

Department of Public Works

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Mark H. Yehlen, PE
Commissioner of Public Works

Thomas M. Eeg, P.E.
Asst. Comm. of Public Works/Operations

John C. Rooney, P.E.
Asst. Comm. of Public Works/City Engineer

May 25, 2017

Legistar Item: 487-17

Alderman Terry McCarthy, Chairman
Public Works and Services Committee
Racine, WI

Re: Recycling Contract Extension with John's Disposal Service, Inc.

Dear Alderman McCarthy:

The City of Racine entered into a 5-year agreement with John's Disposal Service, Inc., to provide the City with a disposal site for recycling materials in 2012. When this was implemented, we analyzed 3 proposals and selected John's Disposal as they had the closest recycling center for the City of Racine and had the lowest cost per ton to provide this service.

The changes to the agreement will include the following:

1. Since glass is not a revenue producing product, we will now pay the monthly market value to dispose of the glass. If the market makes it a revenue generating item, we would then receive revenue for the sale of these recyclables. The initial agreement stated "Glass will be included at no value or no charge". Glass pertains to nearly 20% of our recyclable materials, so the estimated \$13,000 annual cost is reasonable.
2. Solid Waste is showing up in recycling carts, so the City would be responsible to offset the costs associated with landfill disposal of these materials. Their proposed rate of \$34 per ton is below our current landfill fee of \$45.77 per ton, so the estimated \$11,000 annual cost is again reasonable.
3. The processing costs have remained at \$45 per ton since 2012, so this extension would allow this rate to increase by the CPI level commencing in 2020. The two other proposals we received in 2012 had a proposed rate of \$60 per ton and an annual CPI increase, so based on our 5,000 tons of annual recyclable products, their fees would have been \$75,000 higher than John's Disposal in 2013 and would have increased by the CPI annually.

We haven't had any issues with transporting materials to John's Disposal or with revenues made for the sale of recyclables, so I would recommend that we extend their service agreement as outlined above.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Eeg", is written over the word "Sincerely,".

Thomas M. Eeg
Assistant Commissioner of Public Works/Operations

Attachment

TME:njp

FIRST AMENDMENT TO PROCESSING OF RECYCLABLES AGREEMENT BETWEEN THE CITY OF RACINE AND JOHNS DISPOSAL SERVICE, INC.

THIS FIRST AMENDMENT TO PROCESSING OF RECYCLABLES AGREEMENT BETWEEN THE CITY OF RACINE AND JOHNS DISPOSAL SERVICE, INC. ("Amendment"), dated as of the latter of the signatures below (the "Effective Date"), is by and between the City of Racine (the "City"), a Wisconsin municipal corporation, having a mailing address of 730 Washington Avenue, Racine, WI 53403 and Johns Disposal Service, Inc. (the "Contractor"), having a mailing address of 7311 Omega Circle, Franksville, WI 53126.

WHEREAS, the City and the Contractor entered into a Processing of Recyclables Agreement (the "Contract") dated October 2, 2012.

WHEREAS, the term of the Contract will expire on December 31, 2017.

WHEREAS, the parties, in their mutual interest, wish to amend the Contract as set forth below accordingly.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that the recitals set forth above are incorporated herein as if set forth in their entirety and further agree as follows:

1. PAGE 1, TERM. The following is hereby added to the section TERM. The TERM of this Contract shall be extended for five (5) years, for the period beginning January 1, 2018 through December 31, 2022. The TERM will be extended for additional one (1) year terms, unless either party gives written notice to terminate at least sixty (60) days prior to the end of the current TERM.
2. PAGE 2, NUMBER 3, LETTER B. Letter B is hereby deleted in its entirety. Letter B therefore states: The City will pay the market value for the disposal of glass (currently \$13.00 per ton) but not to exceed \$20.00 per ton. Should the market value for glass change such as to offer a positive value for disposal, the Contractor will pay the City based on current market value. Payment for glass will be included in the overall value of single stream recycling. Glass will be evaluated monthly.

The City will pay the market value for the disposal of residual solid waste (currently \$34.00 per ton). Payment for residual solid waste will be included in the overall value of single stream recycling. Single stream materials will be evaluated twice annually to coincide with payment processing to the City.
3. PAGE 2, NUMBER 3, LETTER C. Letter C is hereby deleted in its entirety. Letter C therefore states: The cost of processing will be \$45.00 per ton. The contractor will apply a CPI increase to the processing cost once annually beginning on January 1, 2020.
4. PAGE 2, NUMBER 4, PAYMENTS. This section is hereby deleted in its entirety. PAYMENTS therefore states: Monthly, the Contractor will furnish the City with a revenue share schedule to determine the overall value of the material. Revenue payment will be made twice annually based on the overall value owed the City. High market months will be used to offset low market months. Should market values remain low for the duration of one payment period (6 months), the City will not have to pay the difference.
5. OTHER TERMS AND CONDITIONS REMAIN. In the event of any inconsistencies between the Contract and Amendment, the terms of the Amendment shall control. Except as expressly set forth in this Amendment, the Contract otherwise is unmodified and remains in full force and effect. Each reference in the Contract to itself shall be deemed also to refer to this Amendment.

[NO MORE TEXT ON THIS PAGE – SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the said CONTRACTOR has caused this instrument to be executed, in the case of an individual by personal signature, in the case of a partnership by the signatures of the members thereof, in the case of a cooperative or a cooperation by the proper officers thereof, and the said CITY has caused it to be executed by its Mayor and countersigned by its City Clerk upon authority duly given therefore.

FOR JOHNS DISPOSAL SERVICE, INC.

BRIAN JONGETJES, PRESIDENT

DATE

RON JONGETJES, VICE PRESIDENT

DATE

DANIEL JONGETJES, SECRETARY

DATE

FOR CITY OF RACINE

JOHN DICKERT, MAYOR

DATE

JANICE JOHNSON-MARTIN, CITY CLERK

DATE

MARK H. YEHLLEN,
COMMISSIONER OF PUBLIC WORKS

DATE

APPROVED AS TO FORM:

CITY ATTORNEY

DATE