



Recyclable Material Processing

CITY COUNCIL WORKSHOP – NOVEMBER 5, 2018



Purpose

- The City's current contract for processing of recyclable materials expired on November 1st.
- Processing is currently being done under an interim agreement on a month-to-month basis.
- On the regular agenda tonight is an item to approve a 3-year recyclable materials processing contract with FCC SA, Inc. with offices and processing in Dallas, TX.
- This should have no impact on the services our residents receive for trash and recycling.

Recyclable Material Collection and Processing in Lewisville

- Recyclable materials are collected curbside on the same day as solid waste collection.
- Multi-Family materials are collected on Tuesdays.
- The hauling vendor collects and hauls material to a Materials Recovery Facility (MRF) to be sorted, cleaned and processed into commodities.
- The MRF sells the commodities with the price based on demand and the quality.
- Recyclables are bought and sold just like raw materials.
- For the last 3 years our recyclable materials have been processed by Pratt Industries in Denton.
- Pratt chose not to renew the contract, and it expired on November 1st.

Proposal Process

- City staff hired the consulting firm of Burns & McDonnell to assist with the procurement of recyclable processing services.
- The Request for Proposals was advertised on Bidsync beginning June 15, 2018 and closed on July 19, 2018.
- An evaluation committee was formed consisting of representatives from Public Services, ECS, Sustainability, Budget, and Purchasing.
- Proposals were received from two vendors.
- Two additional vendors indicated an interest, but did not submit a proposal.

Proposal Evaluations

- The proposal evaluation criteria consisted of 125 possible points.
- Proposals were evaluated on the following:
 1. Letter of Intent and Prerequisite Proposal Forms (required)
 2. Proposed Approach (25 points)
 3. Experience (15 points)
 4. Financial Stability (10 points)
 5. Financial Proposal (50 points)
 6. Interview (25 points)
- The committee reviewed the proposals and scored items 2, 3, and 4. The financial proposals were evaluated by the Consultant and results were used to score item 5.

The calculation for the Recyclable Revenue Share for Residential Service Customer material shall be as follows:

$$\begin{aligned} & \textit{Net Revenues} = \\ & \textit{Gross Recyclable Revenue} - \textit{Processing Fee accrued by City} \\ & \textit{Then} \\ & \textit{City Recyclable Revenue Share} = \textit{Net Revenues} \times \underline{\hspace{1cm}}\% \end{aligned}$$

Financial Proposal

Financial Proposal Comparison

With Index Commodity Data

| | FCC | | Waste Management | |
|--------------------------------------|----------------|----------------|------------------|----------------|
| | Glass Included | Glass Excluded | Glass Included | Glass Excluded |
| Total Incoming Tons | 5,361 | 4,932 | 5,361 | 4,932 |
| Glass Recycled | 16.0% | 0.0% | 16.0% | 0.0% |
| Residue | 18.0% | 28.3% | 18.0% | 28.3% |
| Residue Limit | 18.0% | 25.0% | 18.0% | 25.0% |
| Excess Residue (%) | 0.0% | 3.3% | 0.0% | 3.3% |
| Excess Residue (tons) | 0 | 161 | 0 | 161 |
| Disposal Fee (per ton) | \$25.00 | \$25.00 | \$65.00 | \$65.00 |
| Avg. Value per Ton - Last 12 months | \$89.39 | \$97.17 | \$89.39 | \$97.17 |
| Processing Fee per Ton (Residential) | \$81.45 | \$71.45 | \$92.50 | \$90.25 |
| Revenue Share | 60% | 60% | 70% | 70% |
| Annual Revenue (Cost) | \$6,967 | \$53,501 | (\$42,347) | (\$12,138) |

Glass in the Recycling Stream

- Staff is recommending that City Council maintain Glass as an Acceptable item in our Residential Recycling Program in this Contract.
- Staff considered the cost to perform education and the continual messaging needed to make permanent behavior changes in residents.
- Residents often get discouraged to recycle by continuing changes to acceptable recycling program materials.
- The final contract does have a sliding scale for processing if glass is later reduced or excluded from the stream.

Contract and Recommendation

- FCC SA, Inc. was awarded the most points by the selection committee.
- FCC SA, Inc. provided the Financial Proposal that was most advantageous to the city.
- Staff is recommending an award to FCC SA, with offices and processing location in Dallas, TX.
- The proposed contract provides for processing recyclable materials for a term of 3 years, with the option to renew for two additional 3 year terms.
- There is the potential for the city to make revenue from this contract. If commodities drop in value, the City may need to pay for recycling processing.
- This contract includes a processing fee cap that will limit our potential cost to the cost of disposal.

Questions?
