



AGENDA MEMORANDUM

Future Item for the City Council Meeting of May 23, 2017
Action Item for the City Council Meeting of May 30, 2017

DATE: May 3, 2017

TO: Margie C. Rose, City Manager

FROM: Lawrence Mikolajczyk, Director of Solid Waste Operations
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The First Amendment to the Collection, Processing and Marketing of Residential Recycling Commodities contract (recycling contract) with BFI Waste Services of Texas, LP, dba Republic Services of Corpus Christi.

CAPTION:

Motion authorizing the City Manager, or designee, to execute the First Amendment to the Collection, Processing, and Marketing Residential Recycling Commodities contract with BFI Waste Services of Texas, LP, and ratifying the effective date of the amendment to be May 1, 2017.

PURPOSE

The amendment will help assure capital and operating costs are recovered in the face of changing recycling commodity market conditions, and help assure the viability of the City's curbside collection recycling program.

The proposed amendments will:

1. Increase processing fee from \$74.70 to a fixed \$90.00 per ton for duration of initial term, ending February 1, 2021
2. Increase rebate that BFI pays City, from 60% to 85% of average marketable commodity value (last computed as \$139.08 per ton)
3. Decrease quarterly minimum of marketable materials from of 2,700 to 2,400 tons
4. Eliminate ceiling and floor on rebates paid to City
5. Discontinue Consumer Price Index fee adjustments for duration of initial contract term, ending February 1, 2021
6. Discontinue BFI's operation of 3 recycling drop-off sites effective July 1, 2017 (an optional drop-off location to be the BFI/Republic Services, 4414 Agnes St.)

BACKGROUND AND FINDINGS:

City Council approved the recycling contract on October 12, 2010 after a Request for Proposal Process. Between October 2010 and January 2011, the BFI expanded their recycling processing facility and installed single-stream processing equipment. January 31, 2011, marked the beginning of the single-stream recycling collection and the effective date of the BFI recycling contract.

If approved, it's estimated that the contract amendment will increase the City's annual net return on the contract (rebates received by the City minus the processing fees paid by the City) by approximately \$145,000. BFI offers the facility at 4414 Agnes St. as an alternative recycling drop-off site, to help mitigate the discontinuation of services at the 3 existing drop-off trailers.

CONFORMITY TO CITY POLICY:

The proposed amendment does not conflict with City policy.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Solid Waste Operations, Office of Management and Budget, Finance, City Attorney.

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2016 - 2017	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Revenue		(\$147,083)	(\$1,176,666)	(\$1,323,749)
Encumbered / Expended Amount				
Expense		\$86,667	\$693,333	\$780,000
BALANCE		(\$60,416)	(\$483,333)	(\$543,749)

Fund #1020 – General Fund

Comments: The financial impact reflects the estimated net impact of the contract amendment for 45 months (May 2017 through January 2021) remaining on the initial 10 year term.

RECOMMENDATION:

Staff recommends the approval of the proposed amendment.

LIST OF SUPPORTING DOCUMENTS:

Contract Amendment