



Legislation Text

File #: 10-0101, **Version:** 2

Resolution to Authorize an Annual Service Contract with RecycleRewards (not to exceed \$227,400.00 in FY11)

The attached resolution approves and authorizes a contract with RecycleRewards, the parent company of RecycleBank. The recycling participation incentive services provided by this contract are a key element to increasing recycling tonnages under the new single-stream recycling program.

The following resolutions for implementation of the new single-stream recycling program have been submitted or are being submitted to Council:

- Contract amendment with FCR for MRF upgrades (passed 11-5-09)
- Purchase of four automated recycling trucks (passed 12-21-09)
- Purchase of 33,000 Toter recycling carts (passed 12-21-09)
- Contract amendment with Recycle Ann Arbor (3-15-10 Agenda)
- Contract with RecycleBank (3-15-10 Agenda)

Based on data collected from comparable communities around the country, it is estimated that the single-stream program without RecycleBank would increase recycling rates about 28%, from 357 pounds per household per year to 457 pounds. This increase will be due to both the convenience and higher capacity of the new single-stream cart, as well as the additional materials that will be collected in the program. For example, all plastic bottles and tubs (except #3 and styrofoam) will be accepted under the new program.

With the RecycleBank incentive program, it is estimated that those same recycling rates will increase from 357 pounds to 752 pounds, or over 200%. The attached chart compares that 752 pound figure with other similar communities that are currently enrolled in the RecycleBank program.

Adoption of this contract completes 4 or the 5 recommended actions required for single-stream implementation.

Each participating household has the opportunity to earn an average of \$240.00 in rewards per year, with the ability to earn up to \$540.00 in rewards per year. These rewards dollars will be reimbursable with both local and national vendors, either in the form of coupons for direct purchases (e.g. gift cards) or dollars off specific purchases (known as "co-spend" coupons). Dollars earned can also be donated to a non-profit chosen by the resident or a green schools grant program. Residents will be able to manage their accounts online or through a toll-free telephone number.

One recent success story is Westland, Michigan. Prior to the implementation of single-stream recycling and RecycleBank, Westland had one of the state's lowest recycling rates. With the new program, Westland is now at the top of the state in per household recycling tonnages.

It is proposed that the RecycleBank program in Ann Arbor be implemented in two phases. The first phase, to start on September 1, 2010, will include single-family homes and duplexes, (any location where one unit is currently serviced by one set of recycling "totes"). The incentive program for these locations will be fairly straightforward, since each dwelling unit will receive one cart.

The second phase of the program will include all multi-family housing units and businesses. This program is targeted for September, 2011. The attached contract requires that RecycleBank develop a proposal for these service units no later than July 1, 2011, at which time the proposal will be brought back to City Council.

All locations will receive carts equipped with RFID (Radio Frequency Identification) tags required for the RecycleBank program during a 6 to 8 week period starting July 1, 2010. Multi-family and business locations with newer carts will have those carts retrofitted by RecycleBank with radio frequency tags and new labels.

The contract cost will be \$6.48 per household per year, or \$.54 per month. Annual cost for up to 30,000 housing units will be \$194,400.00. In the first year, RecycleBank will also be providing the additional service of retrofitting 2500 existing recycling carts with new RFID tags and stickers. This cost will be \$33,000.00, and will be incurred in the first year only, for a total first year cost of \$236,900.00. Funding will be provided through the existing Solid Waste Fund Balance.

This program is being sole-sourced to RecycleRewards. There is only one other company that is providing a recycling incentive system. That company has been in business less than one year, and has a very limited customer base with small communities. Because it has been in business for so short a period, there was no documentation of successes with their programs.

Prepared by: Tom McMurtrie, Systems Planning Unit

Reviewed by: Sue F. McCormick, Public Services Administrator

Approved by: Roger W. Fraser, City Administrator

Whereas, Beginning in 2008 staff presented a business case analysis comparing the current source update for recycling services for a single stream approach;

Whereas, The single stream approach to recycling documents significant increases in recovery tonnage and economic benefit to the City;

Whereas, Implementation of the single stream recycling business case recommended five (5) council actions;

Whereas, City Council previously authorized the preparation of a business case analysis for single-stream recycling in Ann Arbor, which documented savings to the City by completion of the upgrades;

Whereas, City Council previously adopted resolutions to upgrade the City's Material Recovery Facility, purchase four automated recycling trucks, and purchase 33,000 single-stream recycling carts;

Whereas, the implementation of a recycling incentive program is a key element to increasing recycling tonnages in Ann Arbor;

Whereas, Funds for this contract are available in the proposed FY 2011 Solid Waste Operations and Maintenance budget, if so approved by Council;

Whereas, Funds for the contract will be annually budgeted in the Solid Waste Operations and Maintenance budget; and

Whereas, RecycleBank received HR approval on November 20, 2009;

RESOLVED, That City Council hereby authorize a 10-year contract with RecycleRewards substantially in the form as shown in Attachment A, with first year costs not to exceed \$227,400.00;

RESOLVED, That three years after the date of the contract implementation, the City Administrator will report back to the City Council on the effectiveness of the Recycle Bank Benefits program;

RESOLVED, That the Mayor and City Clerk are authorized and directed to execute the contracts after approval as to form by the City Attorney, and approval as to substance by the City Administrator; and

RESOLVED, That Council authorize the City Administrator to take the necessary administrative actions to implement this resolution.

As Amended by Ann Arbor City Council on March 15, 2010