



## Legislation Text

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**File #:** 23-0835, **Version:** 1

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Resolution to Direct the City Administrator to Negotiate the Terms for a Services Agreement with Recycle Ann Arbor for Operation of the Proposed New Ann Arbor Regional Drop-Off Station (DOS) The attached resolution directs the City Administrator and staff to commence negotiations on the terms for a services agreement with Recycle Ann Arbor (RAA) for operation of the proposed new regional DOS currently being designed, with construction expected in 2024. The proposed new DOS is being built to replace the existing DOS which is structurally unstable. The new DOS will be located on a larger parcel on the Wheeler Center property enabling expanded materials drop-off options, improved customer service and traffic flow.

Concurrent to design and construction, the City must decide on and secure a fiscally sustainable operational services model and contracted site operator all of which are intertwined substantively and as to timing. RAA, a local zero-waste mission-based recycler, has acted as the City's long-time operator of the current DOS site, and, as such, is best suited to continue in that role at the proposed new DOS. RAA has decades of local experience with community-based recycling, and a commitment to the community to provide zero waste services. Because of its unique experience as the City's DOS operator, RAA has relevant financial and operational information and documentation regarding the existing DOS and will be integral to the City efforts to arrive at a financially sustainable operational model for the proposed new DOS that will provide flexibility for regional participation and be consistent with the City's A2Zero Plan and Solid Waste Resources Management Plan. The terms for a services agreement and the operational model it is based on must also take into account additional factors, which Recycle Ann Arbor has experience with such as up-front facility costs, including necessary equipment, machinery, rolling stock, operating costs, revenue sources and their variability, local and regional demand, markets for recycling or re-using some materials, and other external factors impacting DOS costs and revenue.

The terms must also acknowledge that any services agreement is conditioned on the City obtaining necessary approvals for the proposed new DOS, completing construction, and commencing operations. Engaging with Recycle Ann Arbor now on the terms for a services agreement will enable the City to better coordinate obtaining site approvals, complete construction, and open the new facility with minimal interruption to services by having a site operator in place.

**Budget/Fiscal Impact:** No funding is required to commence negotiations on the terms of a services agreement. Provided the parties can reach agreement on the terms for a services agreement, those terms would be presented to City Council with funding needs, impacts and sources. A proposed agreement based on the agreed upon terms would be presented to City Council for final approval.

Prepared by: Sarah Mason, Resource Recovery Manager

Reviewed by: Paul Matthews, Interim Manager, Public Works Unit  
Brian Steglitz, Public Services Area Administrator

Approved by: Milton Dohoney Jr., City Administrator

Whereas, Solid Waste disposal decisions have a significant impact on sustainability and climate change;

Whereas, The services to be provided by the proposed new Drop-Off Station (DOS) are aligned with the City's Carbon Neutrality and Circular Economy goals;

Whereas, The proposed new regional DOS requires an experienced and trusted operator;

Whereas, Recycle Ann Arbor has been the long-time contracted operator of the City's Drop-Off Station and a valued community partner in achieving the City's recycling and reuse goals;

Whereas, Recycle Ann Arbor has been part of the new DOS planning team;

Whereas, It is important to have continuity in DOS operations; and

Whereas, Commencing negotiations with Recycle Ann Arbor on terms for a services agreement for the proposed new DOS will benefit the City by taking steps to secure a site operator who can participate on the planning team as the City finalizes the design and operational model, and who can help the City to minimize interruptions to services as construction is completed and operations commence at the new facility;

RESOLVED, That City Council directs the City Administrator to negotiate the terms for a services agreement with Recycle Ann Arbor for operation of the proposed new Drop-Off Station and report on the status of negotiations or present proposed terms along with any fiscal needs, impacts and proposed funding sources on or before the October 16, 2023 City Council meeting;

RESOLVED, That as the City's long-time Drop-Off Station contracted operator, the selected entity to be the City's contracted site operator for the proposed new Drop-Off Station, and as a part of the proposed new Drop-Off Station planning team, the City expects Recycle Ann Arbor to share financial and operational information and documentation about the existing Drop-Off Station with the City as the proposed new Drop-Off Station site and facility design and financial and operational model are finalized;

RESOLVED, That the terms must acknowledge that any services agreement shall be conditioned on final approval by City Council and the City obtaining necessary approvals, completing construction, and commencing operations at the new DOS site; be consistent with the City's Carbon Neutrality and Circular Economy goals as set forth in the A2Zero Plan and the City's Solid Waste Resources Management Plan; and provide, consider and account for a financially sustainable operational model and flexibility for regional participation, which may include, without limitation, the following concepts:

- 1) Length of the services agreement;
- 2) Scope of services for site operation and (if applicable) equipment maintenance;
- 3) Compensation for the services, including cost to the city and funding sources;
- 4) Responsibilities of the City (if any);
- 5) Responsibilities of the Contractor (reporting, data tracking, site maintenance, coordination and communication with the City);
- 6) Initial list of accepted materials and process for modifying (adding or deleting) materials or services;
- 7) Use of education space;

- 8) Intention for planned reuse space;
- 9) City access to the site and facility;
- 10) Revenue share from sale of recyclables (if applicable);
- 11) Revenue from reuse (if applicable); and

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