



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Gary Knopp, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*

FROM: Paul Ostrander, Chief of Staff *P.O.*

DATE: April 5, 2012

SUBJECT: Ordinance 2012-12, reducing disposal fees for Aimm Technologies, Inc. for 3,000 tons of waste

AIMM Technologies Inc. (AIMM) approached the Mayor's office requesting a fee reduction for the disposal of special waste at the central peninsula landfill. AIMM provides disposal services of non-hazardous waste for smaller drilling companies who do not have their own disposal resources. AIMM was in the process of performing a contract bid at the 2011 disposal rates of \$20.00 per ton when rates for special waste disposal increased to \$85.00 per ton effective January 1, 2012 in accord with ordinance 2011-32(SUB) adopted September 20, 2011. When AIMM initially entered the contract they were not aware that fee changes were being considered

When the ordinance was adopted, AIMM had a final well to process for 2011. AIMM expected that the final well completion and disposal of all bulk drill cuttings would be completed before the end of the year, however drilling of the final well extended beyond the end of 2011. This resulted in an additional 3,000 tons of processed drill cuttings being generated during the first weeks of 2012.

AIMM will suffer a significant loss if they are required to pay the increased 2012 rates for the disposal of this final 3,000 tons as it will cost \$195,000.00 more than they anticipated. To offset these additional costs, the administration is recommending that the fees for the disposal of this final 3,000 tons of special waste be reduced to \$52.00 per ton. This will allow AIMM to fulfill their contract at a rate that will result in their costs equaling their revenues for this final disposal.

The borough's central landfill is able to use this special waste for alternate daily and intermediate cover reducing the onsite transport costs for cover material for the borough.

Your consideration of AIMM's request to reduce its fees from \$85.00 per ton to \$52.00 per ton for the disposal of this final 3,000 tons of special waste is appreciated.