



## Legislation Details (With Text)

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<b>On agenda:</b>	5/21/2019	<b>Final action:</b>		5/21/2019	
<b>Title:</b>	Resolution Authorizing Amendment 9 to Contract #2012-5340 Processing and Marketing of Recovered Recyclables with Republic Services in the Amount of \$11,250,000				
<b>Sponsors:</b>					
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. Recycling Contract Amendment City Council - Copy.pdf, 2. Republic Services-SOS.pdf, 3. 19-0322 RESOLUTION-AMENDMENT 9 TO RECYCLING CONTRACT.pdf				

Date	Ver.	Action By	Action	Result
5/21/2019	1	City Council	adopt	Pass

Resolution Authorizing Amendment 9 to Contract #2012-5340 Processing and Marketing of Recovered Recyclables with Republic Services in the Amount of \$11,250,000

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 amend the contract for the processing and marketing of recovered recyclables with Republic Services. The proposed amendment is to be effective on July 1, 2019 and extend through June 30, 2025.

### 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 one 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. 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. In March of 2018, the City exercised its sole option to extend the contract

term, now with Republic Services, through June 30, 2020.

In February of 2019, staff briefed City Council on the continued downturn in value of single-stream recyclables and requested an opportunity to renegotiate the current agreement with Republic Services in an effort to avoid significant and immediate processing fees effective July, 2020. The result of this negotiation has yielded an incremental increase in processing fees, along with a revised listing of acceptable recyclables. Both parties have agreed to the following amendment to the current contract:

1. Effective July 1, 2019, the City will pay a \$30 per ton fee for the processing and marketing of its recyclables and assume a 20% contamination rate for disposal of non-recyclables; the City will also revise the current acceptable single-stream recyclables to exclude glass, bulky rigid plastics, poly-coated and aseptic containers, and pots and pans.
2. Effective July 1, 2020, the City will pay a \$60 per ton fee for the processing and marketing of its recyclables (with a revenue share) and assume a 20% contamination rate for disposal of non-recyclables; Republic Services will invest \$4.5 million to modernize the local material recovery facility.
3. Effective July 1, 2021 through June 30, 2025 (end of term), the City will pay a \$90 per ton fee for the processing and marketing of its recyclables (with a revenue share) and perform an audit to determine the contamination rate for disposal of non-recyclables.

**BUDGET IMPACT:**

Staff estimates that this service will cost \$11,250,000 through June 30 of 2025. This contract amendment will be funded from account number 101-4301-03.5429.

**RECOMMENDATION / ACTION REQUESTED:**

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