

Council Meeting of August 10, 2016

Agenda Item No. 7a

REQUEST FOR COUNCIL ACTION

SUBJECT: Discussion and possible action regarding Ace Recycling & Disposal



August 4, 2016

West Jordan City Council
West Jordan City
8000 S Redwood Road
West Jordan, Utah 84008

Dear Council Members,

Ace Recycling & Disposal was awarded a new contract with West Jordan City in March 2013. A key component of the contract involved a provision that Ace would pay the City \$12.00 per ton for single stream recycle material collected from residents, along with a \$12,000.00 lump sum payment each year to be used by the City to fund a recycle education program, or however the City wished.

Ace made the recycle payment as specified from March 2013 to February 2014. The City has not been paid by Ace since March 2014. The reasons for this action are numerous and complicated. When Ace submitted our bid to the City, we had negotiated a base rate per ton, to be paid to Ace, for material received from the City and delivered to Rocky Mountain Recycling. This money would be used to pay West Jordan the \$12.00 per ton rebate and annual grant of \$12,000.00.

As previously stated, when Ace was awarded the current contract with the City we had an agreement in place with our recycle material processor to pay Ace for material delivered to their facility. In January, 2015 the processor stopped paying for this material and in December 2015, started charging Ace a fee per ton to drop material at the facility. This amount is more than the City currently pays per ton to take trash to Trans Jordan Landfill. Additionally, Ace is paying a contamination charge on material delivered to Rocky Mountain.

As you can see, this unforeseen situation cannot continue. Ace is asking to modify our contract with the City in the following manner.

- Ace is asking West Jordan City to relieve us of our obligation to pay the \$12.00 per ton rebate and the \$12,000.00 grant from January 2015 to the present, and eliminate the rebate per ton and annual grant going forward. Ace will pay the City the recycle proceeds of \$49,616.00 as stated in the contract, for the months of March 2014 through December 2014 (this is when payment to Ace stopped) and the Recycle Education Grant in the amount of \$12,000.00. The total payment would be \$61,616.00.

This issue is not unique to West Jordan City. We currently provide curbside single stream recycling to 10 cities. Ace has approached each of these cities with some form of price modification as it pertains to recycling and most of them have opted to modify some portion of their contract with us.

Ace and West Jordan City have enjoyed a mutually beneficial partnership for many years. However, the scope of the crash in the recycle market is unprecedented, and many programs across the nation are being evaluated. This market is being described as “unsustainable “and contracts everywhere are being addressed.

Our request for these contract modifications is made in an effort to “level the playing field” and correct an imbalance that has occurred due to unforeseen conditions. We hope that you take an in-depth look at our proposal to modify the current contract, and that you see this as a fair and reasonable request.

Sincerely,

Matt Stalsberg

Matt Stalsberg
General Manager,
Ace Recycling & Disposal