



## Legislation Text

---

**File #:** ID 15-0976, **Version:** 1

---

### Resolution Authorizing Amendment to Contract #2012-5340 Processing and Marketing of Recovered Recyclables with ReCommunity Recycling

Department: Field Operations  
Council District: All

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

Contact 1 and Phone: Dale Wyrick, 373-2783  
Contact 2 and Phone: Chris Marriott, 373-7612

#### **PURPOSE:**

The Field Operations Department requests City Council approval to amend the contract for the processing and marketing of recovered recyclables with ReCommunity. The proposed amendment is to be effective on January 1, 2016. City staff and ReCommunity presented this proposed amendment to the City Council Infrastructure Committee on November 12, 2015.

#### **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, ReCommunity has asked the city to renegotiate its contract which requires ReCommunity to pay the city \$30 per ton for recyclables through April 1, 2018. Under the terms of the current Greensboro contract, ReCommunity is losing in excess of \$1.5 million annually.

City staff and ReCommunity have worked the past several months to find a mutually agreeable solution that will provide ReCommunity some financial relief in the depressed recycling commodity market while also providing the City of Greensboro with some revenue for the recyclables delivered to ReCommunity's facility. City staff and ReCommunity presented this proposed amendment to the City Council Infrastructure Committee on November 12, 2015.

Both parties have agreed to the following amendment to the current contract:

1. Effective January 1, 2016, the city will reduce ReCommunity's payment to the city from \$30 per ton to \$15 per ton through April 1, 2018. The City has sole option to extend the contract term through June 30, 2020. In effect, if markets remain low, this extension allows the City to remain whole in terms of

the original contract revenue and provides protection in a down market.

2. The city will be responsible for 75% of all transportation and disposal costs for non-recyclables delivered to the recycling facility removed from the tip floor and pre-sort station (cost estimated at \$100,000 annually)
3. ReCommunity will continue to receive the city's ABC glass at market rates allowing the City to continue to provide this service to local ABC establishments (cost estimated at \$50,000 annually)

The City and ReCommunity believe this compromise will provide enough financial relief to ReCommunity to allow them to continue to serve the City's recycling needs. This compromise also protects the City in the event recycling commodity markets remain low.

**BUDGET IMPACT:**

This amendment will potentially result in about \$1,000,000 in additional 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 amendment to the contract for the processing and marketing of recovered recyclables with ReCommunity.

**COMMITTEE ACTION:** This item was referred to Council by the General Government and Infrastructure Committees.