



First Reading at the City Council Meeting of February 17, 2015  
Second Reading at the City Council Meeting of February 24, 2015

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**DATE:** February 12, 2015

**TO:** Ronald L. Olson, City Manager

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**FROM:** Lawrence Mikolajczyk, Director, Solid Waste Operations  
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Termination of RecycleRewards agreement and non-allocation of funds for budget fiscal year 2015-2016.
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**CAPTION:**

Ordinance approving a termination of the agreement with RecycleRewards and non-allocation of funds due to the necessity to fund improvements to solid waste services in the operating budget for fiscal year 2015-2016; finding that the termination and issuance of certificates of obligation for solid waste services capital improvements are both necessary and prudent; directing that a copy of this ordinance be included with the adopted FY2015-2016 Operating Budget; and providing for severance.

**PURPOSE:**

Capital improvement projects for the City's Solid Waste Operations department must be funded in the FY 2015-2016 budget. Budgetary constrictions necessitate the termination of the RecycleRewards, Inc. agreement to assure funding is available to finance principal and interest payments associated with this debt.

**BACKGROUND AND FINDINGS:**

Section 16.3 E. of the RecycleRewards Contract states that the continuation of the contract after the close of any fiscal year is subject to future appropriations and budget approval providing for such contract item as an expenditure in that budget. Therefore, if the contract is not funded in the FY 2015-16 budget, the contract will terminate effective September 30, 2015.

**ALTERNATIVES:**

- 1. Do not approve. (Not Recommended)

**OTHER CONSIDERATIONS:**

Prudent fiscal management policy necessitates this action to help assure sustainable solid waste management practices.

**CONFORMITY TO CITY POLICY:**

Conforms to City Fiscal Policy

**EMERGENCY / NON-EMERGENCY:**

Non-Emergency

**DEPARTMENTAL CLEARANCES:**

Management and Budget, Finance, City Attorney

**FINANCIAL IMPACT:**

X Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2014-2015</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>Annual Expenditure Reduction</b>
Line Item Budget			(\$712,000)	(\$712,000)
Encumbered / Expended Amount			\$0	\$0
This item			(\$712,000)	(\$712,000)
<b>BALANCE</b>			\$0	\$0

Fund: General Fund, Refuse Collections, Professional Services Account

**Comments:** This item continues to fund the RecycleRewards, Inc. agreement in FY 2014-2015 as budgeted. Termination of the agreement on September 30, 2015, and non-renewal of the contract March 15, 2016, will result in expenditure reductions of approximately \$712,000 annually that may be redirected to fund Solid Waste Operations Department Capital Improvement Projects.

**RECOMMENDATION:**

Approval if this item is recommended.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance.