

City of Culver City, California
City Council Agenda Item Report

Meeting Date: July 10, 2006		Item Number: <u>C-5</u>	
AGENDA ITEM: Authorization to Enter into a New Two-year Agreement with Bestway Recycling, Inc. to Purchase Recycling Material from the Public Works Sanitation Division.			
Contact Person/Dept.: Eric Mirzaian Public Works-Maintenance Operations		Phone Number: (310) 253-6410	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Public Notification: Master Notification List via e-mail (07/05/06); Bestway Recycling, Inc. via e-mail on 6/14/2006			
Department Approval: Charles D. Herbertson (06/28/06)		CAO Approval: Martin R. Cole for Jerry B. Fulwood (07/05/06)	
City Controller Approval: Marlee Chang (07/03/06)			
<u>RECOMMENDATION:</u> Staff recommends the City Council authorize entering into a new two-year agreement with Bestway Recycling, Inc. to purchase aluminum, paper, glass, corrugated cardboard, and plastics (recycling material) from the Public Works Sanitation Division. The previous agreement expired on May 31, 2006. <u>BACKGROUND:</u> The Public Works Sanitation Division operates an exclusive franchise to collect, transfer, and haul solid waste and recycling material within the City of Culver City. The Sanitation Division also plans and implements waste diversion programs that divert recyclable material from the landfill. As part of the City's waste diversion programs, the Sanitation Division operates a commercial and a residential curbside mixed recycle collection program. A mixed recycle program allows Culver City businesses and residents to combine all of their paper, plastic, glass, aluminum, and cardboard (recycling material) into one container rather than separating them into several containers. Commercial businesses are provided two or three cubic yard containers and homeowners are provided a large 96-gallon blue recycling container to deposit their recycling material. <u>DISCUSSION:</u> Since June 2002, the Sanitation Division has contracted with Bestway to purchase the City's recyclable material at a rate of \$35 per ton. Corrugated cardboard that has been separated out is sold to Bestway at 65% Official Board Markets (OBM) for the Old Corrugated Container (OCC) export category.			

City of Culver City, California
City Council Agenda Item Report

For the past four years, Bestway has been an optimal partner for the Sanitation Division's collection operations. The Bestway material recovery facility is located two blocks east of the Sanitation Division's Transfer Station. As a result of the close proximity, the Sanitation Division is able to optimize its recycling collection operations for the following:

- There is little cost to hauling recycling material to Bestway because of the close proximity to the Transfer Station.
- Because collection vehicles can haul directly to the Bestway facility, no material is stored on the Transfer Station tipping floor, thus eliminating the need to separate and store material.
- Bestway will accept a co-mingled stream of recycling material from the City.

The Sanitation Division has surveyed the local recycling market for a recycler that will purchase mixed recycle material at competitive rates, provide the level of service that is provided by Bestway, and is located in close proximity to the Transfer Station. Staff has found that there are very few companies that are located within a reasonable distance from the Transfer Station that provide a comparable level of service to Bestway. Furthermore, staff found that Westside cities are receiving rates between \$6 and \$25 per ton for their commingled recycling materials. As an example, the City of Santa Monica is in the process of renewing its contract for the purchase of recyclable materials. On their previous agreement, Santa Monica was receiving \$10 per ton and will be receiving \$12.50 per ton under the new agreement. Additionally, the rate of \$35 per ton that Culver City will be receiving from Bestway is comparable to the rates some of the larger municipalities in Los Angeles County are receiving including the cities of Glendale (\$40.30 per ton) and Burbank (\$40.00 per ton when total tonnage is over 150 tons).

FISCAL ANALYSIS:

The Sanitation Division on average collects and recycles 4,200 tons of recyclable material annually. By entering into this contract with Bestway, the Sanitation Enterprise Fund would continue to generate \$147,000 in revenue annually. Additionally, the Sanitation Division will avoid approximately \$192,000 in transfer and disposal costs.

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Authorize entering into an agreement with Bestway Recycling, Inc. to purchase Culver City's recyclable material, from July 1, 2006 – June 30, 2008, at a price of \$35 per ton for commingled recycling material, and 65% Official Board Markets (OBM) for corrugated cardboard thereby generating revenue for the Sanitation Enterprise Fund; and

City of Culver City, California
City Council Agenda Item Report

2. Authorize the City Attorney to prepare the necessary documents and authorize the Chief Administrative Officer to approve the documents.