

**7.04: Adopt Resolution #20-225 Approving New Curbside Recycling Contract with ACE Solid Waste, Inc.**

City Planner Anderson reviewed the staff report and recommendation to approve a five-year curbside recycling contract with the pricing structure outlined. Whichever alternative the Council prefers, the motion will need to specify the contract duration.

Councilmember Riley stated that the reasoning was reviewed on why an increase was to be expected. He stated that there is a substantial increase in year one, with increases each year after that which together are substantial. He asked why there would be additional increases in following years.

City Planner Anderson stated that it is not uncommon for those increases to be included in a contract. He stated that the trend is that the processing costs continue to increase year after year, and this would be an attempt to offset those processing costs.

Randy Triplett, ACE Solid Waste, stated that typically employees are given a raise each year and the cost of fuel and processing fluctuate. He stated that in the past they have absorbed those costs but would like to prevent that situation where ACE needs to absorb those costs each year.

Councilmember Musgrove asked the amount of material that is recycled versus what is collected.

Mr. Triplett replied that ACE does not process the recycling but instead delivers the material to another company that processes the material. He stated that in order to keep their tax-exempt status, that organization must have a rate of 95 percent, which means that 95 percent of that material must be recycled. He explained that some things are rejected, like pizza boxes.

Councilmember Musgrove stated that recently there has been materials distributed that say if you are unsure, you are to put it in the trash. She stated that the cost to process is increasing but is unsure how much material is being recycled with that type of messaging. She stated that once her recycling cart is full, she puts the rest in the trash.

Mr. Triplett noted that larger recycling carts can be requested. He stated that they recently launched a waste and recycling inquisitor on the City website to help guide residents. He stated that part of the changing regulations was due to people putting things in the recycling that cannot be recycled.

Councilmember Musgrove stated that she has a concern with the increase.

Mr. Triplett explained that the proposed rates were identified through negotiations with staff.

Councilmember Riley stated that he understands the increase in price after 12 years but could not support an increase each year. He stated that if that is the method proposed, he would support a short-term contract and then go out for RFP.

Councilmember Specht asked if there is information on the number of Ramsey residents that use recycling.

City Planner Anderson stated that monthly reports are received from ACE, which includes the participation rate. He stated that about 90 percent of households participate month after month.

Councilmember Specht asked how things would change if people could opt out of the program.

City Planner Anderson stated that opting out of the program would defeat the purpose of the contract which helps to buy down the monthly cost. He stated that would drive the core unit price up further.

Deputy City Administrator Gladhill stated that from an administrative standpoint it would add expense and time to run the program if an opt out option were added.

Councilmember Kuzma commented that the City has had a 30-year relationship with ACE, and they provide a good service to the City and community. He stated that perhaps staff could work with ACE to find a more tolerable contract in order to continue the partnership. He stated that while he understands the need for an increase, he believed the terms could be better negotiated.

Councilmember Menth agreed that it would be best to have staff and ACE further negotiate. He stated that it is difficult to estimate the inflation rate for the next five to seven years.

Deputy City Administrator Gladhill stated that this contract expires on December 31<sup>st</sup>. He advised of an upcoming employee leave that will occur in the department which handles this contract and therefore it would be impossible for staff to negotiate before the end of the year. He recommended that an extension be granted through the first quarter of 2021.

Motion by Councilmember Kuzma, seconded by Councilmember Riley, to extend the Curbside Recycling Contract with ACE Solid Waste Inc. through the first quarter of 2021 at the current rate and directing staff to continue negotiations with ACE.

Motion carried. Voting Yes: Mayor LeTourneau, Councilmembers Kuzma, Riley, Menth, Musgrove, and Specht. Voting No: None.