



## Legislation Text

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**TO:** Mayor and City Commission

**FROM:** Cale Curtis, City Manager

**DATE:** June 17, 2020

A RESOLUTION OF THE CITY OF MARGATE, FLORIDA, APPROVING AMENDMENT TO AGREEMENT BETWEEN THE CITY OF MARGATE AND WASTE MANAGEMENT INC. OF FLORIDA FOR RECYCLING PROCESSING SERVICES.

**BACKGROUND:** This item amends the City's recyclables processing agreement with Waste Management to provide for temporarily suspending delivery of recyclables to the Waste Management processing facility and is a companion item to the Ordinance approving the Second Amendment to the Franchise Agreement for Solid Waste and Recycling Collection Services with Waste Management, Inc. of Florida.

Under two separate agreements, the City contracts with Waste Management for the hauling and processing of recyclables. The recyclables processing agreement defines a cost structure for the processing of recyclables based on market value and the level of contamination. The Average Market Value (AMV) is based on the material composition and the resulting value in the marketplace in a particular month. For Fiscal Year 2018, the average AMV was \$84.11 per ton; for 2019, the average was \$48.85 per ton. The Year to date for Fiscal Year 2020 is \$18.07, with May coming in at \$16.69 per ton. Contamination has risen to all-time highs. Despite best efforts by staff and an aggressive marketing campaign, contamination continues to climb. Some projections show contamination rates exceeding 50-60%.

Per Contract, Waste Management is required to receive their processing fee from the value of the recycled material. When the value of those recyclables exceeds the cost of processing, the City receives revenue. However, as is the case now, when the value falls below the cost of processing, the City must pay the shortfall. For example, the current processing fee is \$99.20 per ton. The AMV for April, after factoring the 47% contamination rate, was \$13.68; a shortfall of \$85.52 per ton. Deliveries to the Waste Management Materials Recycling Facility in April consisted of 313.52 tons or an invoice due of over \$26,000. The escalating costs were apparent at the beginning of the fiscal year, but staff wanted to make an effort to save the program through the educational marketing campaign. The aforementioned April Waste Management invoice and potential for increasing costs without an effective education campaign, is the foundation for a recommendation to suspend the Recycling program until September 30, 2020. The financial savings will be in the range of \$10,000 per month if recyclables are re-directed from the Waste Management Materials Recovery Facility to the Wheelabrator Waste-to-Energy (WTE) facility. The difference in rate per ton is at a minimum \$30.14 (\$76 for Recyclable processing to \$45.86 per ton for WTE disposal). It should be noted that Recycling Credit is issued by the State of Florida for disposal at WTE facilities.

The plan, if approved, would call for the Waste Management recycling truck to haul the recyclables to the Wheelabrator North Transfer Station, where they would be transferred to the WTE Plant in Davie beginning on June 18th. Over the course of this temporary suspension, Staff will review alternatives, including enforcement efforts, to resume recycling as normal. The goal will be to change recycling habits and communicate that if recycling cannot be done correctly, then it

ends up being garbage due to contamination. Excessive and on-going contamination may lead to program termination. Staff welcomes Commission input on direction of the program, but at this time, staff is recommending a suspension of the Recycling program from June 18th until September 30<sup>th</sup>. Waste Management is amenable to this suspension and has agreed through the attached amendment to the Agreement for Recycling Processing Services and the Second Amendment to the Franchise Agreement.

**RECOMMENDATION:** For approval.

**FISCAL IMPACT:** Approximately \$35,000 savings.

**CONTACT PERSON:** Cale Curtis, City Manager