



Legislation Text

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Resolution to Approve Compost Rates for Spring 2008 and Establish Overall Pricing Parameters for Ongoing Compost and Mulch Sales

The attached resolution updates the bulk and general sales price for the city's processed compost. The city *currently* provides the following pricing for processed compost at its compost center at the W.R. Wheeler Center:

Finished Compost (screened, cured):	\$20.00/cubic yard
Finished Compost (10+ cubic yards/load):	\$15.00/cubic yard
Unfinished (Grade B) Compost (10+ yards only):	\$10.00/cubic yard

The city's current rate of \$10.00/cubic yard for wood mulch (Ann Arbor resident) and \$12.00/ cubic yard (non-resident/business) will remain in effect at the present time.

The proposed *new* rate for compost, effective April 8, 2008 would be as follows:

Finished Compost (screened, cured):	\$17.00/cubic yard
Finished Compost (10 -24 cubic yards/load):	\$12.00/cubic yard
Finished Compost (25+ cubic yards)	\$10.00/cubic yard
Unfinished (Grade B) Compost (10+ yards):	\$8.00/cubic yard

A "government rate" discount of 10% would be offered to all public agencies (government, public schools, UM) within each pricing category. The new rates are recommended given the amount of compost now available as a result of the expanded compost facility's success in attracting private haulers to the site in the last year, Ann Arbor's pricing relative to other regional facilities (see attachment) and a perceived reduction in demand for finished compost given current economic conditions, particularly in the construction and landscaping sectors. Current estimates indicate approximately 7,000 cubic yards of compost material being available as of April 1, 2008 compared to the usual 4,000 cubic yards in past years.

In addition to setting initial pricing for April 2008, the resolution also provides staff with flexibility in setting pricing for compost in the future. This flexibility is recommended to allow for timely adjustments to the pricing structure as a result of changes in supply, operational issues and market conditions. It is recommended that rate flexibility be established for each material and volume threshold as follows:

Finished Compost (less than 10 cubic yards):	\$15-20.00/cubic yard
Finished Compost (10 -24 cubic yards):	\$10-15.00/cubic yard
Finished Compost (25+ cubic yards):	\$8-13.00/cubic yard
Unfinished (Grade B Compost (10+ yards):	\$7-10.00/cubic yard

Changes within these parameters will require the approval of the City Administrator, and will be

based on an assessment of current market and site conditions. Pricing changes outside of these parameters will require the approval of City Council. Whenever pricing increases are instituted, customers and the public will be given 15 days notice to provide a reasonable opportunity for them to adjust to the pricing change. Pricing changes would be posted in advance at the MRF scalehouse and the City's website.

Typically, 75-90% of prepared finished compost is sold each year. Pricing flexibility will allow the site to adjust its rates to achieve a similar movement of material going forward.

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Approved by: Roger W. Fraser, City Administrator

Whereas, The city currently operates a successful compost operation providing finished and unfinished compost and mulch to customers in Ann Arbor and the surrounding region;

Whereas, The recent expansion of the compost center has resulted in additional yard waste being delivered to the site for processing;

Whereas, As a result of increased incoming material, it is estimated that there is approximately 7,000 cubic yards of finished compost material available for sale as of April 2008 compared to 4,000 cubic yards in previous years;

Whereas, Other regional compost sites are typically providing bulk rate discounts well below the city's current rates; and

Whereas, It is important for the compost site to move its products in a timely fashion to maximize revenues, conserve space for other compost related activities on-site and preserve the high quality of product being sold;

RESOLVED, That City Council approves the following rate structure for compost products effective April 8, 2008:

Finished Compost (screened, cured):	\$17.00/cubic yard
Finished Compost (10-24 cubic yards/load):	\$12.00/cubic yard
Finished Compost (25+ cubic yards/load):	\$10.00/cubic yard
Unfinished (Grade B) Compost (any volume):	\$8.00/cubic yard

RESOLVED, That City Council provides staff with the ability to adjust rates based on supply and demand within the following parameters, such pricing adjustments to be approved by the City Administrator:

Finished Compost (screened, cured):	\$15-20.00/cubic yard
Finished Compost (10+ cubic yards/load):	\$10-15.00/cubic yard
Finished Compost (25+ cubic yards/load):	\$8-13.00/cubic yard
Unfinished (Grade B) Compost (any volume):	\$7-10.00/cubic yard

RESOLVED, That City Council must approve any pricing changes outside of the parameters outlined above;

RESOLVED, That administrative price increases outlined above shall be instituted only after providing fifteen (15) days notice via posting at the MRF scalehouse and the City's website; and

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