

REQUEST FOR COUNCIL ACTION

SUBJECT: ACE Disposal requested contract revision

SUMMARY: Consider request by ACE Disposal for a modification to their contract regarding recyclable materials.

FISCAL AND/OR

ASSET IMPACT: Accepting the requested modifications would increase expenses to the solid waste fund by approximately \$4,200 per month.

REQUESTED DIRECTION:

In light of the recent downturn in the global recyclables market, the City is no longer receiving money for recyclable materials. ACE Disposal, the contracted hauler for waste is paying to dispose of recyclable materials. ACE has presented the City with a proposed revision to their contract to accommodate these unforeseen expenses.

Staff requests direction regarding the proposed contract revision. If Council agrees that the contract should be modified, the Public Works staff would work with the Attorney's Office to draft proposed language for future review and adoption.

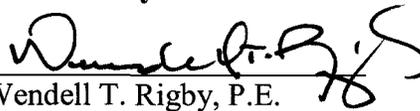
Roll Call vote not required.

Presented by:



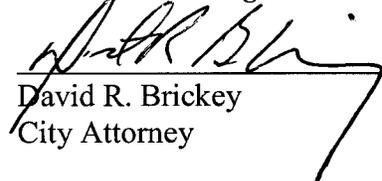
Justin D. Stoker, P.E.
Deputy Director of Public Works

Reviewed by:



Wendell T. Rigby, P.E.
Director of Public Works

Reviewed as to Legal Sufficiency:



David R. Brickey
City Attorney

Reviewed by:



Mark R. Palesh
City Manager

BACKGROUND DISCUSSION:

In March 2013, ACE Disposal received a contract from the City to haul and dispose of solid waste across the City. At the time the contract was drafted the recyclables market was strong and resulted in revenue generated by the sale of recyclable materials.

According to recent updates from the recyclables industry, there no longer appears to be a payback, but instead disposal results in charges of the materials.

On April 29, 2016 ACE Disposal delivered a letter to the City formally requesting a contract revision to accommodate the changes in the market for recyclables and in their letter provide three bullet points on items they are asking to change.

Staff is requesting direction regarding this issue. Is it the Council's desire to work with ACE Disposal? Would the Council like staff to prepare the appropriate contract revisions addressing the items in the ACE Disposal letter? If so, the appropriate contract amendments would be presented to Council at a future date for official ratification.

Attachments:

ACE Disposal letter



April 29, 2016

Wendell Rigby
Director of Public Works
West Jordan City
8000 S redwood Road
West Jordan, Utah 84008

Dear Wendell,

Ace Recycling & Disposal was awarded a new contract with West Jordan City in March 2013. A key component of the contract involved a provision that Ace would pay the City \$12.00 per ton for single stream recycle material collected from residents, along with a \$12,000.00 lump sum payment each year to be used by the City to fund a recycle education program, or however the City wished.

Ace made the recycle payment as specified from March 2013 to February 2014. The City has not been paid by Ace since March 2014. The reasons for this action are numerous and complicated. When Ace submitted our bid to the City, we had negotiated a base rate per ton, to be paid to Ace, for material received from the City and delivered to Rocky Mountain Recycling. This money would be used to pay West Jordan the \$12.00 per ton rebate and annual grant of \$12,000.00.

As previously stated, when Ace was awarded the current contract with the City we had an agreement in place with our recycle material processor to pay Ace for material delivered to their facility. In January, 2015 the processor stopped paying for this material and in December 2015, started charging Ace a fee per ton to drop material at the facility. This amount is more than the City currently pays per ton to take trash to Trans Jordan Landfill. Additionally, Ace is paying a contamination charge on material delivered to Rocky Mountain.

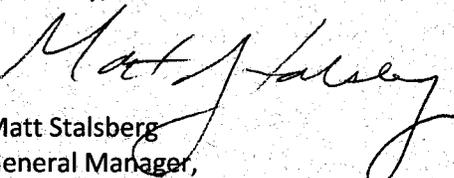
As you can see, this unforeseen situation cannot continue. Ace is asking to modify our contract with the City in the following manner.

- Ace is asking West Jordan City to relieve us of our obligation to pay the \$12.00 per ton rebate and the \$12,000.00 grant from January 2015 to the present, and eliminate the rebate per ton and annual grant going forward. Ace will pay the City the recycle proceeds as stated in the contract for the months of March 2014 through December 2014 (this is when payment to Ace stopped).
- Ace and West Jordan City will share 50/50 in the cost to deliver and process all recycle material delivered to Rocky Mountain Recycling going forward. This equates to an increase of \$0.20 to \$0.25 cents per month, per home in West Jordan, or roughly \$4,200.00 per month.
- If and when the recycle market rebounds to positive territory, the City will receive 100% of the revenue generated by the sale of the recycle material.

Currently, the West Jordan City's contract with Ace has given the City the lowest rates in the Salt Lake Valley (we have attached a table with the most recent rates for solid waste services for Trans Jordan member cities). The terms of the present contract put Ace at a severe disadvantage and the need to be modified.

Ace and West Jordan City have enjoyed a mutually beneficial partnership for many years. The scope of the crash in the recycle market is unprecedented, and many programs across the nation are being evaluated. This market is being described as "unsustainable" and contracts everywhere are being addressed. We hope that you take an in-depth look at our proposal to modify the current contract, and that you see this as a fair and reasonable request.

Sincerely,


Matt Stalsberg
General Manager,
Ace Recycling & Disposal

Waste and Recycling Survey
2016

City	Draper	Midvale	Murray	Riverton	Sandy	South Jordan	West Jordan	Averages	Totals
Phone #	801-576-6317	801-567-7237	801-270-2442	801-208-3137	801-568-2991	801-254-3742	801-569-5764		
Contact	Steve Siddoway	Keith Ludwig	Russ Kakala	Steve Elms/Trace Robison	Rick Smith/ Paul Browning	Glen Kennedy	Rochelle Smith		
Population(for disposal year)	50,000	31,725	47,000	42,000	91,148	65,658	110,000		437,531
# of residential pickups	10,000	6,167	7,775	9,877	23,870	16,980	23,986		98,655
Average miles to TUL	15	16	18	10	13	10	6		
SOLID WASTE CONTRACTS									
Waste hauler	Draper City	Age	Age	WM	WM	Age	Age		
Contract exp. Date	n/a	6/20/2020	12/31/2015	7/31/2019	10/31/2019	6/30/2019	3/1/2018		
Can size (gal)	n/a	96	96	96 gallon	95	96	96		96
1st can cost/contract	n/a	\$5.48	\$4.51	\$4.22	\$5.75	\$3.52	\$3.20		\$4.45
2nd can cost/contract	n/a	\$3.91	\$2.23	\$2.24	\$2.97	\$1.82	\$2.06		\$2.54
Residents Cost- 1st can	\$15.00	\$7.95	\$11.25	\$1.00	\$13.45	\$9.70	\$12.23		\$10.08
Residents Cost- 2nd +	\$10.00	\$7.95	\$7.75	\$5.00	\$5.50	\$8.45	\$9.40		\$7.72
# of homes w/more than one can	3,700	1,194	4,804	5,487	7,707	4,932	3,080		30,904
RECYCLING CONTRACTS									
Recycle Hauler	Draper City	Age	Age	WM	WM	Age	Age		
Contract exp. Date	n/a	6/20/2020	12/31/2015	2019	10/31/2019	6/30/2019	3/1/2018		
Size of Can (gal)	n/a	96	96	96	60	96	65		
Can cost/contract	n/a	\$2.67	\$2.06	\$2.01	\$3.25	\$2.63	\$2.27		\$2.27
2nd can cost/contract	n/a	\$0.00	\$2.06	\$2.01	\$2.57	\$2.63	\$2.27		\$2.27
Residents Cost- 1st can	inc	\$2.71	free	\$2.01	inc	\$3.80	inc		\$2.27
Residents Cost- 2nd +	\$2.50	\$0.00	\$7.75	\$2.01	\$5.50	\$3.80	\$4.70		\$4.70
Pick up rate	bi-weekly	bi-weekly	bi-weekly	weekly	weekly	weekly	weekly		weekly
Can you get another recycle can?	yes	yes	yes	yes	yes	yes	yes		yes
# of households w/ more	3,810	50	78	802	332	802	215		215
PERCENTAGES OF TJ CITIES									
Total Population	11%	7%	11%	10%	21%	15%	25%		
Total Garbage Pickups	10%	6%	8%	10%	24%	17%	24%		
Total Garbage	12%	7%	8%	11%	20%	23%	20%		100%
Total Recycling	9%	5%	7%	9%	25%	21%	24%		
% of Total Recycling	6%	4%	5%	6%	15%	14%	48%		
TRASH									
% of homes w/more than one garbage	37%	19%	10%	13%	32%	29%	13%		22%
Lbs trash per Person per Day	1.9	1.8	1.4	2.0	1.7	2.7	1.5		1.9
Tons trash per Year res	0.3	0.3	0.3	0.4	0.3	0.5	0.3		0.3
Residential total tons of trash	16,983.8	10,213.7	12,315.5	15,450.2	28,630.4	32,850.9	29,243.5		145,688.0
expected rate per weighted average-trash	16,648.9	10,563.7	15,649.9	13,985.1	30,350.2	21,862.6	36,627.5		20,812.6
Percent difference	102%	97%	79%	110%	94%	150%	80%		
RECYCLING									
% of households w/ more recycling cans	38%	1%	1%	8%	1%	5%	1%		9%
Lbs Recycling per res per day	0.2	0.2	0.2	0.3	0.3	0.4	0.3		0.3
Lbs Recycling per res per day Inc. gw	0.2	0.2	0.2	0.3	0.3	0.4	0.8		0.4
% of waste as recycling	11%	11%	12%	11%	17%	13%	16%		13%
Greenwaste recycled**									
Greenwaste recycled (Tons)	35.7	194.6	179.2	280.9	49.8	186.1	11,474.2		12,400.4
#'s Greenwaste recycled per resident/yr	1.4	12.3	7.6	13.4	1.1	5.7	208.6		41.4
Totals									
Trash Tons per Year City & res	16,983.8	10,352.2	14,168.4	17,300.1	37,854.7	35,383.5	32,564.8		164,607.5
Residential total tons of trash	16,983.8	10,213.7	12,315.5	15,450.2	28,630.4	32,850.9	29,243.5		145,688.0
Recycle tons per year	2,100.0	1,218.4	1,641.7	2,000.0	5,760.0	4,788.7	5,500.0		23,008.8
Greenwaste recycled (tons)	35.7	194.6	179.2	280.9	49.8	186.1	11,474.2		12,400.4
Total recycling incl. gw	2,135.7	1,413.0	1,820.9	2,280.9	5,809.8	4,974.8	16,974.2		35,409.2
Total number of residents in the seven cities	437,531.0	Total number of Households	98,655.0	Total Tons of Residential Trash	145,688.0	Total Tons of Residential Recycling	23,008.8	Total Tons of Greenwaste	12,400.4

**Greenwaste averages do not include Draper