

## Department of Public Works

City Hall  
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John C. Rooney, P.E.  
Commissioner of Public Works/City Engineer

Ron J. Pritzlaff, P.E.  
Assistant Commissioner of Public Works

Ara P. Molitor, P.E.  
City Engineer

November 1, 2022

Alder. Mollie Jones, Chairperson  
Public Works and Services Committee  
Racine, WI

Dear Alder Jones:

The City of Racine entered into a five-year agreement with John's Disposal Service, Inc. in 2012. There have been two subsequent amendments extending the contract through December 31, 2022. The initial contract and amendments were approved based on the short haul to John's Material Recovery Facility (MRF). Staff has received pricing to extend the contract by one year while the City of Racine constructs its own transfer station. The proposed 2023 rates are as follows:

John's Disposal Proposed Recycling Rates 2023			
Service	2022 Rates	2023 Proposed Rate (1-Year)	2023 Proposed Rate (3-Year)
Processing Cost	\$49.58/ton	\$98.50/ton	90.50/ton
Glass Disposal	\$16.13/ton	\$18.00/ton	\$16.50/ton
Residue Disposal	\$36.54/ton	\$45.00/ton	\$45.00/ton

The processing cost will increase significantly in 2023 resulting from the following factors:

1. China removed itself from the global market place for processed fibers, which made up approximately 60% of the recycling stream.
2. The timing of the City of Racine's last contract amendment coincided with the change in China's ability to receive these goods.
3. Currently, the City's Contract with John's allows for a charge of -\$20.00 per ton. The actual cost is approximately -\$60.00 per ton of single stream recyclables.
4. Cost of inflation on fuel and materials.

The City has, over the past few years, enjoyed a scenario in which it had by far the most competitive regional price for processing of these materials. Proposed prices for 2023, although significantly higher, are in line with other similarly sized communities.

Additionally, given that the Department of Public Works will be in its transition plan for all of 2023, and that the John's MRF is the closest, extending haul times to MRF's that are significantly further away will increase DPW's cost of fuel and equipment maintenance, adding significant stress to the fleet.

Staff recommends that Amendment Three with John's Disposal Service, Inc. be approved on a one-year basis, based on the pricing shown above.

Based on an average year, the total cost will be approximately \$250,000

Funding for these services is available in the following account:

Org-Obj 22140 52200 Contracted Services - \$250,000

Sincerely,

Ron J. Pritzlaff, P.E.  
Assistant Commissioner of Public Works

Cc: Mayor Cory Mason  
Paul Vornholt  
Kathleen Fischer  
John Rooney