

SECOND AMENDMENT TO INTERLOCAL AGREEMENT FOR SOLID WASTE DISPOSAL SUPPORT SERVICES

BRIEFING FOR SOLID WASTE WORKING GROUP

SEPTEMBER 29, 2021

RELEVANT AGREEMENTS

- Agreement between Wheelabrator Environmental Services Inc. and Broward County, Florida for Solid Waste Disposal Services (June 2012) – (“2012 Agreement”)
 - *Binds County and Wheelabrator*
- Interlocal Agreement for Solid Waste Disposal Support Services (September 2012)
 - *Binds Municipalities and County*
- Global Amendment (or First Amendment to the Wheelabrator Agreement) (May 2015)
 - *Addresses the closing of North WTE and transfer station, among other terms*
- Second Amendment to Agreement for Solid Waste Disposal Services between Broward County and Wheelabrator Environmental Services Inc. (May 2018)
 - *Extends agreement from July 3, 2018 – July 2, 2023*

AGREEMENT WITH WHEELABRATOR (WES)

- Initial Agreement was a 5-year agreement with 3 five-year renewals
- First renewal exercised; ends July 2, 2023
- Second renewal (if exercised) commences July 3, 2023 and ends July 2, 2028
- To exercise renewal:
 - Need commitment, for the full term of the July 2023 Renewal, from government entities that collectively generate at least 500,000 tons
 - Notice to WES by January 15, 2022 of intent to renew
- Purpose of Second Amendment to the ILA - to seek commitment

“DISPOSAL SERVICE FEE” COMMENCING UPON JULY 2023 RENEWAL

- Equals the Disposal Service Fee (per ton rate) on July 1, 2023 plus \$1.50 per ton

[Global Amendment Paragraph VIII(A)(4) – page 25]

4. “Disposal Services Fee” Commencing Upon July 2023 Renewal. The “Disposal Services Fee” commencing upon the July 2023 Renewal Term shall equal the “Disposal Services Fee” in effect on July 1, 2023 plus \$1.50 per ton. This “Disposal Services Fee” shall thereafter be subject to adjustment annually as provided in the Current Disposal Agreement, with the first such adjustment effective on October 1, 2023. WES and the County agree that only “Option 3” on Exhibit A of the Current Disposal Agreement shall be available during the July 2023 Renewal Term.

“DISPOSAL SERVICE FEE”

- Only “Option 3” available
- Fees effective 10/1/2021
 - Residential/Commercial Waste - \$47.79
 - Yard Waste - \$31.11
 - Bulk Trash (C&D) - \$38.02
- Fees for 7/1/2023 – TBD
after 10/1/2022 annual adjustment
- WES’ position that optional services (yard, bulk, C&D) will be the same as the Option 3 rate for MSW.
[2012 Agreement – page 28]

EXHIBIT "A" DISPOSAL SERVICES FEE

| | <i>Option 1</i> | <i>Option 2</i> | <i>Option 3</i> |
|---------------------------------------|---|--|--|
| <i>Term</i> | <i>5 years</i> | <i>5 years + 1 five-year extension (County option) + 2 five-year extensions (mutual)</i> | <i>5 years + 1 five-year extension (County option) + 2 five-year extensions (mutual)</i> |
| <i>Revenue Share – Energy</i> | <i>25% above \$88 per megawatt hour with \$0.75/ton floor</i> | <i>25% above \$25 per megawatt hour</i> | <i>N/A</i> |
| <i>Revenue Share – Ferrous Metals</i> | <i>25% above \$50 per ton for ferrous metals pricing, with \$0.50 per ton floor</i> | <i>N/A</i> | <i>N/A</i> |
| <i>Base Price</i> | <i>\$46.25 per ton</i> | <i>\$43.00 per ton</i> | <i>\$42.00 per ton</i> |

Pricing for optional yard waste, bulk trash, and construction and demolition debris services are the same as above.

TRANSPORTATION COSTS

- 1.3 M tons disposal capacity available for each contract year
 - 725K tons processed at WTE Plant
 - 575K tons transferred to Alternate Disposal Facility
 - WES responsible for transportation cost to Alternate Disposal Facility for initial term and first renewal term
- [Global Agreement Paragraph III(F)(5) – page 11]

5. The balance of the 1.3 million annual tons of processing and disposal capacity shall be made available to the County as follows: For the full term of the Current Disposal Agreement including each and every Renewal Term thereof (if exercised), if the County requires additional capacity for Contracted Processable Waste above 725,000 tons per Contract Year, to the extent that required capacity is not available at the South WTE Plant, WES and WMIF agree to make available to the County up to an additional 575,000 tons of disposal capacity for Contracted Processable Waste per Contract Year at the Alternate Disposal Facilities currently designated in the Current Disposal Agreement (with WMIF determining which Alternate Disposal Facility to make available, provided that Alternate Disposal Facility has adequate capacity). If additional processing capacity above 725,000 tons in a Contract Year is available at the South WTE Plant, the 575,000 tons of additional capacity at the Alternate Disposal Facilities shall be reduced by the amount of the additional available capacity at the South WTE Plant such that the total annual capacity being made available to the County hereunder is 1.3 million tons. Such capacity shall be made available at the disposal rate specified in the Current Disposal Agreement (as modified by this Global Amendment for the July 2023 Renewal Term as defined below), and with WES having full responsibility during the current term and the first Renewal Term of the Current Disposal Agreement (if exercised) to reimburse the County, all Broward County Participating Communities (current or future), and all Broward County municipalities that directly contract with WES for any additional transportation costs to and tipping costs at the Alternate Disposal Facility. Additional transportation costs are equal to the difference between the cost of transporting the Contracted Processable Waste to the applicable Alternate Disposal Facility and the cost of transporting that waste to the facility (North WTE Plant or South WTE Plant) to which such waste was transported prior to the Effective Date of this Global Amendment (or in the case of a Broward County municipality committing to use WES's services after the Effective Date, the difference between the cost of transporting the Contracted Processable Waste to the applicable Alternate Disposal Facility and the cost of transporting such waste to the closer of the North WTE Plant or South WTE Plant).

NEXT STEPS

- Commitments from Participating Communities by November 5, 2021
- Notice to WES by January 15, 2022
- Begin discussions with WES to address “Disposal Services Fee” and other potential renewal terms

DISCUSSION