

RECYCLING PROCESSING FEE CONTRACT AMENDMENT FY22

THIS Amendment to Paragraph 21 of the Franchise Agreement to Perform Solid Waste Collection and Disposal Services (“AMENDMENT”), is made and entered into this 7th day of September, 2021, by and between CITY OF MERIDIAN, a municipal corporation of the State of Idaho, hereafter called “CITY”, and Republic Services of Idaho, an Idaho Corporation, hereinafter called “REPUBLIC SERVICES”, whose current address is: 11101 W. Executive Dr. Boise, ID 83713.

1. RECITALS:

- 1.1 **WHEREAS**, REPUBLIC SERVICES performs all services pertaining to solid waste collection and disposal of the CITY’S solid waste pursuant to the Franchise Agreement; and
- 1.2 **WHEREAS**, REPUBLIC SERVICES is separately contracted to deliver the CITY’s collected curbside recyclables to a third-party vendor, Western Recycling; and
- 1.3 **WHEREAS**, REPUBLIC SERVICES has heretofore paid for the monthly net cost of recycling processing charges related to Meridian’s recycling program pursuant to contractual agreement with both the CITY and with Western Recycling; and
- 1.4 **WHEREAS**, the CITY has been advised that as of July 28th 2021, REPUBLIC SERVICES has sustained the net recycling processing cost of -\$315,404.70 for the period of July 2020 through June 2021 for Meridian’s recycling program; and
- 1.5 **WHEREAS**, the parties agree that due to sustained depressed market conditions resulting from China’s severe contamination restrictions on recyclables and banned recyclable materials, commodity prices are not predicted to offset rising recycling processing costs for the foreseeable future; and
- 1.6 **WHEREAS**, REPUBLIC SERVICES has advised the CITY that effective September 30, 2019 and on-going since that date, it will no longer be economically viable to deliver the City’s recyclable materials to the third-party processor, Western Recycling, for purposes of recycling due to the increased monthly net cost of recycling processing charges, which result in a net loss to REPUBLIC SERVICES; and
- 1.7 **WHEREAS**, the CITY desires to continue the Meridian Recycling Program because of its beneficial diversion of materials from the landfill; and
- 1.8 **WHEREAS**, the CITY does not believe the cost of recycling has reached a prohibitive level where the costs outweigh the benefits, but that it is cognizant that may not always be the case.

NOW THEREFORE, in consideration of the covenants and conditions set forth herein, the parties agree as follows:

2. **INCORPORATION OF RECITALS:** That the above recitals are contractual and binding and are incorporated herein as if set forth in full.
3. **DEFINITIONS:**
 - a. Fiscal Year (“FY”) – This term is defined for purposes of this AMENDMENT as the period beginning October 1, 2021 and ending September 30, 2022.
 - b. Commingled Recyclable Material – This term is defined for purposes of this AMENDMENT to include: tin, aluminum, plastics #1 and #2, newspaper, cardboard, mixed paper, and Hefty Energy Bags recoverable materials.
 - c. Net Cost of Recycling Processing Charges- This term is defined for purposes of this AMENDMENT as the third-party vendor charge to process (sort, bale, and ship, sell at market) Meridian’s commingled recyclables minus the rebate provided by Western Recycling from its materials commodity sales.
4. **AMENDMENT to PARAGRAPH 21 of the FRANCHISE AGREEMENT:**
 - 21.5 **RECYCLING PROCESSING FEE:** Subject to the provisions set forth in Paragraph 6 of this AMENDMENT, for the period beginning October 1, 2021 and ending September 30, 2022 (“FY22”):
 - 21.5.1 REPUBLIC SERVICES will receive the following:
 - Residential Accounts: \$1.03 per residential household per month
 - Commercial Accounts: \$1.09 per yard
 - 21.5.2 CPI-INDEX - The recycling processing fee is not subject to the annual CPI rate calculation.
 - 21.5.3 FRANCHISE FEE - The City will receive the 6% franchise fee on all commercial and residential rate components, including the recycling processing fee as reflected in Republic Services’ 2021-2022 rate model request.
 - 21.5.4 REPUBLIC SERVICES agrees to pay for the effective period of this AMENDMENT the net cost of recycling processing charges in excess of the amount received as set forth in 21.5.1 above.
 - 21.5.5 REPUBLIC SERVICES agrees to provide the CITY a year end reconciliation report of its third party vendor recycling processing charges, including an audit of the estimated increase for the period October 1, 2021 through September 30, 2022. This reconciliation shall be provided to City Council within 120 days of September 30, 2022.

21.5.6 REPUBLIC SERVICES will reimburse the CITY of any over charge by Western Recycling for the effective period of this AMENDMENT within 120 days of September 30, 2022.

21.5.7 REPUBLIC SERVICES commits to deliver Meridian's residential and commercial recycling materials to Western Recycling.

21.5.8 REPUBLIC SERVICES shall immediately notify City Council to seek direction if REPUBLIC SERVICES becomes aware that the third party vendor is not processing (sorting, baling, shipping, selling at market) all of the individual materials which comprise Meridian's commingled recyclable material.

5. Nothing contained in this AMENDMENT shall change the agreement between the parties that when there exists recycling net profit that it be split 80/20 with 80% returned to the CITY by REPUBLIC SERVICES for the benefit of the Meridian Community Recycling Fund.
6. **PUBLIC NOTICE AND HEARING PROVISIONS:** The parties agree that the recycling processing fee which is the subject of this AMENDMENT is subject to compliance with the notice and hearing provisions of Idaho Code 63-1311A.
7. **EFFECTIVE DATE:** The effective date for the recycling processing fee is predicated upon Council's approval of the fee following public hearing and execution by the parties of this AMENDMENT with the effective date established by Council to begin October 1, 2021 or as soon thereafter as practicable.

IN WITNESS WHEREOF, the parties have herein executed this agreement and made it effective as herein above provided.

Dated this ____ day of _____, 2021.

Mayor Robert E. Simison

ATTEST: _____
Chris Johnson, City Clerk

Dated this ____ day of _____, 2021.

Ryan Lawler
REPUBLIC SERVICES, AREA PRESIDENT

DRAFT