/month which is itself a 50% increase over the previous year. The investment development authority in Malaysia is supporting the conversion of recyclables to high quality resins intended to be exported to China. Vietnam will no longer grant licenses for recyclables after stockpiles and backlogs occurred at ports. The Prime Minister is requesting an investigation into “ownerless waste containers occupying large space of the seaports.”



Source: Global Trade Atlas

- **Timeline.** Resource Recycling updated their timeline originally posted a timeline in February to include the most recent information about proposed changes in China's policies. The latest additions information on the proposed total ban and the planned August downtimes for Chinese mills.
- **State impacts.** Waste Dive also tracks the impacts in all 50 states. While this was first published in November 2017, it is updated regularly, having last been updated this week. It can also be filtered by state or by what was most recently updated.
- **Tip fees are up.** According to EREF, landfill tip fees are up in 2018 an average of \$3.29/ton nationally. The pacific region had the greatest increase at \$8.26/ton over last year surpassing the northeast as the most expensive region. The northeast had a negligible \$0.12/ton increase. Without the dramatic increase in the pacific region, the national increase would not have been significant. Higher tip fees can be a double-edged sword, adding to the residue disposal costs, but can also make higher recycling costs more palatable to cities.
- **18-wheelers rates higher & new trucks sold out for 2018.** Rates for trucking increased significantly between March 2017 and June 2018, going from \$1.63/mile to \$2.31/mile on the spot market. Last month, orders for new trucks were triple the previous year's which according to analysts is an all-time record. June orders are for 2019 deliveries. Trucking companies expect that demand for services will continue to be strong for the remainder of 2018. A poll by Morgan Stanley indicates that freight rates may rise by about 10% this year. Strong demand combined with high fuel prices and the ongoing driver shortage will continue to stress transporting recyclables.
- **Tariffs.** The U.S. is considering increasing the proposed 10% tariff on \$200 billion worth of Chinese goods to 25%. One reason proposed for this action is to compensate for the 6% decline of the yuan over the past two months. Currency experts suggest that this action might prompt Beijing to let the yuan slide further turning the trade dispute into a currency dispute. China has threatened to retaliate to the plan to increase the proposed tariff by imposing tariffs on \$60 billion worth of U.S. goods.
- **Just the facts.**
  - **Costs to collect or process:**
    - Sierra Vista raised trash rates by 15% on July 1<sup>st</sup>.
    - Bakersfield, CA pays \$55-\$70/ton to drop off recyclables when they used to receive \$20/ton.
    - Albany, NY is paying \$120/ton to drop off their single-stream at County Waste's recycling facility.
    - Kilgore, TX is paying \$20/ton to recycle at Republic Service's facility.

- Philadelphia, PA is paying \$38/ton to recycle, up from \$4/ton last year and up significantly from \$65/ton when they were paid for recyclables five years ago.
  - Processing:
    - Metropolitan Recycling doubled the number of employees on a shift from 6 to 12 in order to make a cleaner product.
  - Facilities:
    - Waste Connections closed its recycling center in Washington County, NY.
  - Commodity values:
    - St. Louis, MO – mixed paper \$-18/ton down from \$80/ton
  - Contamination rates:
    - Major markets like Dallas, Philadelphia and Phoenix – 30-50% of the bin is contaminated or cannot be recycled.
    - Tucson – 22%, up from 16% seven years ago
    - Suburban Tucson - >20%
    - Phoenix – 30%
    - Fitchburg, MA – as high as 70% depending on the route
  - Landfilling of recyclables:
    - Massachusetts DEP has issued 47 disposal waivers for unsorted single stream material since last fall.
    - NY DEC press office could not address whether a waiver system was ever created to allow recyclables to be landfilled, but the state assembly Environmental Conservation Committee will schedule a hearing to discuss.
    - Oregon DEQ have issued 26 disposal concurrences since September 2017 for a total of 11,490 tons disposed which represents about 2% of recyclables.
    - Phoenix – less than 1% of plastics (#3 containers, #4 squeezable bottles, #7s)
    - No longer accepting certain recyclables, presumably landfilled:
      - Sierra Vista, AZ: paper or paperboard
  - Storage:
    - Norton Environmental: 8 trailer loads of low-quality plastic
- **New market for mixed paper planned.** Cascades plans to spend almost \$300 million to upgrade an idle White Birch newsprint mill to convert OCC and some mixed paper into paperboard. The 400,000 tpy facility is expected to be operational in three years.
- **Recyclability.** European recycling associations and companies are calling for the EU to mandate recycled content for plastics. In the wake of that, Kraft Heinz Co. announced Tuesday that by 2025 all their products would be recyclable, reusable or compostable. Kraft joins Unilever, Procter & Gamble, Nestle SA and Colgate Palmolive in making such commitments. This could impact ketchup packets, juice pouches and other multi-laminate packaging.
- **Basel amendment.** The amendment proposed by Norway to the Basel Convention that would limit movement of all plastic recyclables in order to combat marine debris will be

discussed at the Convention's working group in September. National Geographic paints a grim picture in its online article about ocean plastics. NWRA will meet with the State Department in August to discuss the U.S. response to this proposal. Companies interested in participating in this meeting are welcome.

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**EXHIBIT**

**C**



Greg Caldwell – Assistant Public Works Director  
St. Johns County Public Works  
2750 Industry Center Rd.  
Saint Augustine, FL 32084

April 3, 2019

RE: Request for Additional Rate Adjustments for Extraordinary Costs – Final Proposal Update

Dear Mr. Caldwell,

On February 27, 2019 we submitted a final request to adjust the monthly rates for the curbside solid waste and recycling collection services provided to the residents of St. Johns County. Since that time, we have worked with you and your team to conclude negotiations with the following offer.

Item 1 – Extraordinary Cost Relief

Republic Services will receive \$20.00 per ton for all tons delivered to the St. Marks Recycling Transfer Station. This will include all tons delivered by Republic Services trucks from August 1, 2018 to September 31, 2019.

Item 2 – Recycle Rate Adjustment

On October 1, 2019 the monthly rate will be increased by \$.40 per home. This is in addition to the annual adjustment for CPI already described in the agreement.

As always, we appreciate the partnership and your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Collins".

Don Collins  
Manager Municipal Sales

## **ATTACHMENT A**

### **Background Summary**

Due to significant changes to the global recycling market, including a new policy on imported recyclables in China, St. Johns County's residential solid waste franchisees (Republic Services of Florida & Advanced Disposal services of Jacksonville, LLC) have requested that the County provide "extraordinary rate adjustments" to account for the extraordinary financial burden from these changes on their ability to provide recycling services to county residents required in their franchise agreements. Per section 9.3 of the franchise agreements, the franchisees may petition the County for rate adjustments as an extraordinary charge.

Staff has reviewed the franchisees' requests and negotiated an extraordinary rate adjustment for FY 2019, as well as a proposed amendments to the franchise agreements for the remainder of the contract terms. Staff has calculated that the adjustments and proposed amendments will require an \$8/year increase in the annual non-ad valorem recycling assessment, during the annual budget process, to retain current services to its residents.

Accordingly, for FY 2020, the total for all annual non-ad valorem solid waste assessments is proposed to increase to \$230 per residential unit from the current total of \$222.

Additionally, the current total for all annual solid waste assessments of \$222 has not changed since FY 2008, despite increased costs of operation. Accordingly, a Consumer Price Index (CPI) annual increase of 2.5% is proposed for FY 2021 through FY 2024. The proposed 2.5% annual CPI increase yields a \$6 annual increase in assessments for FY 2021 through FY 2024.