



REPORT TO: CITY COUNCIL

MEETING DATE: MARCH 7, 2020

Agenda Item:	5b. SUA-22-08
Prior Council Action/Related Items:	SUA-22-06
Issue:	<ul style="list-style-type: none"> • The current recycling processing contract with Cedar Creek Farms allows for the use of cardboard recycling roll-off containers to collect cardboard from 60 commercial customers. • The use of the containers will no longer be available once the contract with Cedar Creek Farms ends June 30, 2022.
Solution:	<ul style="list-style-type: none"> • Resolution SUA-2012-3 established a fee structure for customers participating in the commercial cardboard recycling program. • The fee schedule has never been implemented. • The cost to purchase the 60 recycling roll-off containers would be approximately \$600,000. • A decision will need to be made before the contract ends whether to continue the service or discontinue the service. • Scenarios with costs using the fees effective July 1, 2022 with new contracts are as follows: <ul style="list-style-type: none"> <u>Scenario 1</u> <ul style="list-style-type: none"> ✓ Assumes all 60 commercial cardboard customers continue with the service and begin to pay the fees listed in the fee structure. ✓ Annual operation cost - \$79,120 ✓ Annual revenue - \$79,200 ✓ Purchase containers - \$600,000 <u>Scenario 2</u> <ul style="list-style-type: none"> ✓ Assumes 60% of the commercial cardboard customers will discontinue the service if there is a fee associated with the service. ✓ Annual operation cost - \$32,368

- ✓ Annual revenue - \$32,400
- ✓ Purchase containers - \$240,000

Scenario 3

- ✓ Assumes discontinuance of commercial cardboard program.
- ✓ Loss of 20% of commercial refuse customers due to the need for a cardboard program.
- ✓ Increase in commercial collection revenue from the remaining 80% currently using the commercial cardboard program.
- ✓ Annual revenue loss from the 20% - \$31,503.
- ✓ Annual revenue increase from the 80% - \$37,871.
- ✓ Annual operational cost savings - \$79,120.
- ✓ Purchase containers - \$0

Scenario 4

- ✓ Assumes discontinuance of commercial cardboard program.
- ✓ Allow commercial customers to dispose of cardboard at the Convenience Collection Center.
- ✓ Loss of 20% of commercial refuse customers due to the need for a cardboard container to be on site.
- ✓ Increase in commercial collection revenue from the remaining 80% currently using the commercial cardboard program.
- ✓ Annual operational cost - \$39,560.
- ✓ Annual Revenue loss from the 20% - \$31,503.
- ✓ Annual revenue increase from the 80% - \$18,935.50.
- ✓ Purchase containers - \$0

Financial Impact/Funding Source(s):	Varies for each scenario.
Strategic Plan Alignment:	#5 Unique Culture: To cultivate partnerships that enhance the unique culture of Stillwater with equal access to services and amenities, strong and connected neighborhoods, and a thriving economy and business atmosphere.
Recommended Action:	<ul style="list-style-type: none"> • Based on the cost analysis, staff would recommend scenario 3 if the decision was strictly based on the financials. • However, if the decision is based on the Recycling Task Force’s desire to offer an option to prevent

recyclable materials from being disposed of at the landfill, staff would recommend scenario 4.

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