



Memorandum

File #: 18-00234

City Council

6/14/2018

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

INTERLOCAL AGREEMENT FOR THE ACCEPTANCE AND PROCESSING OF SOURCE SEPARATED RECYCLABLES WITH EMERALD COAST UTILITIES AUTHORITY

RECOMMENDATION:

That City Council approve an Interlocal Agreement for the Acceptance and Processing of Source Separated Recyclables with Emerald Coast Utilities Authority. Further, that City Council authorize the Mayor to take all action necessary to execute an agreement.

HEARING REQUIRED: No Hearing Required

SUMMARY:

The City's Sanitation Services and Fleet Management (Sanitation Services) Department began a city-wide recycling program in fiscal year 2009. By converting twice weekly garbage collection to once-per-week garbage collection and once-per-week recyclable material collection, customers receive the same level of service at no additional cost.

In order for the City to continue to offer a recyclable collection service, it must have an agreement for recyclable processing services. At present, Emerald Coast Utilities Authority ("ECUA") operates the only Municipal Recycling Facility ("MRF") in our region that is capable of processing the recyclable material collected by Sanitation Services. The proposed Interlocal Agreement clarifies the terms and conditions under which the City may deliver its collected recyclables to the ECUA MRF.

Key provisions of the agreement include:

- The initial term of the agreement will be from July 1, 2018 to September 25, 2019.
- The ECUA MRF will accept various types of paper (including but not limited to newspaper, junk mail, magazines, office paper, cardboard and paperboard packaging), containers (including but not limited to glass bottles and jars, aluminum and steel cans, and #1 - #7 plastics), and mixed ferrous and non-ferrous metals. The list of recyclables may be expanded or contracted from time to time as determined by ECUA and the operator of the ECUA MRF, if any.
- The City shall be either compensated or charged for the recyclables it collects and delivers to the ECUA

MRF for processing in accordance with a sliding rate scale. The rate scale will be based on the Average Market Value (“AMV”) of recyclable material in the Southeastern United States as established by the *RISI/OBM* and *Recyclingmarkets.net* market indices described in Exhibit A of the agreement.

The market for recyclable materials fluctuates greatly and prices for recyclables have recently been under considerable downward pressure. The total AMV per ton of recyclables has declined by 11% since January 2018. Based on the calculation for May 31, 2018, the AMV per ton of recyclable material delivered to the ECUA MRF was \$79.03. Applying that AMV to the sliding rate scale in the agreement, ECUA would charge the City a \$7.00 per ton tipping fee. Should the AMV drop an additional 5%, the AMV would be \$75.00 and the tipping fee would increase to \$14.00 per ton. The AMV would need to reach \$105.01 (a 33% increase from the May 31 AMV) before the City would receive a share of the revenue from the sale of recyclables processed at the ECUA MRF.

PRIOR ACTION:

None

FUNDING:

N/A

FINANCIAL IMPACT:

Costs associated with processing the recyclable materials collected by Sanitation Services will be based on the AMV per ton of recyclables. Based on the calculation for May 31, 2018, ECUA would charge the City a \$7.00 per ton tipping fee. Staff will continue to monitor the AMV for recyclables. Should the AMV for recyclable materials continue to decline, consideration of a recycling fee to absorb the cost of processing recyclables may be necessary in the future.

CITY ATTORNEY REVIEW: Yes

6/5/2018

STAFF CONTACT:

Eric W. Olson, City Administrator

Doug Resmondo, Acting Sanitation Services and Fleet Management Director

ATTACHMENTS:

- 1) Interlocal Agreement for the Acceptance and Processing of Source Separated Recyclables with Emerald Coast Utilities Authority

PRESENTATION: No