



AGENDA MEMORANDUM

Action Item for the City Council Meeting July 27, 2021

DATE: July 27, 2021

TO: Peter Zanoni, City Manager

Thru: Neiman Young, Assistant City Manager

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

CAPTION:

Motion authorizing the City Manager, or designee, to execute the First Amendment to the Recycling Services Agreement with BFI Waste Services of Texas, L.P, doing business as Republic Services of Corpus Christi, and ratifying the effective date of the amendment to be March 1, 2021.

SUMMARY:

This motion authorizes a contract amendment to adjust the formula to calculate the sharing of revenue from the sales of processed program recyclables. In consideration of the contract amendment, the Contractor agrees to expand the services provided to the City.

The proposed amendment changes (to retroactively go into effect on March 1, 2021) include:

1. Change the City's receipt of 100% of the revenue generated from materials sold (up to the amount of the processing fee) to the City's receipt of 55% of the revenue generated from materials sold and the Contractor's receipt of 45% of the revenue generated from materials sold.
2. Require Contractor to provide hauling service in support of 12 monthly community clean-up (Litter Critter) events.
3. Increase Contractor's monetary contribution to the City recycling education

program from \$1.00 of materials delivered (\$14,000 annually) to \$2.00 per ton of materials delivered (\$28,000 annually).

4. Require Contractor to provide in-kind services not to exceed \$150,000 in support of the City’s recycling education program. These services will include:
 - a. Providing seminars to four elementary schools (of the City’s choice) annually.
 - b. Providing four scheduled tours of the recycling processing facility annually.
5. Extend the processing facility’s Monday through Friday operating hours from 8:00 a.m. - 5:00 p.m. to 8:00 a.m. - 7:00 p.m.

BACKGROUND AND FINDINGS:

Following a Request for Proposal (RFP) process, the City Council approved the recycling services agreement with the Contractor on January 21, 2021 with the effective date of February 1, 2021. Republic Services was the only firm to submit a proposal for recycling services.

In April 2021, the Contractor submitted a request for an amendment to the contract. City staff agreed to renegotiate the contract terms to help assure that the City is able to offer recycling services at the lowest possible cost.

Shown below is a table of the current and proposed contract fees.

RECYCLING CONTRACT AMENDMENT COMPARISON

	Current	Amended
Processing Fee (per ton)	\$126.00/ton	\$126.00/ton
Revenue Share	Net Revenue	Gross Revenue
Revenue Share Percent *	100 then 50/50	55/45
Processing Fees	\$1,700,000	\$1,700,000
Potential Revenue Share**	\$861,059	\$473,581
Expense to City	\$826,058	\$1,213,535

*Revenue Share is 100% until Processing Fees are offset, then 50%

**Based on average of last 3 years

The amended recycling services agreement will bring the City’s overall annual expense for recycling programs to a total of ~\$2,784,535. This includes \$350,000 for education, \$821,000 for curb-side collection, \$400,000 for compliance inspection, and ~\$1,213,535 for the recycling services contract.

ALTERNATIVES:

Alternatives include continuing the current recycling contract.

FISCAL IMPACT:

The fiscal impact for the FY 2021 General Fund, Solid Waste Services budget, is approximately \$809,023, with annual impacts of \$1,213,535 in years 2 and 3 of the

agreement. Total estimated expenses for eight months of funding in FY 2021 is \$1,133,333, with offsetting revenues share estimated at \$315,721.

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 the proposed amendment.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement