



Ocala

Legislation Text

110 SE Watula Avenue
Ocala, FL 34471

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File #: 2022-1413

Agenda Item #: 8s.

Submitted By: Danielle Phillips
Presentation By: Darren Park
Department: Public Works

STAFF RECOMMENDATION (Motion Ready):

Approve the first amendment to the agreement with D&G Solutions Group, LLC for yard and wood waste disposal services for an additional contract expenditure of \$561,271

OCALA'S RELEVANT STRATEGIC GOALS:

Operational Excellence.

PROOF OF PUBLICATION:

N/A

BACKGROUND:

Residential yard and wood waste collected by the City during normal sanitation weekly routes, storm-related damages, and maintenance activities totals approximately 13,524.6 tons (67,623 cubic yards) annually. The United States Army Corps of Engineers formula for converting vegetative debris from tons to cubic yards stipulates that one ton is the equivalent of five cubic yards (13,524.6 tons multiplied by 5 cubic yards per ton equals 67,623 cubic yards). The estimated 67,623 cubic yard quantity is utilized in the five-year yard and wood waste disposal contract.

On November 3, 2020, City Council approved contract PWD/200619 with D&G Solutions Group, LLC ("D&G") for a five-year term in the amount of \$1,436,989. The City's yard and wood waste disposal services bid was issued on August 11, 2020, two vendors responded as summarized in the chart below:

Bidder	Location	Bid Amount	Annual Amount	5-Yr Contract Amount
D&G Solutions Group, LLC	Ocala, FL	\$4.25 per cubic yard	\$287,398	\$1,436,989
Stavola Tree Service, LLC	Candler, FL	\$6.75 per cubic yard	\$456,455	\$2,282,275

Due to increased fuel, labor, and equipment expenses, D&G has requested a rate increase from \$4.25 to \$6.74 per cubic yard, a 59% increase, effective July 1, 2022, through November 3, 2025. The pricing is eligible for adjustment annually beginning in November of 2023 based on the CPI-U index and the City has the right to require a reduction in unit pricing should the CPI-U index de-escalate. The \$2.49 increase per cubic yard is \$0.01 per cubic yard lower than the second lowest bidder.

FINDINGS AND CONCLUSIONS:

The fuel component is the primary driver for D&G's increase request. According to the United States Department of Agriculture, the annual average U.S. on-highway diesel fuel price for 2022 is \$5.139 per gallon compared with the 2020 price of \$2.694 per gallon.

Public Works staff benchmarked local gate rates for yard and wood waste disposal facilities Cypress Acres, Friends Recycling, and Marion County Baseline Landfill, none of which bid on our current contract. The non-binding gate rates provided are as follows: Cypress Acres \$4.00 per cubic yard; Friends Recycling \$9.00 per cubic yard; Marion County Baseline Landfill \$25.00 per ton. These gate rates are not indicative of the rate we would be charged, nor do they indicate whether these facilities would be willing to take our yard and wood waste. Costs to the City not factored into the gate rates include additional fuel, wear and tear on the vehicles, and staff to transport our yard and wood waste to these facilities.

The original contract amount of \$1,436,989 plus the increase of \$561,271 brings the total contract maximum limiting amount to \$1,998,260. Staff presents to Council for consideration this contract rate increase of \$2.49 per cubic yard effective July 1, 2022, through November 3, 2025.

FISCAL IMPACT:

Funding for this supplement is budgeted in account 453-023-326-534-53-34010 for FY21/22 in the amount of \$52,830 and will be budgeted for FY22/23 in the amount of \$246,245, for FY23/24 in the amount of \$246,245 and for FY24/25 in the amount of \$15,951.

PROCUREMENT REVIEW:

The request for pricing adjustment has been reviewed and approved in compliance with the City's Procurement Policy.

LEGAL REVIEW:

The First Amendment will be reviewed and approved for form and legality by the City Attorney, Robert W. Batsel, Jr.

ALTERNATIVE:

- Deny
- Deny and Rebid
- Table
- Direct Staff Otherwise