



City of San Antonio

Agenda Memorandum

File Number:15-4935

Agenda Item Number: 11.

Agenda Date: 10/8/2015

In Control: City Council A Session

DEPARTMENT: Solid Waste Management

DEPARTMENT HEAD: David W. McCary

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Organic Material Processing Contract Amendment

SUMMARY:

This Ordinance authorizes an amendment to increase the contract value with New Earth, Inc. by an additional seven hundred twenty thousand dollars (\$720,000.00) per year, with a new contract amount not to exceed one million three hundred twenty thousand dollars (\$1,320,000.00) per year, through the remainder of the initial 5-year term of the Agreement. This Ordinance also authorizes New Earth, Inc. to reimburse the City \$0.50 per ton of coarse mulch when collected from the Bitters Brush Recycling Center and \$0.25 per ton of coarse mulch when collected from the Nelson Gardens Brush Recycling Center, for their use as additional feedstock in its composting operations. This contract is used by the Solid Waste Management Department (SWMD) to process materials collected from the residential curbside organics recycling program. This amendment shall provide for continued and uninterrupted processing of materials by New Earth, Inc. through February 28, 2019.

BACKGROUND INFORMATION:

City Council approved Ordinance 2013-01-31-0077 to establish a subscription based program for Organics Recycling that began in mid FY 2013. Ordinance 2013-01-31-0078 authorized an extension and increase in the value of the contract with New Earth, Inc. to process organic material collected from the program. The program consists of a third collection cart that is used by residents to dispose of organic materials such as grass clippings, leaves, shredded paper, kitchen scraps, food-soiled paper and soiled pizza boxes. The organic materials are collected by Solid Waste Management Department (SWMD) crews using automated equipment

and delivered to New Earth, Inc. for processing into compost. This compost is marketed and sold by the contractor.

This program was initially provided as a pilot program to approximately 30,000 customers in various neighborhoods across the City. In March 2013, SWMD began transitioning residents in the pilot program to an optional paid subscription service and thereafter, offered the program to residents outside the pilot area.

ISSUE:

During the FY2015 Budget, City Council approved the Pay As You Throw Program, which will serve as a catalyst in reaching the City's residential recycling rate goal of 60% by the year 2025. As the program is implemented organics collection containers will be available to all residential customers and the department anticipates a substantial increase in the volume of organic material collection and requires a comprehensive contract with the Contractor to process the collected organic material.

This Ordinance authorizes amending the organic composting contract with New Earth, Inc., by an additional \$720,000.00 per year and adding provisions for New Earth, Inc., to reimburse the City for feedstock.

ALTERNATIVES:

Should City Council not authorize this amendment, then the City would need to consider postponing and/or cancelling any further expansion of the organics recycling program, jeopardizing the City's residential recycling goal of 60% by the year 2025.

FISCAL IMPACT:

This ordinance authorizes an amendment to the contract with New Earth, Inc. to process the organic material collected in the Solid Waste Management Department's residential curbside organics recycling program, at a rate of \$16.50 per ton, and increases the total contract value by \$720,000.00 per year, with a new contract amount not to exceed \$1,320,000.00 per year for the remainder of the initial 5-year term through February 28, 2019. This ordinance authorizes New Earth, Inc., to reimburse the City \$0.50 per ton of coarse mulch when collected from the Bitters Brush Recycling Center and \$0.25 per ton of coarse mulch when collected from the Nelson Gardens Brush Recycling Center. Funding for the contract is included in the FY 2016 Solid Waste Operation and Maintenance Fund budget and will be paid monthly based upon weight tickets for organic material disposed at the facility.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing an amendment to increase the New Earth, Inc., contract value by an additional \$720,000.00 annually for a new contract amount not to exceed \$1,320,000.00 to process the organic materials collected in the City's Solid Waste Management Department's residential curbside

organics recycling program and to add the provisions for New Earth, Inc. to reimburse the City for feedstock. This ordinance will enable SWMD to continue collecting organic material.