



# City of Culver City

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## Staff Report

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### **CC - Approval of an Agreement with Allan Company for Processing of Recyclable Materials for Three Years with the Option of Five Additional One-Year Extensions**

**Meeting Date:** July 23, 2018

**Contact Person/Dept:** Kim Braun/Public Works

**Phone Number:** 310-253-6421

**Fiscal Impact:** Yes ☒ No ☐

**General Fund:** Yes ☐ No ☒

**Public Hearing:** ☐ **Action Item:** ☐ **Attachments:** ☐

**Commission Action Required:** Yes ☐ No ☒ **Date:**

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (07/18/18);

**Department Approval:** Charles D. Herbertson, Public Works Director/City Engineer (07/12/18)

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### **RECOMMENDATION**

Staff recommends the City Council approve an agreement with Allan Company for processing of recyclable materials for three years with the option of five additional one-year extensions.

### **BACKGROUND/DISCUSSION**

The City of Culver City operates an exclusive residential and commercial refuse collection and disposal service as a municipal enterprise. The Environmental Programs and Operations Division of the Public Works Department (EPO) operates solely on revenue generated through the provision of solid waste transfer and collection services to businesses and residents, grants, and until April 2018, the sale of recyclable material. This revenue covers the costs for refuse, recycling, organics, bulky items and construction and demolition collection, disposal and/or processing fees, recycling programs, and public outreach and education. Refuse along with the Transfer Station operations are 100% supported by enterprise fund revenues.

The City has developed and implemented a curbside recycling program servicing approximately 8430 single family households, 8996 multifamily residences, and a commercial recycling program

currently serving 4500 business establishments that has been very successful. Through education and inspection efforts, the City is committed to increasing the quantity and quality of curbside recycling in Culver City. The City collects an average of 6800 tons of co-mingled recyclable materials annually. The City currently accepts the following materials in the Program: mixed paper products, waxed containers, cardboard, cartons, newspaper, glass, plastic #1 - #5 and # 7, aluminum, and steel/tin cans. The collected Recyclable Materials are delivered to a Materials Recycling Facility(ies) (the "MRF").

Prior to April 2018, the City would deliver all recyclable materials to a recyclables processor and receive \$30 per ton for each ton of recyclable materials processed at its MRF. Most of the fiber and plastics were exported to China for processing to end market. In August 2017, China advised the World Trade Organization that effective in March 2018, China would no longer accept recyclable materials from any country if the recyclable materials contained more than 0.5% levels of contaminants. Since that announcement, recyclable materials processors are stockpiling materials until other markets are available; landfilling materials; and/or adding additional labor to the processing lines to reduce contaminants found in the recyclable loads delivered to the facilities. As a result, recyclable processors are now requiring clients to pay to process their materials rather than clients being paid for recyclable materials. At this time, our current processor is requiring that the City pay \$30 per ton for all recyclable materials processed at the MRF. This is an unanticipated annual expenditure of approximately \$ 204,000. The net total impact to the Refuse Fund is \$408,000 per year due to the corresponding loss of revenue from recyclable materials.

The City issued an RFP in February 2018 for the processing of the City's recyclable materials to determine the marketability of its materials. A blended value formula was used to estimate the marketability of the materials as well as costs associated with processing the materials. In addition, the proposers provided the acceptable levels of contamination and any additional penalties to the City if the loads delivered to the MRF exceeded the contamination level. Three proposals were received in March 2018 as follows:

<b>Proposers</b>	<b>Allan Company</b>	<b>CR&amp;R Inc.</b>	<b>WasteManagement</b>
<b>Costs/Ton</b>	\$ 25.00	\$ 28.17	\$ 49.65
<b>Contamination %</b>	20%	14%	19%
<b>Penalties over %</b>	Reject Load for disposal	\$ 111.83/ton	\$ 100/ton
<b>Moisture Level</b>	N/A	15% - 19%	N/A
<b>Penalties</b>	N/A	\$ 111.83/ton	N/A

In addition to the proposed costs, an annual secondary market index review of the value of each commodity will be conducted to adjust the cost the City pays for processing its materials.

## **FISCAL ANALYSIS**

Funding for these services is included in FY 18/19 budget. Funding for future fiscal years is

contingent upon budget approval.

### **ATTACHMENTS**

None.

### **MOTION**

That the City Council:

1. Approve an agreement with Allan Company for three years with five additional one-year extensions; and
2. Authorize the Public Works Director/City Engineer to exercise each of the additional one-year optional renewals; and,
3. Authorize the City Attorney to review/prepare the necessary documents; and
4. Authorize the City Manager to execute such documents on behalf of the City