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Kevin Brinkley
Commissioner

Bob Sanders
Commissioner

Megan Lambert
Commissioner

To: Board of Commissioners
From: Andy Garman, Town Manager
Date: March 1, 2024
Re: Subscription residential curbside recycling service

The Town's recycling subscription service contract with TFC ends in May. The Town recently solicited an RFQ for interested parties to submit proposals to receive an exclusive franchise for a three-year residential curbside subscription-based recycling collection service in Nags Head. This also includes collection at certain Town owned and maintained locations.

The request involved:

- Curbside collection on Mondays, beginning May 6, 2024, using carts provided by the Town of Nags Head.
- Transfer of materials to an approved processing site.
- Transport, brokering, and sale of selected recyclable materials from participating residential housing units.
- Reporting of cart service and capacity issues.
- Monthly reporting of tonnages and participation.
- Location of where recyclables are taken, and method of recycling required to be included in the bid.
- Demonstrating the ability of the bidder to effectively market, sell, broker, or otherwise beneficially dispose of recyclable materials in a manner other than landfilling and incineration.
- Excluding contamination, no more than 10% by weight of all recyclable materials are to be landfilled and/or incinerated without the express written permission of the Town Manager.

The Town would like to award the contract to the proposer that it deems to be in the best interest of the Town. The Town received one responsive bid from TFC, and staff recommends continuing awarding the contract to TFC. Based on their proposal, TFC has increased their rates, from \$15.33 to \$19.85 per month per subscriber. Staff recognizes that this is a significant increase.

The town currently subsidizes the monthly rate offered to customers at \$5 a month. TFC charges \$15.33 per month per subscriber; \$10.33 is billed to the customer, and \$5 is billed to the Town. The Board may wish to consider increasing the monthly subsidy. In order to preserve the subsidy ratio as it currently exists (the subsidy is roughly 32% of the monthly fee), the subsidy would need to increase to \$6.50 per month per subscriber. The new monthly fee is \$19.85, so increasing the subsidy to \$6.50 would result in the customer paying \$13.35 per month. For comparison purposes, recycling subscribers in Kitty Hawk currently pay \$16.20 per month. Subscribers in Colington and Kill Devil Hills pay \$13.99 per month. Increasing the subsidy to \$6.50 per month per subscriber would increase the town's current budget by \$16,200 per year. A budget amendment can be brought forward later in the fiscal year if the board would like to increase the subsidy.

Proposed ordinance changes:

Section 30-27 Additional required services.

F. The Town of Nags Head Public Services Department shall be notified each service day when recycling collection is complete.

Section 30-29 Length of franchise.

It is intended that the franchise be for a term of three years, beginning on or around May 1, 2024, and ending three years from the date of agreement execution. At the end of the initial term, the town may renew the contract for an additional period of time to be agreed upon by the parties.

Sec. 30-31. - Payment for services.

(a) As compensation for performing the services required under this Ordinance, the franchisee shall be authorized to collect from subscribers reasonable fees set by Nags Head and collected from subscribers in accordance with the Town ordinance and terms of the contract. The initial fee schedule shall be in the amount of \$19.85 for the first cart per month at each participating location, exclusive of any subsidies offered by the town. Participants may subscribe for additional carts to be serviced at a cost of \$14.90 per cart per month.

The escalation clause has not changed in TFC's proposal (they may request annual increases based on the CPI for garbage), however TFC was open to negotiations if the proposal was approved. This part of the ordinance could be brought back if TFC agreed to a change. Staff is requesting the Board to approve the proposed ordinance changes and authorize the town manager to enter into and execute a contract with TFC. Staff would also like the Board's direction on the subsidy.