



# City of San Antonio

## Agenda Memorandum

**File Number:** 19-7984

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**Agenda Item Number:** 33.

**Agenda Date:** 12/5/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Solid Waste Management Department

**DEPARTMENT HEAD:** David W. McCary

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Organic Material Processing Contract Amendment and Extension

### **SUMMARY:**

This ordinance will amend and extend an existing organics materials processing contract with New Earth, Inc., increasing the per ton processing fee from \$16.50 to \$24.00 and purchasing up to 75,000 cubic yards of finished compost at \$14.00 per cubic yard. Through this contract, New Earth is projected to process into compost approximately 68,000 tons of material collected from the Solid Waste Management Department (SWMD) organics program during this one-year term. During this time, the SWMD will explore cost effective alternatives to continue organics recycling. Much of the compost produced through this contract will be sold back to the City for use as a soil amendment/enrichment on various City properties, projects and parks.

### **BACKGROUND INFORMATION:**

City Council approved the implementation of a subscription-based program for the recycling of organic material beginning in FY 2013. By FY 2017, the program became a standard service to all customers citywide. The program included an additional green cart for organic material, such as grass clippings, leaves, tree branches, shredded paper, pizza boxes, food scraps, etc., collected weekly via automated curbside collection. The material from the carts is taken to a processor that removes any contaminants, such as plastic and glass, grinds the material, and applies water and air so that the material can decompose into compost.

Compost is a nutrient-rich organic material used to enrich soil for growing healthier plants and turf. Compost is generally considered to be a better alternative to chemical fertilizers, as well as a great way to improve poor

soils or build up thin soils.

The City entered into a contract for processing organic material with New Earth, Inc. in February 2014, after Council approved Ordinance 2014-02-20-0088. Due to the success of the program and the increased volume, the contract was amended with Council approval of Ordinance 2015-10-08-0865 to increase the allocated budget.

This contract was originally for five years ending December 31, 2019, with five optional one-year extensions. The contractor communicated with SWMD that it would not execute the extension without a substantial price increase and without the City acquiring some of the finished compost.

Instead of immediately agreeing to the requested changes to the current contract, SWMD tested the market with a solicitation for a new contract to replace this expiring contract. Only one response was received, which was from the incumbent, New Earth. Their response to the solicitation was at a significantly higher cost than the current contract. Therefore, SWMD cancelled the solicitation.

SWMD negotiated this one-year extension of the current contract with New Earth with a fee increase and the purchase of finished compost product by the City. The compost purchased back by the City is a valuable product that will be made available to the public for free at the City's brush recycling centers. Additionally, this compost will be provided to the Parks and Recreation Department and any other city departments to be used on various fields and planting areas for soil and plant improvement.

Prior to the expiration of this contract extension, the SWMD will explore additional options for processing organic material, including revising and reissuing the solicitation for organics processing and consideration of a City owned and operated composting facility.

#### **ISSUE:**

SWMD proposes to extend the contract for organics material processing with New Earth for one year, with an increase in the per ton processing fee from \$16.50 to \$24.00 and purchasing up to 75,000 cubic yards of finished compost at \$14.00 per cubic yard. This negotiated contract amendment is a financially better alternative to New Earth's response to SWMD's earlier solicitation. During this one-year term, the SWMD will identify the best options for future processing of organic materials through a revised solicitation as well as exploration of the possibility of processing the material at a City owned and operated facility.

#### **ALTERNATIVES:**

Should City Council choose not to adopt this ordinance, SWMD would have no contract to process organic materials from this program. The SWMD would most likely consider disposal of this material in the landfill at approximately \$25 per ton until a suitable contract or other option for organics processing could be procured. Landfill disposal of the organics material will negatively affect the City's ability to achieve the recycling goal established by the City Council.

#### **FISCAL IMPACT:**

This ordinance amends and extends for a period of one year, an existing organics materials processing contract with New Earth, Inc., increasing the per ton processing fee from \$16.50 to \$24.00 and purchasing up to 75,000

cubic yards of finished compost at \$14.00 per cubic yard. The total cost of the amended contract is not to exceed \$2,720,000.00, including a total of \$1,050,000.00 for purchasing finished compost and \$1,670,000.00 for organics materials processing. Funding for this agreement is available in the FY 2020 Solid Waste Operating and Maintenance Adopted Budget.

**RECOMMENDATION:**

Staff recommends approval of this ordinance authorizing a one-year extension of the organics processing contract with New Earth, Inc., and providing for the pricing and contractual amendments.