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City Council

Approval of the Contract Between the City of Olympia and Pioneer Recycling for Recycle Processing Services

Agenda Date: 3/7/2017
Agenda Item Number: 4.C
File Number: 17-0178

Type: contract **Version:** 1 **Status:** Passed

Title

Approval of the Contract Between the City of Olympia and Pioneer Recycling for Recycle Processing Services

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to approve the contract for recycle processing services between the City of Olympia and Pioneer Recycling Services, LLC (Pioneer), and authorize the City Manager to sign the agreement.

Report

Issue:

Whether to approve the contract for recycle processing services between the City of Olympia and Pioneer Recycling Services, LLC for \$84.56 per ton.

Staff Contact:

Ron Jones, Senior Program Specialist, Public Works, Waste ReSources, 360.753.8509

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

Curbside recyclables collected by the City of Olympia need to be sorted and processed at an approved recycle sorting facility. The nearest facilities are located in Pierce County.

Between 2003 and 2008, the City contracted with LeMay Incorporated for all aspects of recycling to include transfer, hauling, and processing in a single agreement. When that contract expired in 2008, it was not renewed. Since then, the City and LeMay have been doing business without a formal contract. Beginning September 2015, the City separated the business transactions for recycle processing from transfer and hauling.

In early 2016, the City of Olympia issued separate Request for Proposals (RFP) for recycle processing and transfer and hauling services. The City received and evaluated four proposals for recycle processing and selected Pioneer as the successful candidate.

The City negotiated the attached Professional Services Agreement with Pioneer. The proposed contract is for a five-year term, with the option to extend for additional periods of time. The recycle processing fee will be \$84.56 per ton with annual increases based on 100 percent of the Seattle-Tacoma-Bremerton Consumer Price Index. The City, in turn, receives 100 percent of the market value for its recyclables. Over the past 12 months, the average value of all recyclables combined was \$103 per ton, and trending upwards. Based on 5,000 tons per year (2015 year end data), and the average market value, the City expects to net upwards of \$90,000 annually. Because the value of recyclables changes monthly, based on demand for materials and other factors, the actual net amount to the City will fluctuate. Staff seeks approval of the contract for recycle processing services.

Neighborhood/Community Interests (if known):

None known.

Options:

1. Approve the Professional Services Agreement.
 - Establishes clear roles and responsibilities between the City and Contractor.
 - Ensures the City has a reliable source for sorting and marketing its recyclables.
 - A contract will set a defined cost per ton for processing with small annual increases, along with a protocol for receiving market values.

2. Do not approve the Professional Services Agreement.
 - Without a contract, the City is subject to potential and unexpected cost increases.
 - The City might be at risk for having loads rejected by the sorting facility with no back up options. The City cannot sort its own recyclables.

Financial Impact:

Recycle processing costs are currently funded by customer rates, and included in Waste ReSources' (Fund 403) operating budget.

Attachments:

Professional Services Agreement