

**Item Title:** Approve a Five-Year Agreement with Central Carolina Holdings, LLC to Provide Scrap Tire Recycling Services in Wake County

**Specific Action Requested:**

**That the Board of Commissioners approves a five-year agreement with Central Carolina Holdings, LLC to provide scrap tire recycling services in Wake County and authorizes the County Manager to execute contracts for these services, subject to the terms and conditions acceptable to the County Attorney.**

**Item Summary:**

**Purpose:** The Board of Commissioners approves multi-year contracts.

**Background:** Wake County operates three facilities that collect scrap tires from residents and businesses per state requirements. Wake County receives funding from the state on a quarterly basis to support this program, supported by revenue generated through the sale of tires statewide. The current contract to collect and process scrap tires is set to expire October 31, 2018.

In August 2018, Wake County issued a Request for Proposal (#18-095) for scrap tires processing. Wake County received a response from one firm, Central Carolina Holdings, LLC (CCH). After carefully reviewing CCHs' proposal and pricing, and considering their favorable performance history, Wake County staff recommends contracting with CCH to continue to collect, transport and process scrap tires in Wake County.

**Board Goal:** This Board action supports routine County business.

**Fiscal Impact:** Based upon the proposed pricing, the first partial year cost will be \$1,393,649. The 5-year contract value, based upon recent trends, would be \$12.70 Million. There is sufficient budget appropriation funds FY 2019 Solid Waste budget to cover expenses.

**Additional Information:**

Wake County collects scrap tires from three County-owned locations, as well as several remotes locations throughout the County. The 3 County-owned locations are as follows:

- North Wake: 9029 Deponie Drive, Raleigh open Mon.– Sat., 8 a.m.– 4 p.m.
- South Wake: 6130 Old Smithfield Road, Apex open Mon.– Sat., 8 a.m.– 4 p.m.
- East Wake: 5051 Wendell Blvd., Wendell open Sat.– Sun. only, 8 a.m.– 4 p.m.

CCH provides the equipment, supplies, transportation and processing associated with the scrap tire recycling program.

During FY 2018 nearly 40 million pounds of scrap tires were recycled through Wake County's scrap tire program. Scrap tires are brought to CCH and unloaded either by placing the trailer on a tipper or docked and unloaded by hand. If unloaded by hand, the tires are inspected for grade to possibly be sent to the used tire market. If the tire does not pass initial inspection it is sent by conveyer belt to begin the shredding process. Tires processed by CCH are used for a variety of products:

- Tire Derived Fuel (TDF)
- Tire Derived Aggregate (TDA/DFM) for septic systems
- Feedstock for crumb rubber processing (mulch, infill, etc.)
- Wire for Recycling

CCH recycles approximately 95% of the tires it receives.

The total cost for the scrap tire recycling program during the 5-year contract period is estimated below:

	<b>FY 2019 (Prorated Nov-Jun)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024 (Prorated Jul-Oct)</b>
Labor	\$157,428	\$254,940	\$276,610	\$300,121	\$325,632	\$120,126
Equipment	\$4,020	\$6,180	\$6,365	\$6,556	\$6,753	\$2,365
Hauling	\$344,785	\$558,346	\$605,806	\$657,299	\$713,170	\$263,088
Processing	\$887,415	\$1,437,083	\$1,559,235	\$1,691,769	\$1,835,570	\$677,142
Total Cost	\$1,393,649	\$2,256,549	\$2,448,015	\$2,655,747	\$2,881,124	\$1,062,721
<b>5 Year Contract Value:</b>						<b>\$12,697,804</b>

The previous contract with Central Carolina Holdings, LLC was a six-year contract that did not include annual escalation clauses. FY2018 contract value for these services was \$1,460,702. The new contract rates include annual escalation clauses for both labor, hauling and processing and expansion into the newly constructed site at the South Wake Landfill.

Note that the following chart describes the last three years of revenue to Wake County from NC DEQ collected thru the sale of new tires across NC (distributed by population):

<b>Revenue Source</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019 Budget</b>
NC Scrap Tire Disposal Tax Distributions	\$1,306,745	\$1,455,435	\$1,518,211	\$1,660,041

**Attachments:**

1. Central Carolina Holdings, LLC Contract