



Legislation Text

File #: 09-0944, Version: 1

Resolution to Appropriate Funds to the Approved FY 2010 Solid Waste Capital Budget (\$1,322,950.00), Approve Contract Amendment #8 with FCR LLC for MRF Single Stream Recycling Upgrades and Processing Changes (\$3,250,000.00) and Agreement with Resource Recycling Systems (\$102,950.00) **(8 Votes Required)**

The attached resolution authorizes and approves contract amendment #8 with FCR LLC, d/b/a RRS, Inc. (FCR), the operator of the City owned Material Recovery Facility (MRF) and Transfer Station (TS). This amendment will expand the capability of the MRF to accept single stream recycling and reduce net costs for the City to provide those services. In addition, the resolution authorizes and approves a contract with Resource Recycling Systems for consulting services during the implementation of these modifications at the MRF.

Single stream recycling will enable residents and businesses to put all recyclable materials into one cart. It will also expand the numbers and types of materials accepted, for example, allowing almost all plastic bottles and tubs (except for styrofoam and #3 tubs) into the recycle stream. The program will also allow implementation of a "RecycleBank" awards program, where residents will be rewarded for participating in the program, providing incentive for expanded participation in recycling. As part of this program, recycling carts will be distributed citywide. The target date for implementation is July 1, 2010.

The scope of the proposed project is to design, procure, install, and commission new equipment and make necessary changes to the existing equipment at the MRF to allow the receipt and processing of single stream recyclables. The new equipment will include specialized metering and material handling conveyors, disc screens, material storage bunkers and separation (optical, mechanical and pneumatic) equipment designed to receive, convey, sort, separate, clean and store the single stream recyclables. This equipment will be installed in a new configuration (layout) within the existing footprint of the MRF building. Existing equipment such as the baler, glass beneficiation system and OCC screens, will be re-positioned and integrated into the new layout. The result will be an integrated system designed to separate approximately 25 tons per hour of incoming recyclables into their constituent commodities and remove all non-recyclables. Minor modifications to the existing structures will be made to allow for installation and operation of the proposed system. New equipment installation and modification of the existing equipment will be planned and scheduled to minimize disruption of the operation of the MRF.

As part of the approved FY10-FY15 Capital Improvements Plan (CIP) it was anticipated that the single stream recycling program would be implemented over two fiscal years. The funds for this work were included in the CIP in both FY10 and FY11. However, in order to capitalize on and coordinate with the expanded commercial recycling program which is getting underway, it is advantageous to implement the program in the current fiscal year. The resolution will appropriate funds from the Solid Waste Fund Balance to the FY 2010 Solid Waste Capital Budget. This will not change the total amount allocated in the CIP for this project. The Solid Waste Capital Budget in the FY11 CIP will be reduced by the amount appropriated to the FY10 Solid Waste Capital Budget.

As part of the contract amendment with FCR, the existing 20 year contract that currently expires in 2015 will be extended another 6 years, with a new contract expiration date of September 21, 2021. This will allow FCR approximately 10 years of operation with the new equipment at the City-owned MRF.

To enable complete implementation of the single stream recycling program, staff will bring resolutions to City Council later in the fiscal year to approve a contract amendment with Recycle Ann Arbor and to approve purchases of automated trucks and recycling carts.

The upgrades have been developed through the City's MRF/TS operator, FCR, and the City's MRF/TS consulting engineer, RRS. The upgrades will be funded through the combined funds of the approved Solid Waste Capital Budget, Solid Waste Capital Fund Balance and FCR. The budget for the MRF upgrades includes:

- \$550,000.00 for MRF West Addition (to be advanced by FCR)
- \$3,250,000.00 for Single Stream MRF Upgrade
- \$102,950.00 in consulting fees for RRS for project implementation

The following net savings are anticipated as a result of these changes in the recycling program.

- \$30,000.00 annual savings in recycling dumpster collection
- \$450,000.00 annual savings in curbside recycling (RAA contract)
- \$450,000.00 annual revenues from merchant MRF users

The engineering services to be provided by Resource Recycling Systems under the proposed agreement include facility design review, assistance with single stream recycling program rollout, transition outreach and technical assistance, including assistance with the RecycleBank awards program, contract management, performance tracking, and Capital Project Budget monitoring.

Prepared by: Tom McMurtrie, Systems Planning Unit

Reviewed by: Sue F. McCormick, Public Services Administrator

Approved by: Roger W. Fraser, City Administrator

Whereas, Implementation of upgrades to the Material Recovery Facility (MRF) to accept single stream recycling provides a number of benefits to the City, including a cleaner community, greater operating efficiencies, overall increases in recycling and rewards to City's residents for recycling;

Whereas, City Council previously contracted with FCR LLC, d/b/a RRS, Inc. (FCR), for long-term operation of the MRF and Transfer Station;

Whereas, City Council previously authorized the preparation of a business case justification for single stream MRF upgrades and contracted with Resource Recycling Systems to perform that work;

Whereas, The business case justification documents savings to the City by completion of the upgrades;

Whereas, Contract amendments with FCR to authorize implementation of the upgrades to the MRF

and are key to realize projected savings and;

Whereas, Funding for these upgrades were included in the approved FY10-FY15 Capital Improvements Plan (CIP);

Whereas, Funds for these upgrades are available through the approved FY10 Solid Waste Capital Budget and the Solid Waste Fund Balance;

Whereas, FCR received HR approval on April 28, 2009; and

Whereas, RRS received HR approval on April 28, 2009;

RESOLVED, That the following project budget is established and funds appropriated for the life of the project, to be available without regard to fiscal year:

Section I - Revenue

\$550,000.00	FCR Reimbursement of Building Expansion Cost
\$2,030,000.00	FY10 Solid Waste Capital Projects Budget
<u>\$1,322,950.00</u>	Solid Waste Fund Balance
\$3,902,950.00	TOTAL

Section II - Expense

\$3,250,000.00	Single Stream MRF Equipment Improvements
\$550,000.00	MRF Addition to West Elevation
<u>\$102,950.00</u>	Engineering
\$3,902,950.00	TOTAL

RESOLVED, That \$1,322,950.00 be appropriated from the Solid Waste Fund Balance to the FY10 Solid Waste Capital Budget;

RESOLVED, That Council approve contract amendment #8 with FCR in the amount of \$3,250,000.00, including the upgrade of the MRF for single stream recycling and including an extension of the contract term to September 21, 2021;

RESOLVED, That Council approve a contract with Resource Recycling Systems for engineering consulting services in the amount of \$102,950.00;

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

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.