



Legislation Text

File #: K-1617-88, **Version:** 1

CONTRACT K-1617-88: A CONTRACT BY AND BETWEEN THE NORMAN MUNICIPAL AUTHORITY AND BATLINER PAPER STOCK COMPANY FOR PROCESSING CORRUGATED CARDBOARD AND OTHER PAPER PRODUCTS FROM THE CITY OF NORMAN RECYCLING CENTERS.

BACKGROUND: The Norman Municipal Authority (NMA) currently operates four (4) multi-purpose recycling centers and numerous other corrugated cardboard recycling containers at major retailers in the City of Norman. The recycling centers are voluntary citizen drop-off points. The NMA provides all equipment and manpower necessary to operate the recycling centers.

Plastics, aluminum, steel cans, glass, cardboard and mixed paper are collected at the recycling centers. The NMA transports these materials to an independent recycling center for processing and marketing. The quantity of all recycled products collected during Fiscal Year Ending (FYE)15 and FYE16 was 2,463 tons and 2,340 tons respectively. This is in line with previous years. The approximate revenue collected during FYE 15 and FYE16 was \$81,388 and \$76,349, respectively. The dramatic reduction in revenues from previous years is due to market volatility.

DISCUSSION: Blended commodity prices are currently in the \$50 to \$60 per ton range compared to five years ago when blended commodity was in the \$150 per ton range. Because markets were unstable, staff determined that NMA would not be best served by renewing our contract last year. Keeping the option open to request proposals was the best hedge against fluctuating markets. Staff operated for one year, at the same rate, without an agreement. During this time staff interviewed other providers. Staff discovered there were no other providers that could process the commodity on site, and provide a return. This left only one provider in the central Oklahoma area. Staff determined that a new agreement for one year with Batliner, the current provider, was in the best interest of the NMA. For metals, plastics and glass the rate of payment is market driven. For cardboard and paper products, the rate of payment is established monthly in the Official Board Market Magazine (OBM).

Sale of recycled materials is received into the Sanitation Fund, Sale of Recycled Material (revenue account number 033-0000-366.11-73).

The term of this agreement is from January 1, 2017 to December 31, 2018, with option to renew annually for four (4) additional one year terms.

RECOMMENDATION: Staff recommends approval of Contract K-1617-88 with Batliner Paper Stock Company for paper products recycling.