



Legislation Details (With Text)

**File #:** 64004      **Version:** 1      **Name:** Authorizing a new contract with Pellitteri Waste Systems

**Type:** Resolution      **Status:** Passed

**File created:** 1/29/2021      **In control:** Streets Division

**On agenda:** 3/16/2021      **Final action:** 3/16/2021

**Enactment date:** 3/22/2021      **Enactment #:** RES-21-00203

**Title:** Authorizing a new contract with Pellitteri Waste Systems for the sorting, processing, and marketing of recyclables collected by the City of Madison Streets Division and that the contract shall be for five years.

**Sponsors:** Satya V. Rhodes-Conway, Syed Abbas

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
3/16/2021	1	COMMON COUNCIL	Adopt	Pass
3/8/2021	1	FINANCE COMMITTEE	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
2/23/2021	1	COMMON COUNCIL	Refer	Pass
1/29/2021	1	Streets Division	Referred for Introduction	

**Fiscal Note**

The proposed resolution authorizes the Streets Division to enter into a five-year contract with Pellitteri Waste Systems for sorting, processing, and marketing recyclables collected by the City's Streets Division. Under the current contract structure, the City pays Pellitteri a per ton tipping fee for processing the City's recyclables. The City also receives a payment from Pellitteri based on the value of the sale of the City's recyclables. In 2021, the City budgeted \$933,660 for costs of the City's recycling contract and \$515,000 in anticipated recycling revenue.

Pellitteri has been providing recycling services for the City since 2012 (authorized under Legistar 23489). In 2014, Legistar 34379 authorized an extension of the initial contract through 2021. The following table shows actual recycling revenue and contract costs since 2015.

Year	Recycling Revenue	Contract Cost	Net Recycling Revenue (Cost)
2015	841,013	799,346	41,667
2016	866,761	794,312	72,449
2017	1,218,608	894,314	324,294
2018	956,449	976,333	(19,884)
2019	548,752	894,148	(345,396)
2020	751,489	1,040,970	(289,481)

The new contract includes a base rate with an annual escalator. This rate will be increased based on the

percentage of the City’s recycling that is “contaminated”, or not recyclable. Under the new contract, rather than receiving a rebate for the value of recyclables sold, the City’s rate will be adjusted based on the market value of the mix of recyclables if the market value falls outside of the range of \$35-\$65 per ton. The following table includes a range of potential recycling costs in each year of the contract. The range reflects different scenarios ranging from a strong market for recyclables (lowest contract costs) to a poor market for recyclables (highest contract costs).

<b>Year</b>	<b>Minimum Likely Cost (Market value \$83/ton)</b>	<b>Annual Cost-No Rate Adj. (Market value \$35-65/ton) (Market value \$83/ton)</b>	<b>Maximum Likely Cost</b>
2022	380,483	708,136	762,787
2023	387,764	715,417	770,068
2024	395,191	722,844	777,495
2025	402,767	730,420	785,071
2026	410,494	738,148	792,798

In 19 of the last 73 months, the value of the City’s recycling has ranged from \$35-\$65/ton, which would put the cost of the City’s recycling program in the middle column. Of those 19 months that did not fall in this range, only two months had recycling values less than \$35/ton, and the remaining 17 months had recycling values above \$65/ton.

**Title**

Authorizing a new contract with Pellitteri Waste Systems for the sorting, processing, and marketing of recyclables collected by the City of Madison Streets Division and that the contract shall be for five years.

**Body**

WHEREAS, the City of Madison Streets Division began a curbside recycling program in 1968, making it the first such program in the nation, and;

WHEREAS, the City of Madison Streets Division collected 18,563 tons of mixed recyclables in 2020, and;

WHEREAS, the current contract for sorting and processing recyclables expires on December 31, 2021; and;

WHEREAS, Pellitteri Waste Systems has provided recycling processing services for the City of Madison since 2012, and;

WHEREAS, Pellitteri Waste System continues to be a valued partner in helping Madisonians recycle more and recycle right by investing in new sorting equipment, including state-of-the-art robotics, and educational videos, and;

WHEREAS, Pellitteri Waste Systems, following a competitive request for proposals process, was selected as the vendor for the next contract to sort, process, and market the recyclables collected by the City of Madison Streets Division;

NOW THEREFORE BE IT RESOLVED that the Mayor and the City Clerk are authorized to enter into a new contract with Pellitteri Waste Systems for the sorting, processing, and marketing of recyclables collected by the City of Madison Streets Division and that the contract shall be for five years.