

**City of Culver City, California
Agenda Item Report**

Meeting Date: <u>02/09/2015</u>		Item Number: <u>C-3</u>	
CITY COUNCIL AGENDA ITEM: Approval of an Agreement with CR&R for the Purchase of Recyclable Material from the City for a Period of Three Years (to January 31, 2018) as Part of a Pilot Program.			
Contact Person/Dept.: Catherine Vargas / Phone Number: (310) 253-6411 Public Works			
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (Email) Agenda and Meetings – City Council (02/04/15) ; (E-Mail) Sustainability and Environmental Issues (02/04/15)			
Department Approval: Charles D. Herbertson (01/29/15)		City Attorney Approval: Carol Schwab (by H. Baker) (02/02/15)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (02/02/15)		City Manager Approval: John M. Nachbar (02/03/15)	

RECOMMENDATION:

Staff recommends that the City Council approve an agreement with CR&R to purchase recyclable material from the City for a three year period as part of a continuing pilot program.

BACKGROUND:

The City, through the Public Works Department's Environmental Programs and Operations Division (EPO), operates an exclusive franchise to collect, transfer, and haul solid waste and recyclable material (such as aluminum, paper, glass, corrugated cardboard, and plastics) within the City. EPO also plans and implements waste diversion programs that divert recyclable material from ultimate disposal in a landfill.

Recyclable material collected through EPO's collection operations has historically been sold to Bestway, a Material Recovery Facility (MRF) located approximately two blocks east of the City's transfer station. Bestway has been an optimal partner for EPO's collection operations because of its close proximity and short wait times. However, due to a decrease in pricing by Bestway on the last contract, staff began to explore other recycling processors that may be willing to pay more for the City's recyclable material. In addition, staff seeks to explore options for baseline pricing of recycling material and profit sharing agreements that currently are used in other municipalities like Burbank.

At the July 28, 2014 regular meeting, the City Council approved an agreement with CR&R to purchase recyclable materials for a pilot program of six months. As part of

City of Culver City, California
Agenda Item Report

the staff report presented at that meeting, Allen Company was also identified as a potential alternative to either Bestway or CR&R. Unfortunately, staff was unable to utilize Allen Company because of delays in contract negotiations and the physical constraints at Allen Company to accept the City's collection vehicles.

During the six month pilot program, Bestway notified staff late in 2014 that it would be closing the facility the City uses effective December 31, 2014. Since Bestway and Allen Company are no longer options, staff would like to continue the program with CR&R for an additional three years under the same prices offered during the initial contract term (\$30 per ton for commingled recycling material with a potential increase of \$7-\$10 per ton dependent on market fluctuations).

DISCUSSION:

Recycling Material sold to CR&R Inc., an MRF located in Stanton, is delivered to the City's transfer station prior to being transported to Stanton via tractor/trailer. The City is currently under contract with CR&R for use of the transfer station to load and transport recycling material delivered by the City of Los Angeles. As a result, recyclable material collected in Culver City would be mixed with recyclable material generated in the City of Los Angeles.

CR&R has agreed to continue to provide the City with quarterly characterization studies of the City's recyclable material. These studies analyze the City's material and assign percentages to commodities such as: bottles, cans, glass, newsprint, cardboard, and trash. The information provided from these studies is useful in analyzing the effectiveness of the City's recycling program. The next study is scheduled for February 2015.

FISCAL ANALYSIS:

EPO, on average, collects and recycles 4,500 tons of recyclable material annually. By extending the agreement with CR&R for an additional three years and based upon the baseline pricing offered by CR&R, the City's Refuse and Recycling Enterprise Fund would expect approximately \$400,000.00 in recycling revenues during the three year pilot program, independent of the fluctuations in the recycling market. The proposed agreement also includes provisions through which the City could realize additional revenues above this baseline as a result of revenue sharing of 50% of any additional profit realized by the vendor.

Additionally, EPO would avoid approximately \$500,000.00 in transfer and disposal costs by recycling the material instead of landfilling.

City of Culver City, California
Agenda Item Report

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Approve an agreement with CR&R, Inc. to purchase recyclable material, from February 1, 2015 – January 31, 2018, for \$30 per ton for commingled recycling material with a potential increase of \$7-\$10 per ton dependent on market fluctuations and.
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.