



AGENDA MEMORANDUM

Action Item for the City Council Meeting January 12, 2021

DATE: December 21, 2020

TO: Peter Zaroni, City Manager

FROM: David Lehfeldt, Director of Solid Waste
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Recycling Services Agreement

CAPTION:

Motion authorizing execution of a three-year service agreement, with three three-year renewals, with BFI Waste Services of Texas, L.P., doing business as Republic Services of Corpus Christi, for the processing, marketing, and sale of recyclable commodities for an approximate initial term amount of up to \$3,100,000.00, to be effective February 1, 2021.

SUMMARY:

This motion authorizes a long-term agreement for the processing, marketing and sales of recyclable commodities.

BACKGROUND AND FINDINGS:

The agreement for recycling services with BFI Waste Services of Texas, L.P. (Republic Services) expires on January 31, 2021. Soon after this contract began in 2011, revenues from the sale of recyclable commodities, shared between the City and Republic Services, diminished to a level that prompted an amendment to the recycling services agreement. Effective May 1, 2017, the processing fee increased from \$74.70 to a fixed \$90.00 per ton, and increased the City's share of revenue from the sale of commodities from 60% to 85%. The agreement's ending date remained January 31, 2021.

The City's Contracts and Procurement Department issued a Request for Proposal (RFP) for recycling services on March 30, 2020. The RFP sought to obtain a qualified firm(s) to manage the City's landfill and/or recycling services. Republic Services was the only firm

to submit a proposal for recycling services. The proposed processing fee was \$148 per ton with an 80% revenue share to the City. Shown below is a table of the current, proposed and agreed to contract fees.

RECYCLING CONTRACT COMPARISON

	Current	Republic Proposed	Agreed
Processing Fee (per ton)	\$90.00	\$148.00	\$126.00
Revenue Share Percent	85.0%	80.0%	*100% - 50%
Annual Tons	13,500	13,500	13,500
Processing Fees	\$1,215,000	\$1,998,000	\$1,701,000
Potential Revenue Share **	\$552,500	\$520,500	\$650,000
Expense to City	\$662,500	\$1,477,500	\$1,051,000
*Revenue Share is 100% until Processing Fees are offset, then 50%			
**Based on average of last 5 years			

The City has made a substantial investment in recycling. With the new recycling services agreement, the City’s overall annual expense for recycling programs will total ~\$2.6 million. This includes \$350,000 for education, \$821,000 for curb-side collection, \$400,000 for compliance inspection, and ~\$1,051,000 for the recycling services contract.

ALTERNATIVES:

Alternatives include discontinuing recycling collections, the City operating its own processing and materials marketing program, additional efforts to identify private sector partners, or a combination of these actions.

FISCAL IMPACT:

The fiscal impact for the FY 2021 General Fund, Solid Waste Services budget, is approximately \$300,000, with annual impacts of \$400,000 in years 2 and 3 of the agreement. Note that for FY 2021, there are sufficient savings from the new landfill operations contract to offset the increased cost for recycling services. The estimated annual contract expense will be budgeted in future years through the annual budget process. Total estimated expenses for eight months of funding in FY 2021 is \$1,133,887, with offsetting revenues share estimated at \$433,000.

Funding Detail:

Fund: 1020 General Fund
 Organization/Activity: 12512 Recycling Collection
 Mission Element: 032
 Project # (CIP Only): ----
 Account: 530000 Professional Services

RECOMMENDATION:

Staff recommends approval of this motion authorizing an initial three-year service agreement with BFI Waste Services of Texas, L.P., doing business as Republic Services of Corpus Christi, for the processing, marketing and sales of recyclable commodities, with successive renewal periods of three years each, not to exceed a total of twelve years.

LIST OF SUPPORTING DOCUMENTS: Service Agreement