



Legislation Text

File #: 18-0336, **Version:** 1

Resolution Appropriating \$600,000.00 from the Solid Waste Unrestricted Net Position for Recycling Processing Services

PURPOSE/BACKGROUND:

In 2016, the City of Hampton entered into an agreement with Tidewater Fibre Corporation (TFC) for recycling processing services, for the disposal of a single stream of co-mingled recyclables. The recyclable materials are collected bi-weekly by the Department of Public Works, Solid Waste Division, from 43,000 residents and taken to a transfer station for TFC to process.

In 2017, China announced to the World Trade Organization (WTO) that they were banning certain recyclable materials, effective June 25, 2018. TFC notified the City of its intent to terminate the contract effective September 26, 2018 due to a significant drop in value of recyclable materials as reported by WTO but agreed to extend its services until a new contract was executed. The contract for Recycling Processing Services under RFP 19-10/AP was rebid. TFC was the sole bidder at an estimated cost of \$600,000. This additional increase is not included in the FY2019 solid waste budget.

Therefore, the Solid Waste Division of Public Works is requesting City Council to appropriate \$600,000 from unrestricted net position to cover recycling costs for the remainder of FY2019. A more sustainable option for dealing with the increased costs for recycling will be addressed as part of the fiscal year 2020 budget process.

Discussion:

China has been the biggest importer of waste for decades. In 2017, the Chinese government notified the World Trade Organization of its intent to ban the import of 24 types of solid waste into China to lower contamination thresholds in imported recycling commodities; specifically, adopting a new contamination standard. Due to the drastic reduction in world-wide demand, an overabundance of recyclable product and significant drop in value of certain recyclable materials, TFC requested to terminate the current agreement.

Impact:

The impact is Solid Waste will incur additional costs that were not included in its FY2019 Budget.

Recommendation:

Approve Resolution

WHEREAS, the City of Hampton has a contract with Tidewater Fibre Corporation (TFC), for recycling processing services, for the disposal of a single stream of co-mingled recyclables;

WHEREAS, the Chinese government reduced the contaminant levels on recyclables which has drastically limited exports of recyclables from the United States and reduced the demand for single stream recyclables;

WHEREAS, implementation of the Chinese initiative has increased recycling costs for the City and caused the City to renegotiate the recycling processing service contract with TFC; and

WHEREAS, the impact cost to have single stream recyclables removed has resulted in Solid Waste incurring additional costs that were not included in its FY2019 Budget.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HAMPTON, VIRGINIA: that \$600,000, be appropriated from the Solid Waste Unrestricted Net Position for Recycling Processing Services.