

**TOWNSHIP OF LOWER MERION**  
***Finance Committee***  
**Issue Briefing**

**Topic:** Contract Extension – Covanta Hauling and Waste Disposal

**Prepared By:** Eric Traub, Chief Financial Officer  
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**Date:** September 5, 2019

**I. Action To Be Considered By The Board:**

Consider for recommendation to the Board of Commissioners authorizing Township staff to execute a three year contract extension for Waste Hauling and Disposal services with Covanta.

**II. Why This Issue Requires Board Consideration:**

A contract extension of this magnitude must be reviewed and approved by the Board of Commissioners.

**III. Current Policy Or Practice (If Applicable):**

In late 2014 the Township entered into a five-year contract for hauling and disposal services with Covanta which started in 2015 and runs through the end of 2019. The contract price dictates the annual service fee per ton for solid waste hauling and disposal at the trash to steam plant in Plymouth Township. The annual increase for each year of the contract was 2%. In 2018 the Township spent \$1.248 million on solid waste disposal.

**IV. Other Relevant Background Information:**

The original RFP from 2014 contained three optional contract extension years. Covanta included three additional years with the annual fee increasing two percent per year. Township staff has reviewed the contract with Township Solicitor and he has stated that the Township can extend the contract if both parties agreed. Covanta is interested in a contract extension in accordance with the initial terms of the RFP. In addition, there is an environmental benefit in that Covanta operates the only trash to steam plant in the immediate area versus potentially sending Township residential waste to a landfill facility.

The following would be the annual service fee per ton for hauling and disposal services:

2019 (Final Year of Current Contract)	\$69.01
2020 (First Extension Year)	\$70.39
2021 (Second Extension Year)	\$71.80
2020 (Final Extension Year)	\$73.23

**V. Impact On Township Finances:**

These contractual costs are included in the Township's Solid Waste Fund. Based on an approximate 18,000 tons of residential waste annually, a two percent increase in the service fee in 2020 would equate to an additional \$24,840.

**VI. Staff Recommendation:**

Staff recommends the Board of Commissioners authorize Township staff to execute a three year contract extension with Covanta at the September 18, 2019, Board of Commissioners meeting.