

AGENDA



Thursday, January 13, 2011

**Solid Waste Services
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 31

Subject: Authorize a final payment to Mid-America Recycling, L.L.C. dba Greenstar (formerly Vista Fibers) for processing and transportation services of single-stream recycling materials for July, August and September 2010, in an amount not to exceed \$193,945.83.

Amount and Source of Funding: Funding is included in the Fiscal Year 2009-2010 Operating Budget of the Solid Waste Services Department.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Bob Gedert, Director (512) 974-1926

Prior Council Action: June 5, 2008 – Council approved the contract with Mid-America Recycling, L.L.C. dba Greenstar (formerly Vista Fibers) and December 17, 2009 – Council approved the authorization to pay in the amount of \$2,640,319.

A contract with Mid-America Recycling, L.L.C. dba Greenstar (formerly Vista Fibers) was negotiated during the Spring of 2008, and approved by Council on June 5, 2008. It went into effect on October 1, 2008. In February, 2009, the contract was amended. This contract was a 2-year agreement with two (2) 6-month extension options that were not exercised; hence the contract expired on September 30, 2010. Terms of the contract included a stipulation that all transportation costs and processing fees due to Greenstar were to be deducted by Greenstar from the gross revenue from the sale of recyclable materials collected by the City of Austin.

During the first year of single-stream recycling operations, the program experienced a 50% increase in the amount of materials being recycled as well as a decrease in operational costs as a result of moving to every-other-week collections. However, the worldwide economic downturn caused an unpredictable and severe negative effect on recycling markets. As a result, the contract was revenue negative and the City was experiencing a deficit so on December 17, 2009 Council authorized the department to pay an estimated amount of \$2,640,319.

The December 17, 2009 Council prior authority approval was understated by \$193,945.83 due to the downturn in the pricing market for recyclable products. This final maximum payment amount is made up of the following:

Processing Costs	\$1,169,766.32
Transportation Costs	\$ 274,678.82
Revenue	<1,211,305.81>
Net Due Greenstar	\$ 233,139.33
Remaining Encumbrance	from the 12/17/09 Council authorization <39,193.50>
Maximum Authorization required	\$ 193,945.83