



Legislation Details (With Text)

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|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---|--------------|--|
| File #: | ID 18-0121 | Version: | 1 | Name: | |
| Type: | Resolution | Status: | | Passed | |
| File created: | 2/26/2018 | In control: | | City Council | |
| On agenda: | 3/20/2018 | Final action: | | 3/20/2018 | |
| Title: | Resolution Authorizing Extension to Revenue Contract #2012-5340 Processing and Marketing of Recovered Recyclables with ReCommunity Holdings II, Inc., now Republic Services, Inc. | | | | |
| Sponsors: | | | | | |
| Indexes: | | | | | |
| Code sections: | | | | | |
| Attachments: | 1. Republic Services-SOS.pdf, 2. Republic Acquires ReCommunity-NR.pdf, 3. 18-0121 RESOLUTION-Republic Recycling Extension.pdf | | | | |

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|--------|--------|
| 3/20/2018 | 1 | City Council | adopt | Pass |

Resolution Authorizing Extension to Revenue Contract #2012-5340 Processing and Marketing of Recovered Recyclables with ReCommunity Holdings II, Inc., now Republic Services, Inc.

Department: Field Operations
Council District: All

Public Hearing: N/A
Advertising Date/By: N/A

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PURPOSE:

The Field Operations Department requests City Council approval to extend the contract for the processing and marketing of recovered recyclables with ReCommunity Holdings II, Inc, now Republic Services, Inc. Under the current agreement, the City of Greensboro receives \$15 per ton for recyclables delivered to the Materials Recovery Facility located on Patton Avenue in Greensboro, NC.

BACKGROUND:

At its October 16, 2012 meeting, City Council authorized the City Manager to enter into a contract with ReCommunity for the processing and marketing of recovered recyclables. The contract was to have an initial 5 year term with the option of 1 additional five-year extension. In January of 2013, the City entered into a contract with ReCommunity to provide these services, and in return the City would receive \$30 per ton in revenue, or about \$800,000 annually.

Due to a dramatic downturn in the value of single-stream recyclables, the contract with ReCommunity was amended effective January 1, 2016. Under the terms of this amendment, the city reduced ReCommunity's

payment to the city from \$30 per ton to \$15 per ton through April 1, 2018. The City also has sole option to extend the contract term through June 30, 2020 in the event the recycling markets remain low, which is the case now. This extension allows the City to remain whole in terms of the original contract revenue and provides protection in a down market.

In October of 2017, Republic Services, Inc. acquired ReCommunity Holdings, II. That acquisition involved 26 recycling centers in 14 states, including the facility in Greensboro.

At this time and based on the current recyclables commodity market, extending this contract through June 30, 2020 appears to be the best financial option for the City of Greensboro. Council should be aware that it is unlikely that future recycling processing contracts will result in revenue to the City. Staff expects that the City of Greensboro will pay a fee on subsequent contracts for the processing and marketing of its collected recyclables.

BUDGET IMPACT:

This extension is estimated to result in about \$350,000 in revenue annually for an estimated total of about \$750,000 revenue to the City through June 30 of 2020. This revenue will be received in account number 101-4301-03.8600.

RECOMMENDATION / ACTION REQUESTED:

The Field Operations Department recommends and requests that City Council approve this extension to the contract for the processing and marketing of recovered recyclables with Republic Services, Inc.