



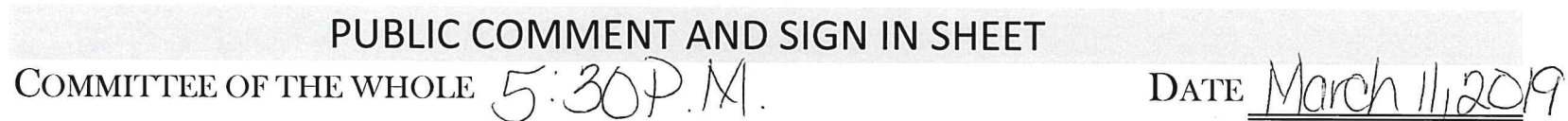
AGENDA
Committee of the Whole
Monday, March 11, 2019, @ 5:30 p.m.
City Council Chambers, City Hall 10th Floor

Council Member Wood, Chairperson
Council Member Spadafore, Vice Chairperson

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
 - March 4, 2019
4. **Public Comment on Agenda Items (Up to 3 Minutes)**
5. **Presentation**
 - 2019 Elected Officers Compensation Commission (EOCC)
 - City Recycling and a Ten Year Recycling Agreement- Questions/Answers
6. **Discussion/Action:**
 - A.) DISCUSSION – Ordinance Review on Employees Retirement
7. **Other:**
 - DISCUSSION- Committee on Intergovernmental Relations' Resolution for Budget Transfer RE: Climate Action Plan Program
8. **Adjourn**

The City of Lansing's Mission is to ensure quality of life by:

- I. Promoting a vibrant, safe, healthy and inclusive community that provides opportunity for personal and economic growth for residents, businesses and visitors
- II. Securing short and long term financial stability through prudent management of city resources.
- III. Providing reliable, efficient and quality services that are responsive to the needs of residents and businesses.
- IV. Adopting sustainable practices that protect and enhance our cultural, natural and historical resources.
- V. Facilitating regional collaboration and connecting communities

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MINUTES **Committee of the Whole** **Monday, March 4, 2019 @ 5:30 p.m.** **City Council Chambers**

CALL TO ORDER

Council Member Wood called the meeting called to order at 5:30 p.m.

PRESENT

Councilmember Kathie Dunbar
Councilmember Jeremy A. Garza
Councilmember Adam Hussain
Council Member Brian T. Jackson
Councilmember Peter Spadafore
Councilmember Patricia Spitzley
Councilmember Jody Washington
Councilmember Carol Wood

OTHERS PRESENT

Sherrie Boak, Council Staff
Samantha Harkins, Mayor Executive Assistant
Jim Smiertka, City Attorney
Joseph Abood, Chief Deputy City Attorney
Eric Brewer, Council Internal Auditor
Angela Bennett, Finance Director
Mark Parker, ERS Vice Chairperson
Dennis Parker, ERS Chairperson
Eric Hassett
Linda Sanchez-Gazella, HR Director – arrived at 6:00 p.m.

Approval of Minutes

MOTION BY COUNCILMEMBER SPADAFORE TO APPROVE THE MINUTES OF FEBRUARY 25, 2019 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment on Agenda Items

Mr. Mark Parker provided a background on the retirement situation with Mr. Hassett that appears later on the agenda. This included details on Mr. Hassett moving from a defined contribution retirement plan to a defined benefit plan due to union changes at the City. Based on a document he received from the Administration at the time on how to participate in the plan, Mr. Hassett wrote a check to the City to get into the defined benefit plan. Mr. Parker referred the Committee to the information in their packet for the agenda item.

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DISCUSSION/ACTION

RESOLUTION – 2009 TIFA Bond Refinancing

Ms. Bennett informed the Committee this was for interest cost savings, and estimated over the life of the bonds it could realize \$2 million savings. The resolution before the Committee is not an “authorizing” resolution but an affirmation in full faith in credit.

Council President Wood asked what the bonds were used for. Ms. Bennett answered that originally they were used for redevelopment projects downtown. The TIFA captures taxes from properties and those dollars are used to pay off the bonds. The repayment of bonds is dependent on the capture that occurs in that district, and in 2009, when market values dropped there was a cap in what they could pay for the bonds, so it was refinanced 3 times (2009, 2014, 2018). This allowed them to extend the payments to allow for values to come back up and recaptured them to be repaid over time. This request is only for a refund for interest cost savings. Council Member Spadafore asked if it was a savings of \$2 million over 10 years. Ms. Bennet clarified it would be 20 years (2039).

Mr. Brewer acknowledged he reviewed the document and had no questions.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE 2009 TIFA BOND REFINANCING. MOTION CARRIED 8-0.

RESOLUTION – 2009 Build America Bond

Ms. Bennett informed the Committee that this bond was split with half the funds going to streets and the other half to the sewer system. At the time funds were available and there is now an interest credit so there is a reduced amount to pay. The City did bond at that time, and there has been a change on return and there will be a \$1.9 million in savings, and those go to 2031. Council President Wood asked if the projects this was used for were “shovel ready” projects, and Ms. Bennett confirmed. Council Member Spitzley asked if the costs were incurred, and Ms. Bennett acknowledged there were, and these are the savings after the costs. However, she noted until they go “to market” they will not know exactly what savings they will get. If they do not realize a savings they can pull out on the sale.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE 2009 BUILD AMERICA BOND. MOTION CARRIED 8-0.

General Fund Status Report; Fiscal Year 2019; Second Quarter & Vacancy Report

Ms. Bennett went over the report that was dated 12/31/2018, the end of the 2nd quarter. She stated it represented that the revenues were slightly below the benchmark and the expenditures were within budgetary expectations. Property taxes were on target with expectations she added, and the income tax is ahead of budget with 38.8% collected. Ms. Bennett added that this report was created on 12/31/19 right before East Lansing income tax went into effect. She then moved further into the report pointing out that licenses and permits were below on budgetary expectations, and that would be based on timing. The “Charges for Services” are close to average and fines and forfeitures is at 38.9% collected which was lower due to lesser than average penial cases. Ms. Bennett then moved to the expenditure side noting all but the Clerk and HRCS are on target with their budget, but the Clerk has been affected by the timing of elections and HRCS by some of their programs.

Council President Wood pointed out that since East Lansing income tax did not take effect until 1/1/2019, there would not be a substantial impact now, but asked if there was an increase in employees or wages paid, and Ms. Bennett acknowledged both. Council President Wood then asked why the court fines and forfeitures were lower, and Ms. Bennett was not able to

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determine it exactly but noted that there have been some changes at the State that have effected it.

Mr. Brewer confirmed he had reviewed the document and had no issues.

Ms. Bennett handed out the vacancy factor report. Council President Wood asked Ms. Bennett why they were just getting the document now instead of being sent earlier so they could review prior to the meeting. Ms. Bennett stated that per the charter the general fund has to be run through the Clerk's office for referral, and the vacancy report is a Council priority and does not go through the Clerk's office for referral so she is presenting it at the meeting. Council President Wood pointed out it was listed on the agenda, and it was not prepared the morning of the meeting it should have been sent to Council. Ms. Bennett stated she never received a request for it prior to the meeting, but it was prepared a week ago. Council Member Spitzley added, to Ms. Bennett, that if it was ready a week ago Council should have had it then. She then asked for the status on vacancies and wanted the HR Director present to answer some questions.

Council Staff was asked to locate the HR Director and ask her to come into the meeting.

Council Member Garza asked Ms. Bennett why more than half of the positions state "On Hold" in the status column. Ms. Bennett acknowledged she could only speak generally, but it could be for a position that is being restructured. Council Member Spitzley added to the conversation stating her frustration with the report has also been that it states "On Hold" but then under "Estimated Vacancy Amount" states "Offset by Contract", noting it should either be "open" or "filled". Council President Wood added that she has inquired in the past that if the position states "off-set by contract", how much is the position and how much is being paid in the contract. Ms. Bennett confirmed she has looked into that question and most contracts are not full time and some are filled by temporary agencies, but it would be a time intensive project to determine those costs so they have not done it, noting that her belief is the document is only a budget tool. Council President Wood pointed out to Ms. Bennett that the document is something that Council has asked for, not an administration budget tool, and if Council is going to make a determination on the budget there are questions that need to be asked, one being if there is a temporary agency how much is paid to the agency; that should be on their bill, and if the person is contracted for 6 months or a year, their contract should tell them how much the expense is.

Ms. Sanchez-Gazella joined the discussion at 6 p.m.

Council President Wood pointed out to Ms. Sanchez-Gazella that Council has asked for this report but are just getting it, and asked what her understanding of processing and submitted the report was. Ms. Sanchez-Gazella answered that when they receive the request from Council it from via the Finance Department, they will then look into and provide the information back to Finance. Council President Wood informed her that the Council goal is to get the report at the same time as the General Fund Status Report, and asked her to work with Finance on that for the future. Ms. Bennett apologized and acknowledged it was ready a week ago and should have been moved forward a week ago when the topic was tabled until this meeting. Council voiced their frustration in not having the information ahead of time, and not getting answers to continual questions. Council Member Garza repeated his question from earlier, but this time to Ms. Sanchez-Gazella.

Council Member Spitzley stepped away from the meeting at 6:03 p.m.

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Ms. Sanchez-Gazella confirmed that some that state “On Hold” is because their job descriptions could be being evaluated, and then she started to go through the list. For the Senior Income Tax Auditor she noted they are conducting interviews, the Principal Recruiter will be posted over the next couple weeks, but in the interim a Hiring Specialist is working in that position out of class.

Mr. Smiertka provided details on the interviewing process in the Attorney’s office for his three vacancies.

Council Member Spitzley returned to the meeting at 6:05 p.m.

Ms. Sanchez-Gazella outlined the difficulty in filling the vacancies in Public Service because of the specialty skills that are needed. Council Member Garza asked if it was difficult because of the wage they were offering, and she answered that with the benefit package the City offers, the total package is not that low. Ms. Sanchez-Gazelle then stated to the Committee that her department’s priority is to get all positions filled, and she believes that they have done good job in moving forward. Council President Wood pointed out to her that when the report says “On Hold” it appears as if nothing is happening, and suggested they should change it to “Active” or “In progress” or something that shows it is moving through the system. Council Member Washington pointed out that some state they have been vacant since 2013, and if they are not priorities and will not be filled, they should come off the roster. Council President Wood pointed out that some of those state “Contract” so they are not vacant, and Council Member Washington noted she understood that but if they are under “Contract” for 6 years, they are not specialized and should be filled or taken off the roster.

Ms. Sanchez-Gazella acknowledged the Committee and thanked them for all their comments and stated they will make it a priority to also look at positions that have been vacated and move those up on the list to fill.

Council Member Hussain asked about the Commercial Property Officer, since Council was told it was already filled. Ms. Sanchez-Gazella also acknowledged her understanding it was filled, even though it states “Active” in the hiring process, and she would confirm.

Council President Wood pointed out the report was dated 12/31/2018, so by this time (March) some positions could be filled. Ms. Sanchez-Gazella confirmed she would look into the status of the positions.

Council President Wood placed the document on file.

PLACE ON FILE - Mayor’s Executive Order 2019-01; Renaming of Park Land; RE: Rotary Park

MOTION BY COUNCIL MEMBER SPADAFORÉ TO PLACE ON FILE THE MAYOR’S EXECUTIVE ORDER 2019-01 FOR THE RENAMING OF PARK LAND; RE: ROTARY PARK. MOTION CARRIED 8-0.

PLACE ON FILE - Mayor’s Executive Order 2019-03; Mayor’s Lansing Veterans Commission

Ms. Harkins stated that the Mayor signed the order in February as part of the State of the City, and this Commission will help to bring awareness and highlight Veterans and engage the veteran community to make sure they have input on policies. The Commission will consist of 13 members (not to exceed) and they are currently getting applications and hope to have it active in around 10 days. She added that the Chairperson will be former Police Chief Mark Alley. Council President Wood asked if the members have to be City of Lansing residents and Ms. Harkins confirmed. Council President Wood asked that if someone does not want to use

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the computer application if they can call the Mayor's office and it was confirmed one would be mailed to them.

MOTION BY COUNCIL MEMBER SPADAFORE TO PLACE ON FILE THE MAYOR'S EXECUTIVE ORDER 2019-03; MAYOR'S LANSING VETERANS COMMISSION. MOTION CARRIED 8-0.

DISCUSSION – Ordinance Review on Employees Retirement

Mr. Dennis Parker, Mr. Mark Parker and Mr. Eric Hassett presented details and their appeal to the Committee. Mr. Dennis Parker began the discussion by outlining the situation stating that Mr. Hassett had a transfer in 1995 from UAW to Teamsters, and had 18 months in the ERS system, and at the time in Teamsters they were in a defined contribution plan. Mr. Hassett continued there until 2003, then Teamsters went back to the ERS defined system. At the time he returned he wrote check for \$24,000 to buy in for service credits. The Committee then was referred to the Frequently Asked Questions handout in their packet, which is what employees were provided at the time to help them determine what steps they need to take if they want to buy back in, and that is what Mr. Hassett did.

Council Member Spitzley asked if Mr. Hassett was only for service credits for the years he was in the other program and Mr. Dennis Parker confirmed. He added that Mr. Hassett understands he will not receive any monetary credit, he is just looking for eligibility. At this time he has worked for the City for 25 years. Mr. Dennis Parker acknowledge that the request has gone through the ERS Attorney, and the ERS Board voted 5-4 to deem him eligible to retire based on the years, but then when he came back to the ERS on September 21, 2018 to be approved to retire the Board voted not to approve retirement based on the years. He then asked them to refer to the Section 292.15 quoted in the letter from AML Group, PLC in their packet. Council Member Spitzley asked if the issue was that there is 19 months when he was with the UAW that he wants applied for years eligible to retire, and Mr. Hassett confirmed he is only looking at getting the time served to be eligible, and his time was served in two separate areas. Council Member Spitzley asked if there was no mechanism in place to bridge time from one bargaining unit to another, and Mr. Hassett stated no, other than the ordinance which states an appeal can be made to Council and they can review and make a determination.

Council Member Washington acknowledged she sits on the ERS Board as Council trustee and the change in this matter was done during the Benavides Administration, and it was not his intention to not let any time be un-eligible for retirement. The intention of Mr. Hassett, she continued, is to retire with the time, and he is not look for any monetary contribution, so there is no cost to the City.

Council Member Jackson reference Section 292.15 which stated "in other special circumstances", and asked what Mr. Hassett special circumstance was. Mr. Hassett stated he was not made aware that he would lose those 18 months until 6 months ago when he turned in his paperwork to retire. He was relying on the Frequently Asked Questions and Answers she he was provided in 2003. Council Member Spadafore asked what is used to calculate retirements and it was defined as service credit by FAC (Final Average Compensation) minus the period of time. Mr. Hassett confirmed he signed eh acknowledgment in 1995, however at the time he believed he was forfeiting the funds not the time. He added that he signed the agreement and then received the Frequently Asked Questions sheet.

Council Member Washington stepped away from the meeting at 6:29 p.m.

Council Member Spitzley commented that Council needs to address this and resolve it without having to open the Charter, because she believed Mr. Hassett was entitled to the time.

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Council Member Washington returned to the meeting at 6:30 p.m.
Council Member Spadafore stepped away from the meeting at 6:30 p.m.

Council Member Spitzley then asked Mr. Parker if there were or will be other people involved with the same situation that Council will have to address.

Council Member Spadafore returned to the meeting at 6:31 p.m.

Council President Wood noted that this was not an issue in the Charter, it is an ordinance that gives Council the ability to make decision.

Mr. Abood referred to the FAQ document, page 1, paragraph 4 which states "Assuming you were not a UAW employee prior to becoming a Teamster employee, your "Service credits for the retirement benefit calculation" is the number of years you have worked for the City." He added that this presentation is the second step, this a collective bargaining item, and a grievance was filed and not granted. Mr. Walter Allen was in the same situation, however he wanted the monetary determination also, and the ERS Board denied him the same type if relief. He recommended that decisions need to be done prospectively, not retro-active and if Council amends the ordinance, it should be consistent.

Council asked for potentially an actuarial on what the cost will be to the City for them to consider before they amend any ordinance.

Mr. Dennis Parker noted that in the case of Mr. Allen, there were no UAW contributions, and that would be why in this case Mr. Hassett wrote a check.

Council President Wood pointed out to the Committee and claimant that Council at this time is not being asked to amend the ordinance, but under the current ordinance and any special circumstances make a determination.

Council Member Garza asked if Mr. Hassett was still employed and the answer was yes, and if he stays another 18 months, his retirement will increase by \$3,300 per year for the rest of his life.

Council Member Spadafore asked if they were seeking a decision at this meeting, and Council President Wood stated they were seeking something soon. Council Member Spadafore asked if others would be effected by this decision, and Mr. Dennis Parker stated it would affect three people; Mr. Allen, Mr. Hassett and one other person. Again Mr. Allen also asked for monetary, and this effects only the people that were in UAW and went to Teamsters but at the time were not vested yet (8 years). Council Member Spadafore asked why he paid \$24,000 to the City. Mr. Hassett confirmed it was to buy time, because at the time the 401K was underperforming so he bought back into the ERS system pension program, it was not to buy years to retire early. Council Member Spadafore then asked Ms. Bennett what the cost would be to retire now or in 18 months. Council Member Dunbar then asked if this decision would open the case back up for Mr. Allen, and Mr. Dennis Parker said no. Council Member Washington pointed out to the Committee again that Mr. Hassett did not buy time.

Council President Wood stated the Committee would resolve their decision by resolution which would go back to the Retirement Board stating the Council overturned their decision. Council Member Spitzley asked if that resolution would be subject to veto by the Mayor, and it was confirmed it would be. Council Member Dunbar asked if this situation could come up again, and Mr. Dennis Parker assured her that all units are now in defined benefit.

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Council Member Jackson stepped away from the meeting at 6:45 p.m.

Mr. Abood stated that to the effect if this would require an ordinance amendment, he would research that further. Council President Wood stated that the ordinance says Council can make a special determination, that this is a unique circumstance, and Council is not looking to add into the ordinance that Mr. Hassett gets 18 months, so the situation should not amend the ordinance. Council Member Washington also agreed that the ordinance specifically says a special circumstance can come before Council. Council Member Spitzley agreed to grant Mr. Hassett his time.

Council President Wood recapped outstanding questions from Council:

Cost breakdown if now vs. 18 months.

Need information on if the ordinance needs to be amended or a resolution can address it.

If it is to amend the ordinance, then a draft amendment and resolution to set a public hearing should be prepared for the March 11, 2019 Committee of the Whole meeting.

Council Member Hussain stepped away from the meeting at 6:49 p.m.

Council President Wood asked if the Council resolution is relayed to the ERS would they reconsider their vote, and Mr. Parker confirmed they would take the Council recommendation.

Council Member Jackson returned to the meeting at 6:50 p.m.

Council Member Hussain returned to the meeting at 6:50 p.m.

Council Member Washington informed the Committee that as a trustee on the ERS she was not present when they took the vote but will be at the next meeting. She also noted that with the absence of a City Treasurer, Ms. Bennett has been acting Treasurer and voting at the meetings. Council Member Spitzley voiced a concern because as the Finance Director she should not be voting. Council President Wood pointed out the ordinance requires the Treasurer to vote, but since there is currently no Treasurer, Ms. Bennett is filling the position as acting Treasurer. Council Member Spitzley again stated her opposition to Ms. Bennett serving two (2) roles on the Board.

OTHER

Council Annual Training (Recess into Back Conference Room)

Council President Wood recessed the Committee meeting allowing Council Members and staff to move to the Council Conference Room for their annual training at 6:55 p.m. and called the meeting back to order at 7:00 p.m.

Others present at the training

Linda Sanchez-Gazella, HR Director

Courtney Roberts

Jim Smiertka, City Attorney

Joseph Abood, Chief Deputy City Attorney

Heather Sumner, Assistant Deputy City Attorney

Amanda O'Boyle, Assistant City Attorney

Greg Venker, Assistant City Attorney

Mark Matus, LBWL General Counsel

LaSondra Crenshaw, City Council Administrative Assistant

Ms. Sanchez-Gazella presented a video to all attendees on work place harassment.

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Mr. Smiertka presented an overview handout and presentation on the duties of the City Attorney's office.

Council Member Dunbar stepped away from the meeting at 7:29 p.m. and returned at 7:40 p.m.

Mr. Smiertka then moved into a presentation on duty of loyalty, duty of care, desirable conduct, forfeiture of office, removal for cause.

Ms. Sumner presented on ethics, gifts, conflict of interest, and misuse of power.

Mr. Venker presented on open meetings, public access to meetings and minutes and closed sessions.

Council Member Garza stepped away from the meeting at 8:15 p.m. and returned at 8:17 p.m.

Mr. Abood introduced Mr. Matus with the LBWL who was just observing.

Mr. Abood did a presentation on human rights.

Ms. O'Boyle did a presentation on FOIA.

This portion of the meeting was recessed, and the Committee returned to the regular meeting which was then adjourned.

ADJOURN

The meeting was adjourned at 9:00 p.m.

Respectfully Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on



Elected Officers Compensation Commission

Presentation to Council's Committee of the Whole

*Lansing City Council Chambers
March 11, 2019*

Presenters: Jeff McAlvey, Derek Melot



Elected Officers Compensation Commission

Purpose

The Commission shall determine the salaries of all elected officials, and such determinations shall be controlling, unless Council, by resolution adopted by two-thirds of the members, rejects them.

-- City of Lansing 280.01



Elected Officers Compensation Commission

Procedure

- Commission sessions are governed by FOIA and OMA
- Data assistance provided by city staff
- Must finish work 45 days after 1st meeting (Feb. 6, 2019)
- Commission studies economic, payroll and employment trends



Elected Officers Compensation Commission

Key Factors

- City has two types of elected officers: part-time and full-time
- Commission is limited to acting only every two years
- Commission designed to make recommendations outside of political considerations



Elected Officers Compensation Commission

Key Findings

- Important to act in light of 2017 result
- Lack of automatic inflationary adjustments leads to annual pay “cuts”
- “Strong Mayor” form of government makes comparisons to city managers and nonprofit executives highly relevant



Elected Officers Compensation Commission

Comparisons - Mayor

- *East Lansing (manager)* *\$167,000*
- *Dearborn (mayor)* *\$147,467*
- *Ann Arbor (manager)* *\$223,600*



Elected Officers Compensation Commission

Comparisons - Nonprofits

- *Director, Lansing Convention/Visitors Bureau* *\$184,401 (2016)*
- *President, Lansing Community College* *\$200,000 (2016)*
- *Director, Michigan Association of School Boards* *\$171,392 (2016)*

Source: Federal 990 Reports



Elected Officers Compensation Commission

Comparisons - Council

- *Grand Rapids* *\$24,410*
- *Dearborn* *\$16,649*
- *Madison, Wis.* *\$13,271*



Elected Officers Compensation Commission

Proposal

- *Adjusting the mayor's salary to inflation from 2015 to 2019 and providing an inflationary increase in 2020 and 2021*
- *Adjusting the clerk's salary to inflation from 2015 to 2019 and providing an inflationary increase in 2020 and 2021*
- *Adjusting council rates to inflation from 2015 to 2019 and providing an inflationary increase in 2020 and 2021*
- *NO CHANGES to health, retirement, car benefits*



Elected Officers Compensation Commission

Inflation Rates

➤ 2016	1.46%
➤ 2017	2.03%
➤ 2018	2.46%
➤ 2019	1.90%
➤ 2020	2.00%
➤ 2021	2.10%

Average annual rate for span = 1.99%



Elected Officers Compensation Commission

Proposal/Mayor

➤ <i>Current</i>	<i>\$128,400</i>
➤ <i>2019</i>	<i>\$138,778</i>
➤ <i>2020</i>	<i>\$141,554</i>
➤ <i>2021</i>	<i>\$144,527</i>



Elected Officers Compensation Commission

Proposal/Clerk

➤ <i>Current</i>	<i>\$87,066</i>
➤ <i>2019</i>	<i>\$94,102</i>
➤ <i>2020</i>	<i>\$95,984</i>
➤ <i>2021</i>	<i>\$98,000</i>



Elected Officers Compensation Commission

Proposal/Council President

➤ <i>Current</i>	<i>\$26,640</i>
➤ <i>2019</i>	<i>\$28,793</i>
➤ <i>2020</i>	<i>\$29,387</i>
➤ <i>2021</i>	<i>\$30,004</i>



Elected Officers Compensation Commission

Proposal/Council Vice President

➤ <i>Current</i>	<i>\$25,140</i>
➤ <i>2019</i>	<i>\$27,172</i>
➤ <i>2020</i>	<i>\$27,715</i>
➤ <i>2021</i>	<i>\$28,297</i>



Elected Officers Compensation Commission

Proposal/Council Member

➤ <i>Current</i>	<i>\$24,240</i>
➤ <i>2019</i>	<i>\$26,199</i>
➤ <i>2020</i>	<i>\$26,723</i>
➤ <i>2021</i>	<i>\$27,284</i>



Elected Officers Compensation Commission

Questions?

Andy Schor
Mayor



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PH: 517.483.4141 – FAX: 517.483.6066
Lansing.Mayor@lansingmi.gov

OFFICE OF THE MAYOR
CITY OF LANSING, MICHIGAN

MEMORANDUM

DATE: March 7, 2019

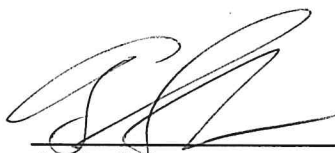
TO: Council President, Council Vice President, Members Of Lansing City Council

FROM: Mayor Andy Schor

RE: Emterra Contract In Front of the Committee of the Whole

Council Members:

I would like to remove from your consideration the Emterra contract that is before the Committee of the Whole. It was placed before you in error.



Andy Schor
Mayor

RECYCLING SERVICES AGREEMENT

This Recycling Services Agreement ("this Agreement") is made and entered into this _____ day of _____, 2019 (the "Effective Date"), by and between The City of Lansing ("Generator") and Emterra Environmental USA Corp ("Processor"). The contract effective date will be the date it is signed by City of Lansing authorized signee's and delivered (return receipt) to Emterra after Council approves the agreement.

In consideration of the covenants and undertakings of the parties hereto and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Generator and Processor hereby agree as follows:

I. DEFINITIONS

Acceptable Materials and or Recyclable Materials: those materials listed as Acceptable Materials in Schedule B — Materials Acceptance Protocol.

Processing Facility: the Processor's processing facility located at a mutually agreed upon location in the tri-county area that is to be determined.

Single Stream Residential Recyclable: recyclable fibers and containers which is not more than 8% of unacceptable materials / contaminants,

Recyclables: the acceptable materials contained in the Single Stream Recyclable as per the Acceptable Materials in Schedule B, received from the Generator.

Unacceptable Materials: those materials in the inbound recyclable that are not in the Acceptable Material list as per item #1 of Schedule B — Materials Acceptance Protocol.

Contaminants: unacceptable Materials

Average Commodity Revenue "(ACR): the Facility's prior month's Net Achieved Revenue for all Recyclables (including Residue tons) divided by the total tons of inbound tonnage received over the same month as per the ACR Calculation Formula.

Net Revenue: means gross revenue earned minus any direct costs of Processor related to transportation, marketing, and uncollectable accounts receivable of Recyclables

Achieved Net Revenue: means the paper commodity revenue as per the Market indices and the actual net revenue earned for other non-paper recyclable materials; both net of uncollectable accounts receivable

Revenue Share: means a percentage of the amount by which the ACR exceeds the ACR Threshold, to be paid by the Processor to the Generator.

ACR Threshold: means the Processing Fee for the year base on the inbound tonnage of the Single Stream Recyclable

Tip Fee (Processing Fee): the unit price per ton paid to the Processor by the Generator based on inbound ton and is detailed in Schedule A

Annual escalation Factor: the Processing Fee is adjusted annually based on the change over the previous twelve (12) month period in the Consumer Price Index — CPI (U) Midwest East North Central All Items Index shall be used to determine the Annual Escalation Factor

Residue: is generated from the processing of the inbound Recyclable Materials. It is comprised of missed Recyclable Materials and the Unacceptable Recyclables. The final destination of Residue is either at the landfill or the incinerator.

2. RESPONSIBILITIES OF GENERATOR

2.1 Generator shall deliver or cause to be delivered to the Facility all Single Stream Residential Recyclable it collects. However, Generator reserves the right to collect source-separated Acceptable Materials from Commercial Customers curbside or contract with Emterra to collect Commercial Customers, and be processed and marketed as part of this Agreement. Title to the Recyclable shall pass from Generator to Processor upon acceptance at the Facility.

2.2 The parties expect approximately ___ 625___ tons per month of Recyclables from the Generator.

2.3 The Generator is responsible for compliance with the Materials Acceptance Protocol. The Processor shall have the right to inspect all inbound loads from the Generator and to reject any delivery from the Generator which contains or appears to contain by volume or weight more than eight percent (___ 8___%) Unacceptable Material whichever is less, or which contains or appears to contain any amount of hazardous, toxic, radioactive or similarly dangerous Unacceptable Material (each such rejected load an "Unacceptable Load").

The entire cost arising from Generator's delivery of any Unacceptable Load (including without limitation transportation, re-loading, clean-up, alternate disposal and the like) shall be the sole responsibility of the Generator. Title to Unacceptable Material shall not pass from Generator to Processor.

City of Lansing is to pay a reasonable fee for all rejected loads to reimburse the Processor for the time and resources to handle and/or reload the rejected load back into the truck, which shall be a minimum of \$200.00 per load.

2.4 Generator will make reasonable efforts to eliminate the scavenging of recyclables prior to delivery to the Facility.

2.5 Generator will make best efforts to avoid delivery of hazardous materials and to notify the Processor and take reasonable measures upon discovery of a delivery of hazardous materials.

2.6 Generator will cause its loads to be delivered in conformance with the Facility operating hours and the delivery routines and standards described in the Houler's Rules, attached hereto as Schedule C.

2.7 Generator is responsible to provide public education to the residents so as to eliminate / reduce the Unacceptable Materials in the Recyclable Materials. The maximum rate of Unacceptable Material is ____ 8__% of a load by volume or weight whichever is less. Should the load have Unacceptable Material over the maximum limit; the Processor has the right to reject the load.

2.8 There is a "grace" of 3 rejected loads per year, the processing fee for these "grace loads" would not be charged. After the 3 "grace loads", the processing fee would be assessed for rejected loads. These rejected loads would count toward the tonnage rate.

3. RESPONSIBILITIES OF PROCESSOR

3.1 Processor is to build / set up a Processing Facility to process the Single Stream Residential Recyclable **Processing Facility** at its costs. This Facility is owned and operated by the Processor.

3.2 Processor will receive, process, and market all Single Stream Residential Recyclables delivered to the facility by the Generator. Processor will provide Generator with a monthly report which shall indicate the date, time, and net weight for each load, a report of the total tons received for that calendar month, and a billing summary.

3.3 The Processor is committed to a maximum of 10% Residue generated from the Facility provided that the Generator meets the requirement of 2.7.

3.4 Hours of Operation at the Facility shall be as follows:

Monday through Friday 7:00 AM to 5:00 PM

Saturday be opened during the week after Holiday day

Holiday Closings:

New Year Day	
Thanksgiving Day	
Christmas Day	
Memorial Day	
Independence Day	
Labor Day	

3.5 The parties may arrange for deliveries outside of the operating hours specified in Paragraph 3.4 by mutual agreement.

3.6 The Facility is not a dedicated facility and the Processor is free to accept Recyclable Materials from other sources / jurisdictions.

3.7 The Processor is responsible for the design of the Facility and is responsible to process the Recyclable Materials for sale based on the Buyer's specification, the grades are detailed in Schedule A. The Processor is fully responsible for its site design and equipment design for this Work of this Agreement. Furthermore, the Processor is securing and choosing the equipment for its own use.

4. TERM

4.1 Initial Term. The initial term of this Agreement is a ten (10) year term and shall commence on the Effective Date and shall expire on _____, 2029 (the "Initial Term"), with both the Processing Fee and the ACR Threshold price be adjusted annually pursuant to Schedule A.

4.2 Extensions and Renewals. Subject to paragraph 4.1, this Agreement shall be Automatically renewed for five (5) year term, with the threshold price adjusted annually pursuant to Schedule A, unless either party, no less than ninety (90) days prior to the end of the then-existing term, provides notice to the other party of its intent not to extend for an additional term.

5. PAYMENT

5.1 All Processing invoices shall be due and payable on a strict net thirty (30) days from date of invoice basis. Interest shall accrue on all past due invoices at the rate of one and one-half percent (1.5%) per month.

5.2 All ACR and Revenue Share Report will be sent to the Generator by the 25th of the month. Revenue Share payment to the Generator will be made to the Generator 30 days after the monthly report. Interest shall accrue on all past due invoices at the rate of one and one-half percent (1.5%) per month

6. OWNERSHIP OF RECYCLABLE MATERIALS

The Processor acknowledges and agrees that the Generator retains 100% of the Net Revenue from sale of the recyclable commodity up to the ACR Threshold, subject to Revenue Share with the Processor.

7. REPORTING REQUIREMENTS FOR GENERATOR'S RECYCLABLES

The Processor shall provide the Generator with the following information on a monthly basis:

- details as to the location /source, dates and weights of each load of Recyclable Material transported to a Processing Facility;
- total Ton of Recyclable Material delivered to the Processing Facility for each source; and
- Tonnes of Recyclable Material processed and residual generated at The Processing Facility.
- On 25th of the month, an ACR report will be forwarded to the Generator

8. STANDARD TERMS & CONDITIONS

Terms and Conditions are attached as Schedule D and are incorporated hereby in their entirety.

9. INCONSISTENCY AND PARAMOUNTCY

In the event of any inconsistency, ambiguity or conflict among the provisions or documents constituting this Agreement, the provisions or documents shall take precedence and govern in the following order to the extent necessary to eliminate such inconsistency or ambiguity:

- (a) This Agreement;
- (b) Schedule A;
- (c) Schedule B;
- (d) Schedule D
- (e) Schedule C
- (f) Post-Submission meeting minutes
- (g) Processor's Submission
- (h) RFP document

10. NOTICES

All notices to be given under this Agreement shall be in writing and delivered personally or by first class mail to the following addresses or such other addresses as the parties may provide by written notice in accordance with this paragraph:

Processor: Emterra Environmental USA Corp
1606 E Webster Road, Flint, MI 48505
Attn: Angelo Caramagno, General Manager

With a copy to: Halton Recycling Ltd.
1122 Pioneer Road
Burlington, On. CA
L7M 1K4
Attn: Paulina Leung

Generator: City of Lansing Department of Public Service
124 W. Michigan Avenue
Lansing, MI 48933
Attn: Andy Kilpatrick P.E.

11. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this agreement as of the _____

Processor: Emterra Environmental USA Corp



By _____

Name and Title Emmie Leung, CEO

Generator: City of Lansing

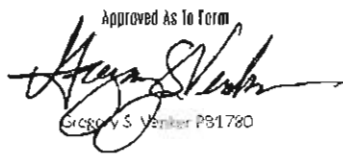
By _____

Name and Title Mayor Andy Schor

I hereby certify that funds are available

Acct No _____

_____ Accounting Manager

Approved As To Form

Gregory S. Venkier PS1780

Schedule A Price Schedule

Single Stream Recyclable Processing Fee and Revenue Share Metric:

Table 1: Processing Fee Schedule based on annual tonnage received

		7,500+ tons	10,500+ tons	13,500+ tons	16,000 16,500+ tons	20,000+ tons
		Tier 1 pricing	Tier 2 Pricing	Tier 3 Pricing	Tier 4 Pricing	Tier 5 Pricing
A.1	Processing Fee (\$/ton)	\$134.31	\$121.70	\$112.75	\$106.07	\$100.00
A.2	Annual Escalation Factor	CPI (U) Midwest East North Central All Items Index shall be used to determine the Annual Escalation Factor. The Processing Fee and ACR Threshold for each year will be adjusted on the anniversary date of each year of the Agreement, starting on the first anniversary of the Agreement. The adjustment will be calculated using the percentage change between the preceding year and the current year. There shall be no negative adjustment.				

There is a put or pay of 7,500 tons per year by City of Lansing, East Lansing and Participating Municipalities* at Tier 1 Pricing during the contract term. This rate is adjusted annually based on the Annual Escalation Factor as outlined above. Source Separate Recyclable from the Generator is counted toward this tonnage commitment.

Multi-family single stream tonnage collected within the borders of Lansing and East Lansing will count toward the Processing Fee Schedule under Table 1 only. It is understood that any price benefit will only impact Lansing or East Lansing's price. Third party haulers will not have any pricing benefit, put or pay nor revenue share. Rejected loads from Multi-family will not count towards tonnage. Lansing and East Lansing will commit resources to grow multi-family and commercial recycling in an effort to increase tonnage and meet or exceed minimums.

Monthly Processing Fee payment to the Processor is the monthly inbound ton multiplied by the dollar per ton processor fee for the month.

Composition Audit: a composition audit will be conducted each month or an average of audits over a three (3) month period, to determine the aggregate per ton value for each recyclable stream and to calculate the ACR. The Generator and Processor are to work co-operatively to conduct the audit.

Average Commodity Revenue "(ACR)" Calculation:

Paper commodity revenue is by index and non-paper commodity revenue is by actual net revenue earned

- **Market Index**

- o The following market indicators shall be used for the paper commodities:
 - **Paper**
 - **Official Board Markets (OBM) – Recovered Paper Domestic index**, the first publication of the month, Midwest (Chicago) pricing mid-point of the high and low price per ton, FOB Seller's dock
 - Applicable grades of paper fibers as per Institute of Scrap Recycling Industry (ISRI) specification:
 - OCC (11)
 - Sorted Residential Papers and News (56)
 - Mixed Paper (54)
 - **Ferrous Metals**
 - No price index, based on actual net price per ton received from buyers
 - **Aluminum**
 - No price index, actual net price per ton received from buyers
 - **Aseptic Container**
 - No price index, actual net price per ton received from buyers
 - **Glass Bottles**
 - No price index, actual net price per ton received from buyers
 - **Rigid Mixed Plastic #1-7 Containers**
 - No price index, actual net price per ton received from buyers
- o The achieved ACR is the average revenue per ton achieved for the month as per the above grades

Table 2: Average Commodity Revenue (ACR) Threshold and Revenue Share

		7,500+ tons	10,500+ tons	13,500 + tons	16,500+ tons	20,000+ tons
A.3	ACR Threshold (\$/ton) for the first year	\$134.31	\$121.70	\$112.75	\$106.07	\$100.00

- o A.4 Trigger price /point for Revenue Share is when the actual achieved is equal to the ACR Threshold.

A.1 Tip Fee	tons received	7,500+	10,500+	13,500 +	16,500+	20,000+
	Tip Fee per ton	\$134.31	\$121.70	\$112.75	\$106.07	\$100.00

A.2 Annual Escalation Factor to be applied to the Tip Fee

Annual Escalation Factor base on CPI change, without negative adjustment

A.3 Revenue Share

- Lansing will receive 100% of the Average Commodity Revenue (ACR) for tons delivered by the City of Lansing and participating municipalities under this Agreement until achieving ACR Threshold.
- The Revenue Share for the City of Lansing will be 55% for Net Revenue over Threshold ACR, 45% to the Processor.
- Processor's 3rd Party tons delivered, including OCC is excluded from Revenue Share; and Tip Fee.
- Revenue Share is determined monthly and reconciled and paid quarterly; and
- The ACR Threshold for second year will be adjusted using the Annual Escalation Factor outlined in Table 1 above.
- No ACR rebate will be paid should annual tons received fall below the 7,500 ton level of the minimum threshold

Examples of Revenue Share:

Example 1: When achieved ACR is less than the Processing Fee

1. Volume deliver to the Processor : 7,500Tons,
2. Achieved ACR is \$63.52 per ton for the month of July 2019
3. Processing Fee paid by Generator = \$134.31 per ton
4. $ACR = \$63.52 \text{ per ton} \times 100\% = \63.52 per ton credited to the Generator
5. Net cost to the Generator : $\$134.31 - \$63.52 = \$70.79$ per inbound ton

Example 2: When achieved ACR is more than the Processing Fee:

1. Volume deliver to the Processor: 16,500 tons,
2. Achieved ACR = \$210.00 per ton
3. Processing Fee paid by the Generator = \$106.07 per ton
4. ACR: First $\$106.07 \times 100\% = \106.07 / ton credited to the Generator to pay for the cost
5. Revenue Share to Generator :
 - any ACR that is over the processing fee (ACR Threshold) , 55% credited to the Generator : $(\$210 - \$106.07) \times 55\% = \$57.16$ per ton credited to the Generator
6. Net cost to the Generator: = $(\$106.07 \text{ processing fee} - \$106.07 \text{ of first ACR}) - \$57.16 \text{ revenue share to generator} = -\57.16 , eg the Generator will receive a credit of \$57.16 as revenue share.

7. Revenue Share to Processor :

- any ACR that is over the processing fee (ACR Threshold) , 45% credited to the Processor : (\$ 210-106.07) X 45% =\$103.93X 45%= \$46.77 per ton credited to the Processor

Schedule B
Materials Acceptance Protocol

1. Acceptable Material list for Lansing recycling program:

- **Glass**, transparent and translucent food and beverage bottles and containers. Paper labels are acceptable as are rings and lids on glass containers. **All** colors of glass are accepted — green, amber, or clear.
- **Tin/ Steel Cans**, tin plated, food and beverage containers, all sizes; paper labels are acceptable. Metal pots and pans, metal trays, metal bakeware, toasters, metal utensils are not acceptable
- **Aluminum** used beverage containers and foil, clean of food
- **All Plastic Bottles** — including but not limited to:
 - **HDPE Plastic Bottles (SPI Code #2)** — blow-molded (bottle-necked) natural and colored HDPE containers, including plastic milk jugs, water jugs, detergent bottles, and similar items; caps and labels are acceptable. Motor oil and anti-freeze containers are not acceptable. Tubs, pots, and trays are not acceptable.
 - **PET Plastic Bottles (SPI Code #1)** — blow-molded (bottle-necked) clear and green PET containers, such as soda bottles, dishwashing soap bottles, and some shampoo bottles. Tubs, pots, and trays are not acceptable.
 - **PET Clamshell** – PET plastic container for take-out, and produce. Clean of food
- **Household Plastic Containers #1, #2 and #4 through #7** excluding Styrofoam and #3. Buckets, crates, toys, trays, furniture, bins, barrels, etc., often referred to as "Injection grade : such as injection HDPE", are not acceptable
- **Multi-coated/Plastic Coated Paper Beverage Cartons** including milk and juice cartons also known as aseptic containers. Poly-coated freezer cartons are not acceptable
- **Newspaper** — old newspapers and advertisement inserts. Old newspaper that contains incidental moisture from rain on collection days is acceptable. Moisture over 12% is not acceptable. Wet and or soiled paper or yellowed newsprint is unacceptable.
- **Magazine** — old magazines containing glossy coated paper, including catalogues, glossy fillers or mailers. Moisture over 12% is not acceptable
- **Old Corrugated Cardboard (OCC) & Kraft Paper Bags** — old corrugated containers (cardboard) that are flattened that have liners of Kraft, jute, or test liner. Staples and tape with water-soluble glues do not have to be removed. Moisture over 12% is not acceptable. Pizza boxes free of food are acceptable. Wax-coated and or stained / soiled old corrugated containers are not acceptable.
- **Office Paper (White and Colored)**, household writing paper, post-its, all residential mail including envelopes (manila and regular), all types and sizes of dry, loose white and colored ledger and copier paper, note pad paper (no backing), loose leaf fillers, computer paper (continuous-form perforated white bond or green-bar paper). Shredded office paper must be placed in clear plastic bags and tied.
Gift Wrap is not acceptable

- **Boxboard** — all non-corrugated, commonly used in dry food and cereal boxes, shoe boxes, and other similar packaging. Boxboard that has been contaminated or has food is not acceptable. Plastic film or greasy paper liner in cereal boxes must be removed

- **Telephone books**

2. Unacceptable Materials: Unacceptable Materials are non program materials and any item that is not in the Acceptable Material list in Item #1 above

For example:

- Plastic bags, grocery bags, and plastic film of any kind
- Styrofoam, any plastic containers with Plastic No 3,
- No bagged material except as detailed above.
- Mirrors, window or auto glass, light bulbs, ceramics,
- Oil or antifreeze containers, paint cans, aerosol cans
- Containers / bottles that has a hazardous symbol
- coat hangers, toys, buckets, pails,
- soiled, food contaminated paper
- chemically treated paper, waxed paper
- Hard cover books
- Tissue paper, napkins
- Food waste, garbage, yard waste
- Garden hoses
- Electronics, Christmas lights

Schedule C

**Safety Policies & Procedures
for Commercial Vehicle Drivers Backing into
the Facility Tip Floor
*October 2018***

- The drivers/loaders must report to and obey all traffic control devices and directions given by the MRF staff, scale attendant at all times.
- Driver must identify company name and collection location of the recycling.
- The driver shall approach Scale SLOWLY.
- Collection vehicles operators are required to weigh their vehicle at the weigh scale before proceeding to unload.
- Drivers shall travel at safe speeds at all times when entering or driving on the property. Excessive speed will not be tolerated. Adverse weather conditions will dictate safe speeds in the yard. Under no circumstances is the driver of a commercial motor vehicle to exceed 10 mi/hr in the yard.
- A full stop is a MUST before getting in the tipping floor. Wait for the Loader Operator's instruction before entering.

- Drivers/loaders shall properly wear (laced) safety foot wear with steel toed protection at all times when outside the cab of his/her truck. The safety foot wear shall meet the ASTM F241305 and display the green tag.
- Drivers/loaders shall properly wear a safety vest which meets the ANSI Class II at all times when outside the vehicle. The safety vest must be in good condition so as to retain its high visibility standard.
- Drivers/loaders shall properly wear safety glasses at all times when outside the cab of his/her truck.
- Commercial Motor Vehicle Driver's must be alert to mobile equipment and pedestrian traffic at all times when on the Emterra Recycling property. Drivers must make eye contact with pedestrians and mobile equipment operators before safely proceeding with their intended path of travel.
- The use of radio communication / cell phones and other distractive devices are strictly prohibited while operating a commercial vehicle on the premises. The driver must pay full attention to his/her surroundings at all times.
- No Visitors or Unauthorized personnel will be allowed inside the Tip Floor. All Visitors should REPORT to the Front Office before entering in the Tip Floor.

Procedure for Truck Unloading

- **Position your truck well back from the entrance of the bay door so that it is ready to back up. If the bay is vacant (no trucks inside bay) back your truck to the door but remain outside the building (approximately 5 feet from the entrance). Exit the cab of your truck, stand at the edge of the door and establish hand/eye communication with the loader operator that it is safe to back in. Sound your horn twice (two short blasts) before you make the final entry into the plant as a final warning. Never reverse your truck**

into the plant unloading area unless you have established communication with the loader operator.

Note: If the loader operator is not available, the driver or loader must exit the cab and make sure the bay is safe to back into, before reversing the truck. Always be aware of mobile equipment in the area. Once it is safe to back in, the driver can proceed at a very low rate of speed. Use of the air horn (two short blasts) is required as a final warning prior to entry. At this point, the spotter must get back into the cab of the truck. Driver to back in slowly and with extreme caution.

- The vehicle shall not exceed 5mi/hr, while reversing into the tipping floor area.
- Once inside the Bay, properly secure your vehicle. Only the driver may exit the cab of the truck. Be aware of your surroundings at all times
- NOTE: The driver must never be outside a one metre radius from his/her truck at any time when on the tipping floor. Do not wander out of this area. If there is a need for the driver to move outside the one metre radius, eye contact must first be made with mobile equipment operator(s) and hand signals must be used to communicate the intention. The driver is to return immediately back to the one metre radius.
- **Never place yourself under the hydraulic tailgate unless the safety bar on the truck has been engaged. Once this safety bar is engaged you must only stand in the space between the bar and the back of the truck (not the back of the tailgate).**
- The driver shall ensure that all loose materials are removed from the collection vehicle prior to leaving the tipping floor area.
- The driver shall never enter or exit the tipping floor area with the vehicle box in the upward position.

- Upon completion of the unloading procedure, drive safely out of the Bay door stopping and honking your horn just before edging the nose of the truck out. Ensure there are no pedestrians or mobile equipment in your path of travel, before proceeding.
- Loader Operator will conduct a VISUAL inspection of the unloaded materials as well as when the material is being pushed. Loader Operator will contact Lead Hand or Supervisor in charge for assistance in case of material object or ANY unusual products.
- Drive to the scale house to weigh out under a safe controlled speed.
- Driver shall not allow litter to be discharged from the body or cab of vehicle.
- Driver shall not loiter in the yard.
- Loader operator will report drivers and helpers who do not comply with this procedure. Drivers/loaders who fail to comply with these policies and guidelines will not be permitted to access the facility.
- Processor has the right to amend the Rules.

Schedule D
Terms and Conditions

1. Deposit Bill Legislation. If legislation is enacted on a State or national level that requires a redeemable deposit on any of the items listed as Recyclables for which a redeemable deposit is not required on the effective date of the Agreement, the parties agree that their economic positions have been substantially impacted. Therefore, the Processor and Generator will renegotiate the price of the Agreement in good faith to rectify the economic impact. If the parties cannot reach a mutually satisfactory agreement, either party may terminate the Agreement with sixty (60) days' notice without further obligation.

2. Governing Law. This Agreement and any issues arising hereunder or relating hereto shall be governed by and construed in accordance with the laws of the State of Michigan.

3. Venue. The Parties agree that all actions or proceedings arising in connection with this agreement shall be tried and litigated only in state and federal courts in Michigan.

4. Disclaimer of Joint Venture, Partnership, and Agency. This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the parties or to impose any partnership obligation or liability upon either party. Neither party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other party. Generator and its employees and agents shall not be entitled to any Processor fringe benefits and hereby expressly waive any claim or right now or hereafter accruing against Processor arising out of the operation of any applicable workers' compensation law.

5. Force Majeure.

a. "Force Majeure" means any act, event or condition materially and adversely affecting the ability of a party to perform or comply with any material obligation, duty or agreement required under this Agreement, if such act, event, or condition is beyond the reasonable control of the nonperforming party or its agents relying thereon; results from the occurrence of any event the nonoccurrence of which was a basic assumption at the time this contract was made; is not the result of the willful or negligent action, inaction or fault of the party relying thereon; and the nonperforming party has been unable to avoid or overcome the act, event or condition by the exercise of due diligence, including, without limitation: (i) an act of God, epidemic, landslide, lightning, earthquake, fire, explosion, storm, flood or similar occurrence; (ii) an act of public enemy, war, blockage, insurrection, riot, general unrest or restraint of government and people, civil disturbance or disobedience, sabotage, act of terrorism or similar occurrence; (iii) a strike, work slowdown, or similar industrial or labor action; (iv) an order or judgment (including without limitation a temporary restraining order, temporary injunction, preliminary injunction, permanent injunction, or cease and desist order) or other act of any federal, state, county or local court, administrative agency or governmental office or body which prevents a party's obligations as contemplated by this Agreement, with the exception of legislation described in paragraph 1; (v) adoption or change (including a change in interpretation, enforcement or permit requirement) of any federal, state or local law after the Effective Date of this Agreement, preventing performance of or compliance with the obligations hereunder; or (vi) any other event or occurrence not within the reasonable control of a party, including a material adverse disruption in the commodities market.

b. Neither party shall be liable to the other for damages if such party's performance is delayed or prevented due to an event of Force Majeure. In such event, the affected party shall promptly notify the other of the event of Force Majeure and its likely duration. During the continuation of the Force Majeure Event, the nonperforming party shall (i) exercise commercially reasonable efforts to mitigate or limit damages to the performing party; (ii) exercise commercially reasonable due diligence to overcome the Force Majeure event; (iii) to the extent it is able, continue to perform its obligations under this Agreement; and (iv) cause the suspension of performance to be of no greater scope and no longer duration than the Force Majeure event requires.

7. Representations and Warranties of Authority. Each party represents and warrants to the other that:

a. it is duly qualified to do business and is in good standing in every jurisdiction in which this Agreement requires its performance;

b. it has full power and authority to execute, deliver and perform its obligations under this Agreement;

c. the execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action by such party; and

d. the execution and delivery of this Agreement by such party and the performance of the terms, covenants and conditions contained herein will not violate the articles of incorporation or by-laws of such party, or any order of a court or arbitrator, and will not conflict with and will not constitute a material breach of, or default under, the provisions of any material contract by which either party is bound.

These warranties shall survive the expiration or termination of this Agreement.

8. Termination.

This Agreement may be terminated pursuant to following:

a. at any time by both parties upon mutual written agreement; or

b. immediately upon notice by either party in the event that any of the representations and warranties made by the other party in this Agreement are shown to be untrue; or

c. by either party in the event of a failure by the other party to perform a material obligation as follows (a "Default"): if the Default has not been cured by the defaulting party within ninety (90) days from receipt of notice from the non-defaulting party, the non-defaulting party may (i) terminate this Agreement immediately upon notice, unless the defaulting party is diligently pursuing a cure, or (ii) agree in writing that the defaulting party is diligently pursuing a cure in a commercially reasonable manner, then the cure period will be extended for a further ninety (90) days.

9. Entire Agreement. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Agreement, which alone fully and completely expresses their agreement and contains all of the terms agreed upon between the parties with respect to the subject matter of this Agreement, and that this Agreement is entered into after full investigation, neither party relying upon any statement or representation, not embodied in this Agreement, made by the other. All schedules referenced in the Agreement and the contents thereof are incorporated herein by reference.

10. Amendment. This Agreement may not be amended, modified or supplemented, except in writing and signed by the parties.

- 11. Non-Waiver.** No waiver by any party to this Agreement of any failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent failure or refusal to so comply. No waiver by either Party of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver. No waiver by either Party with respect to any default, misrepresentation, or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.
- 12. Severability; Modification Required By Law.** If any term or provision of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions thereof or hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreement of the parties herein set forth.
- 13. Headings, Pronouns.** The headings of sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement. The pronouns "he", "she" or "it" are also used for convenience, and in the event that an improper pronoun has been used, it shall be deemed changed so as to render the sentence in which it is contained effective in accordance with its terms.
- 14. Successors and Assigns.** This Agreement and all of the provisions thereof and hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.
- 15. Assignment.** Neither this Agreement nor any of the rights, interests, obligations, and remedies hereunder shall be assigned by either party, including by operation of law, without the prior written consent of the other, such consent to not be unreasonably withheld, conditioned or delayed. Notwithstanding this paragraph, assignments may be made (1) to the parents, subsidiaries and affiliates of the assigning party; (2) at the assigning party's expense, to a person, firm, or corporation acquiring all or substantially all of the business and assets of the assigning party provided that the assignee assumes the obligations of the assigning party arising hereunder from and after the date of acquisition; or (3) as security to entities providing financing for the assigning party or for any of its affiliates for construction, reconstruction, modification, replacement or operation of any of the facilities of the assigning party or its parents, subsidiaries or affiliates.
- 16. Construction.** This Agreement and its exhibits and schedules are the result of negotiations between the parties and have been reviewed by all parties. Accordingly, this Agreement will be deemed to be the product of the parties thereto and no ambiguity will be construed in favor of or against any party.
- 17. No Third Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.
- 18. No Brokers.** Generator agrees that it has entered into this Agreement without the benefit or assistance of any brokers.
- 19. Further Acts.** Each party agrees to perform any further acts and to execute, acknowledge, and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.
- 20. Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but which together will constitute one and the same instrument.

21. **Dispute Resolution.** The parties agree to make reasonable efforts to resolve disputes through negotiation or other alternative dispute resolution processes prior to commencing litigation.
22. **Waiver of Subrogation.** Each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectible and to the extent permitted by law, each party each hereby releases and waives all right of recovery against the other or any one claiming through or under each of them by way of subrogation or otherwise. The foregoing release and waiver shall be in force only if both releasors insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance.

Recycling Proposal Information

Reasons RFQP issued:

1) City's agreement for processing expired in 2018 and hauling costs continued to increase

2) To determine if a solution that eliminates the need to operate a transfer station exists

The City of Lansing currently operates a transfer station in a building that was construct for salt storage. This requires an employee to operate the station at a cost of approximately \$17,000/month (\$29/ton transferred) and means that salt continues to b3e stored in a building that has deteriorated and could become unusable at any time.

3) To determine if a solution that eliminates the need to haul materials exists

Recyclables are currently hauled out of the region for processing at an average cost of \$13,000/month. Hauling costs have been increasing at approximately 6% annually.

Other considerations

- The City of Lansing currently provides recycling services to the City of East Lansing, through an intergovernmental agreement, as well as to Good Earth and Republic
- A regional processing facility could:
 - Increase commercial and multi-family recycling in the area.
 - Increase recycling services for Tri-County residents, businesses and institutions
 - Reduce economic and environmental impact of transporting materials out of the region
 - Provide consistent recycling education and outreach to all citizens in the region
 - Create jobs and revitalize a property
 - Create additional property and income tax revenue

Proposals

Four proposals were received as follows:

- Custom Ecology of Ohio – haul only
- Emterra – Tip and process at material recovery facility (MRF) in the Lansing area
- Granger – Transfer, process and haul (Option 1) or transfer and haul (Option 2)
- Republic – Process only

Costs

Proposal costs were based on 2017 data for recyclables transferred by the City, which are a total of 7,212 tons in 305 trips at a distance of approximately 80 to the processing facility.

When the proposals were reviewed in 2018, processing costs (ACR and thresholds) from 2017 were used. Based on the fluctuating commodity markets, the processing costs have been updated using 2018 costs, as shown below.

Item	2017	CE/Republic	Emterra	Granger Opt 1	Granger Opt 2
Transfer/Tip	COL Actual*	COL Actual*	Included	Included	\$30/ton
	\$209.5k	\$209.5k	\$0	\$0	\$216k
Haul	Appx. \$500/load	\$31/ton	None (local)	Included	\$4/mile
	\$130k	\$224k	\$0	\$0	\$195k
Process	+/- ACR	+/- ACR	+/- ACR	\$100/ton	+/- ACR
Threshold	\$95/ton	\$125/ton	\$134.01/ton	Not Used	\$125/ton
Subtotal	\$5.5k	\$244k**	\$413k	\$721k	\$244k**
Total	\$345k	\$677.5k	\$413k	\$721k	\$655k

Notes: * City costs do not include construction of a new salt shed, est. at \$300k or \$15k/yr if financed

** 2018 Republic processing cost. 2019 costs (to date) are higher than 2018 costs.

Elements of Emterra Proposal

- Recyclables would be dropped off at Emterra's facility (proposed near O&M campus).
- Minimum annual tonnage of 7,500 required (4% increase over 2017 total tonnage)
- City, by contract, would commit to sending single stream recycling to this facility, for a period of 10 years
- Emterra would construct a local processing center, which would create jobs and tax revenue.
- Emterra would partner with the City on a comprehensive education program to increase tonnage and participation.
- A drop-off facility will be provided at the processing facility
- ACR threshold is increased annually based on the CPI
- Other municipalities can join the agreement. Processing costs would decrease as each tonnage threshold (approx. 3,000 tons) is met.

@mtg

QUESTIONS- 2/25/2019 Committee of the Whole Meeting

Breakdown on the \$345,000 and what portion is from “partners”

Details on the financial stake of the MRF for the City, Emterra and any regional partners

List any resources anticipated from East Lansing

List any resources anticipated from Lansing on the project

Clarify in the agreement better what is expected from the City since it currently states vaguely “resources” so what will those specifically be.

Comparison of Emterra vs. all other bids including cost, services, and commitments

Comparison of Emterra vs current City contractor.

Comparison on Emterra vs doing it in-house.

List any suspension of services

Breakdown on the ACR so clearer understanding

What is the anticipated increase to the residents with or without this agreement with Emterra

If Emterra does not get regional or partner participation in using their facility, what will be the financial impact on the City as the only user?

Clear explanation on the financial impact on the City.

Administrations/Mayor’s position on the agreement.

Details on what a processing plant looks like.

Details on how Emterra addresses odors, noise, and any other nuisances generated by a processing plant.

How can they guaranty all material will be recycled.

What is the percentage of Single Stream materials going to the landfill all over the country.

How many cities and municipalities are stopping their programs entirely.

What percentage of what Emterra collects goes to the landfill

The Tri-County area will never achieve the volume required to make it successful as evidenced by the last several consultant reports not being reliable. How do you responds to that? Please provide the volume from the consultant reports and the actual amount collected.

Please provide information on the amount of recycling collected over the last 10 years.

Please provide information on the amount of contaminated loads or tonnage over the last 10 years.

What the current tipping fee, and credits, (if any), are where they're taking it now.

Also what is the freight cost per ton to wherever they are taking it.

(NEXT MEETING)- Go through specifics on the spreadsheet provided to the Committee on 2/25

GRANGER Questions from February 22, 2019 email to Council and March 5, 2019 email to Council:

- It does not appear that a location for the recycling material recovery facility has been identified. Is there a timing expectation for the operation to begin that will be applied?
- Item 9 of the agreement document (inconsistency and paramountcy) lists documents (a) through (h) as attachments to be considered part of the agreement. However, (f) through (h) are not part of the packet provided for review and approval.
- Granger submitted a proposal for in response to the RFP issued for this project. Based on our experience the fifth whereas statement in the resolution for council approval captures one of the key considerations of the review committee. It is not apparent from the agreement documentation provided how the processor intends to manage the material. Will materials be sent out of the region for processing?
- Under Item 2 Responsibilities of Generator the opportunity for the generator to collect materials from commercial customers is reserved or allows for contract with Emterra. Could this be interpreted to prohibit other businesses from collecting recyclable materials from commercial customers?
- The last sentence of the second paragraph of Schedule A Pricing Schedule states that Lansing and East Lansing will commit resources to grow multi-family and commercial recycling to increase tonnage and meet or exceed minimums. What resources do the cities intend to commit?
- Is the city issued RFQP/18/027 Hauling & Recycling consistent with City of Lansing Resolution #2016-204?
- Were the response expectations of the RFQP/18/027 Hauling & Recycling clear enough to provide comparable proposals for consideration?

Section V: SCOPE OF SERVICES AND INTRODUCTION

A: SCOPE OF SERVICES BEING SOLICITED

Proposals are being solicited for the purpose of acquiring the most suitable recycling hauling and recycling processing solution for the Cities of Lansing and East Lansing and potentially for additional municipalities in the tri county region, including, but not limited to, the construction of a recycling transfer station for cooperative hauling of single stream recycling.

Section VII: HAULING AND RECYCLING SERVICES

A: INTRODUCTION

The purpose of the RFP is to obtain a qualified contractor to assist the Cities of Lansing and East Lansing in hauling and recycling material collected by the Cities in their single stream curbside

and drop-off recycling programs. Qualified proposers are required to submit proposals for the hauling and recycling of these collected recyclables to produce industry acceptable recyclable commodities.

- The RFQP/18/027 indicates the City of Lansing transfers approximately 600 tons of recyclables per month for processing (7,200 tons per year). The City of Lansing volume is estimated at 500 tons per month. How much is the volume for each of the other contributors (City of East Lansing, Republic Services, Good Earth or others)? How is this volume determined?
- The price schedule provided in the Emterra contract appears to set a minimum annual tonnage requirement of 7,500 tons annually at the \$134.31 per ton processing fee. What are the penalties for not reaching the 7,500 annual tonnage requirements?
- What is the Average Commodity Revenue (ACR) has Emterra used in comparable Michigan communities each month for the past three years?
- Can Emterra predict the annual Average Commodity Revenue (ACR) the next three years?
 - The value of recyclable commodities has changed significantly in the last 12-18 months due to changes in exports of these materials to China. Before this time the average ACR rate was as high as \$80 per ton. Since the China changes the ACR rate has been less than \$50 per ton and is currently at \$48 per ton. Given this history and expectations of many industry experts the City of Lansing should not expect to see a revenue share beyond the processing fee as provided in Example 2 of the contract.
- What is the current percentage rate of unacceptable material from recyclable collected from City of Lansing? City of East Lansing?
- Schedule B Materials Acceptance Protocol of the contract appears to include fewer recyclable materials than currently collected curbside in the City of Lansing. Will the city collection need to change?
- What are the specifications of the facility to be built? The contract references the proposal which may contain this information, but it was not included with the online council packet.
- It has been suggested that this project will create economic development opportunities for the region. What type of projects can be expected given Emterra's ties to end market sister companies in other countries?
- Schedule A Pricing Schedule of the Contract include the following provision about benefit or lack of benefit from third-party haulers. Does this mean the cities will only receive a financial benefit if increased volumes are the result of their commitment of resources? What type of commitment of resources would be expected to grow recyclable volumes?

“Multi-family single stream tonnage collected within the borders of Lansing and East Lansing will count toward the Processing fee Schedule under Table 1 only. It is understood that any price benefit will only impact Lansing or East Lansing's price. Third party haulers will not have any pricing benefit, put or pay nor revenue share. Rejected loads from Multi-family will not count towards tonnage. Lansing and East Lansing will commit resources to grow multi-family and commercial recycling to increase tonnage and meet or exceed minimums.”

All proposers shall complete the Proposal and Award page(s) and submit all information requested herein in the proposal document in its entirety, **IN ORDER FOR THE PROPOSAL TO BE RESPONSIVE. FAILURE TO DO SO MAY RESULT IN THE PROPOSAL BEING DECLARED NON-RESPONSIVE AND REJECTED.**

REQUEST FOR PROPOSAL (RFP)

PROPOSAL REFERENCE No.: RFQP/18/027

ISSUE DATE: December. 22, 2017

PROPOSAL OPENING DATE: February 8, 2018 2:00pm

PROJECT: Hauling and Recycling

ISSUING OFFICE: City of Lansing, Public Service Department

CONTACT PERSON: Victor Rose, Superintendent

PHONE: (517) 483-4161

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LIST OF ATTACHMENTS

Attachment A - TECHNICAL AND COST PROPOSAL FORMS

Attachment B - MUNICIPAL RECYCLING AGREEMENT BETWEEN THE CITY OF EAST LANSING AND THE CITY OF LANSING FOR RECYCLING

Attachment C - EXECUTIVE SUMMARY: EXPANDED RECYCLING ACCESS AND LOCAL PROCESSING IN THE TRI-COUNTY AREA

Attachment D - CRRI SIGNED COMMUNITY RESOLUTIONS

Attachment E – TRI-COUNTY RECYCLING DATA

Attachment F – LETTER OF INTEREST IN PROVIDING LOW INTEREST FINANCING FROM THE CLOSED LOOP FUND

Attachment G – MATERIALS INCLUDED IN SINGLE-STREAM AND DROP-OFF COLLECTION PROGRAMS

Should any of the required documents be missing from your packet, immediately notify the Finance Department, Purchasing Section and request that they be supplied.

DATE_____

REQUEST FOR PROPOSALS
RFP/18/027

Please complete Section I or II and Section III.

Section I

PROPOSAL AND AWARD

Initial: _____

The undersigned, having become thoroughly familiar with and understanding the entire proposal documents attached hereto, agrees to provide the services as specified herein, for the total fees as stipulated herein, subject to negotiation.

I hereby state that all of the information I have provided is true, accurate and complete. I hereby state that I have authority to submit this proposal which will become a binding contract if accepted by the City of Lansing. I hereby state that I have not communicated with, nor accepted anything of value from an official or employee of the City of Lansing that would tend to destroy or hinder free competition.

I hereby state that I have read, understand and agree to be bound by all the terms of this proposal document. Please initial next to Proposal and Award, sign Section III and submit with your response to this solicitation.

Section II

STATEMENT OF NO PROPOSAL

Initial: _____

If you do intend to submit a response to this solicitation, please complete this section, initial next to Statement of No Proposal and sign Section III. Please return this page via mail or fax (517.483.4524) by the proposal due date.

We, the undersigned have declined to submit a proposal for the following reason:

_____ Insufficient time to respond to the Request for Proposal.

_____ Our schedule would not permit us to perform.

_____ Other (specify below).

Initial: _____

Remarks: _____

Section III

SIGNATURE

Federal Tax ID # _____

SIGNED: _____ NAME: _____

TITLE: _____ DATE: _____

FIRM NAME: _____

ADDRESS: _____
(Street) (City) (State) (Zip)

PHONE: (_____) _____ FAX: (_____) _____

Section IV

INSTRUCTIONS TO RESPONDENTS **TERMS AND CONDITIONS**

A: USE IF RFP FORMS

This packet represents the RFP document. If you choose not to submit a response, please complete and return Page 3 "Statement of No Proposal". If you choose to submit a proposal, then page 3 " Proposal and Award" must be signed and submitted with your proposal.

B: INTERPRETATION FOR ADDENDA

Questions from Respondents regarding this RFP must be submitted to the Buyer, in writing, and must arrive in the Office of Purchasing no later than fourteen (14) City business days prior to the due date set of the RFP. Answers to questions that change or substantially clarify the RFP will be issued as an addendum and will be provided to all prospective respondents. Addenda will be on file in the Office of Purchasing at least five (5) City business days before the proposals are opened. All addenda will be mailed to each person holding Documents, but it shall be the Respondent's responsibility to make inquiries as to the Addenda issued. All such Addenda shall become part of the Contract Documents and all Respondents shall be bound by such Addenda, whether or not received by the Respondent. The Office of Purchasing will respond to telephone inquiries or visitations by respondents or their representatives. The City of Lansing's Office of Purchasing does not commit to answering questions received during the last five (5) business days prior to the proposal due date.

C: RFP's

- a) All proposals must be submitted following the format supplied by the City in this document using figures attached (when provided) and shall be subject to all requirements of this Document including the INSTRUCTION TO RESPONDENTS and GENERAL INFORMATION sections. All proposals must be regular in every respect and no interlineations, excisions, or special conditions shall be made or included in the RFP format by the Respondent.
- b) The City of Lansing may consider as irregular any proposal on which there is an alteration of or departure from this RFP Format, as provided in the RFP Documents, and at its option may reject the same.
- c) If a Contract is awarded it will be awarded by the City of Lansing to the most responsive proposal on the basis of Section 206 of the City of Lansing Code of Ordinances. The Contract will require the completion of the work pursuant to these documents.
- d) Each Respondent shall include in its proposal, in the format requested thereof, the cost of performing the work. The prices set forth in the proposal by the Respondent shall remain effective 90 days from the time of the proposal opening.

D: PROPOSAL CONTENTS/ECONOMY OF PREPARATION

- a) Each proposal should be prepared simply and economically, providing a straightforward, concise description of the respondent's ability to meet the requirements of the RFP. Fancy bindings, colored displays, promotional material, etc., will receive no evaluation credit. Emphasis should be on completeness and clarity of content.
- b) All costs associated in the preparation of the proposal and its contents will be born by the respondent. The city is not responsible for any costs or fees associated with its preparation or delivery. The contents of the proposal will become the property of the City's upon submission. The contents of the proposal of the successful respondent will become contractual obligations, if a contract ensues. Failure of the successful vendor to accept these obligations may result in cancellation of the award.

E: COLLUSIVE AGREEMENTS

- a) Each Respondent submitting a proposal to the City of Lansing for any portion of the work contemplated by the documents on which a Response is based shall execute, and attach an affidavit to the effect that it has not colluded with any other person, firm, or corporation in regard to any proposal submitted.
- b) Before executing any subcontract, the successful Respondent shall submit the name of any proposed subcontractor for prior approval.

F: ORGANIZATION AND FINANCIAL STATEMENT

Each Respondent shall, upon request of the City of Lansing, submit an ORGANIZATION AND FINANCIAL STATEMENT. The City of Lansing shall have the right to take such steps as it deems necessary to determine the ability of the Respondent to perform its obligations under the Contract, and the Respondent shall furnish the City of Lansing all such information and data for this purpose as it may request. The right is reserved to reject any proposal where an investigation of available evidence or information does not satisfy the City of Lansing that the Respondent is qualified to carry out properly the terms of the Contract, or where the Respondent refuses or fails to furnish the City of Lansing with any evidence or information requested by the City.

G: CORRECTIONS

Erasures or other changes in the RFP form must be explained or noted over the signature of the Respondent.

H: TIME FOR RECEIVING PROPOSALS

Proposals received prior to advertised hour of opening will be securely kept unopened. The officer whose duty it is to open them will decide when the specified time has arrived, and proposals received thereafter will not be considered. Late RFP's will be returned to the Respondent un-opened. **The City of Lansing is not responsible for delivery delays and the date-stamp clock at the City of Lansing Purchasing office location shall determine the official time of receipt.**

I: WITHDRAWAL OF PROPOSALS

Proposals may be withdrawn on written request dispatched by the Respondent in time for delivery in the normal course of business prior to the time fixed for opening. The proposal guarantee of any Respondent withdrawing its RFP in accordance with the foregoing conditions will be returned promptly.

A proposal, including all pricing, may not be withdrawn, modified or canceled by the vendor for a period of 90 days following the proposal deadline and vendor so agrees upon submittal of the proposal. Once selected, the vendor agrees to extend submitted prices, if needed, during the contract negotiation period.

J: AWARD OF CONTRACTS / REJECTION OF PROPOSALS

- a) The Contract will be awarded to the most responsive respondent as determined pursuant to the provisions of Chapter 206 of the City of Lansing's Code of Ordinances, provided such proposal is in the best interests of the City of Lansing to accept it.
- b) The City of Lansing reserves the right to reject any and all proposals and to waive any irregularity in proposals received whenever such rejection or waiver is in its best interests. The Respondent to whom the Award is made will be notified at the earliest possible date.
- c) The City of Lansing reserves the right to consider as unqualified to perform the Contract any Respondent who does not habitually perform with its own forces twenty-five (25%) of the work involved.
- d) The Contract shall not be considered executed unless signed by the Mayor after approval as to form by the City Attorney and certification as to the availability of funds by the City Controller. Signatures on behalf of the City other than those cited above shall not constitute contract execution by the City and the contract shall be null and void.

K: EQUAL EMPLOYMENT OPPORTUNITY

Attention of Respondents is particularly called to the requirements for ensuring that employees and applicants for employment are not discriminated on any illegal basis including race, color, religion, sex, or national origin as required by the City of Lansing's Ordinance Section 206.21 (see Equal Opportunity Provisions).

L: DEFAULT TO CITY

It is understood that any Respondent who is in default to the City at the time of opening the proposal shall have the proposal declared null and void.

All vendors shall be current in payment of any taxes, licenses, fees, permits or any other monies due the City of Lansing at time of quote due date as per City of Lansing Ordinance Section 206.02(a)1(G).

M: SIGNATURES

The Proposal and Award page and any proposal notifications, claims or statements must be signed in ink by an official of the proposing organization authorized to bind the proposer to the provisions of the RFP.

N: TAX LIABILITY

When the terms of this contract involve the lease of property, real or personal, to the City, it is understood that the Lessor shall be solely responsible for the payment of all taxes of any nature whatsoever that accrue on the property during the term of the lease. Sales Tax and Use Tax are applicable in this contract and are the sole responsibility of the Provider of services.

O: CITY ORDINANCE AND CHARTER REFERENCES

All City of Lansing Ordinances and Charter Sections applicable to this RFP are available at the Lansing City Clerk's office for the Respondent's inspection and review, and the Respondent understands that it is its sole responsibility to understand and fully comply with all applicable City of Lansing Ordinance and Charter sections.

P: NOT TO EXCEED OR NON-APPROPRIATION

The Respondent hereby recognizes that the City is a political body corporate, and that in the event the City fails to appropriate monies sufficient enough to pay its obligations herein, that the City may terminate this agreement without incurring any liability thereof.

Q: TYPE OF CONTRACT

It is proposed that a contract entered into as a result of this RFP will have a fee structure with a specified maximum, not to be exceeded, cost. Negotiations may be undertaken with those Respondents whose proposals as to price and other factors show them to be qualified, responsible and capable of performing the work; and in accord with the City of Lansing Code of Ordinances. The contract that may be entered into will be that one which is most advantageous to the City, price and other factors considered. The City reserves the right to consider proposals of modifications thereof received at any time before the award is made, if such action is deemed to be in the best interest of the City.

R: CONTRACT EXTENSIONS

The term of the agreement shall be a minimum of five (5) years with one - five (5) year options to renew that should that be advantageous to the City of Lansing with a provision for performance review report to be completed prior to exercising the option to renew.

Either party shall offer a minimum of 180 days-notice if the contract is to be terminated and a satisfactory negotiation cannot be concluded according to the terms below including a Dispute Resolution Process.

S: INCURRING COST

The City shall not be liable for any costs, including any travel, by the proposer prior to award of contract. The City does not intend to pay for any information obtained, though such may be utilized in determining the award. Total liability of the City is limited to the terms and conditions of this request and any resulting contract.

T: NO THIRD-PARTY RIGHTS

It is agreed and understood that the contract is made solely for the benefit of the City and the Provider of Services; that it is not made for the benefit of any third party; and that no action or defense may be founded upon this contract except by the parties signatory hereto.

U: DISCLOSURE OF PROPOSAL CONTENTS

After contract award, a summary of total price information for all submissions may be furnished upon demand to those Respondents participating in this request. If a proposal contains any information that the Respondent does not want disclosed to the public or used by the City for any purpose other than proposal evaluation, each sheet of such information must be marked with the following legend:

"This information shall not be disclosed outside the City or be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate the proposal; provided, that if a contract is awarded to the respondent, or as a result of, or in connection with the submission of such information, the City shall have the right to duplicate, use or disclose this information to the extent provided in the contract. This restriction does not limit the City's right to use information contained herein if obtained from another source."

V: ORAL PRESENTATION

Respondents who submit a proposal may be required to make an oral presentation of their proposal to the Issuing Office. These presentations will provide an opportunity for the respondent to clarify its proposal to ensure mutual understanding of its contents. The Issuing Office will schedule any such presentations.

W: ACCEPTANCE OF PROPOSAL CONTENT

The contents of the proposal of the successful offerer will become contractual obligations, if a contract is issued. Failure of the successful respondent to accept these obligations will result in cancellation of the award.

X: PROJECT CONTROL

- A. The contractor will perform the work under the direction and control of a Project Director designated by the Issuing Office.
- B. The Project Director will meet, on an agreed upon basis, with the contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the consultant in solving problems which may arise.
- C. The contractor will submit written summaries of progress, on an agreed upon basis, which outlines the work accomplished during the reporting period, work to be accomplished during the subsequent reporting period, problems which have arisen or may arise which should be brought to the attention of the City of Lansing's Project Director, and to request approval for significant deviation from previously agreed upon work plans.

Y: CONTRACT PAYMENT SCHEDULE

Payment for a contract entered into as a result of this request will be made monthly upon receipt of the contractor's billing statement and progress reports.

Z: CANCELLATION

CANCELLATION OF CONTRACT by the City may be for; a) default by the contractor or; b) lack of further need for the service or commodity at the location names in the contract. Default is defined as the failure of the contractor to fulfill the obligations of his/her quotation, contract, or purchase order. In case of default by the contractor, the City may cancel the contract or purchase order immediately and procure the articles or services from other sources and hold the contractor responsible for any excess costs occasioned thereby. In the event the City no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules or regulations, relocation of offices, or lack of funding, the city may cancel the contract or purchase order by giving the contractor written notice of such cancellation 180 days prior to the date of cancellation. The contractor may also provide 180 days notice of cancellation to the City if any dispute negotiations are unsuccessful.

AA: NEWS RELEASES

News releases pertaining to this request, or the work to which it relates, will not be made without prior written approval of the issuing office.

AB: INDEPENDENT PRICE DETERMINATION

A. By submission of a proposal, the offeror certifies and, in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

1. The prices in the proposal have been arrived at independently, without consultation, communication or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other offeror, or with any competitor; and
2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the offeror, and will not knowingly be disclosed by the offeror prior to award directly or indirectly to any other offeror, or to any competitor; and
3. No attempt has been made or will be made by the offeror to entice any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

B. Each person signing the proposal certifies either:

1. They are the person(s) in the offeror's organization responsible within the organization for the decision as to the prices being offered in the proposal, and that they have not participated and will not participate in any action contrary to "A-1, 2, and 3" above; or

2. They are not the person(s) in the offeror's organization responsible within that organization for the decision as to the prices being offered in the proposal, but that they have been authorized in writing to act as agent for the persons responsible for such decision in certifying that such persons have not participated and will not participate in any action contrary to "A, 1, 2, and 3" above, and as their agent does hereby so certify, and that they have not participated and will not participate in any action contrary to "A 1, 2 and 3" above.

C. A proposal will not be considered for award if the sense of the statement required in the Cost and Price Analysis portion of the proposal has been altered, so as to delete or modify "A 1 and 2" or "B", above. If "A 2" has been modified or deleted, the proposal will not be considered for award unless the offeror furnishes with the proposal a signed statement which sets forth in detail the circumstances of the disclosure and the Issuing Office determines that such disclosure was not made for the purpose of restricting competition.

AC: INDEMNITY

Respondent shall be solely responsible for and shall indemnify, defend and hold harmless the City, its agents, officers and employees from and against any and all claims, suits, damages and losses, specifically including, but not limited to those for loss of use of property, for damage to any property, real or personal, for injury to or the death of any person including but not limited to employees and officers of the City and for all other liabilities whatsoever including related expenses and actual attorneys fees in any way sustained or alleged to have been sustained or indirectly, by reason of or in connection with:

1. The performance of the works by or any other activities of the Respondent, its employees or agents or officers including but not limited to the use of any equipment or material furnished by the Respondent; or
2. The presence of Respondent, its employees, agents or officers on the premises of the City; whether such claims, suits, damages, losses and liabilities are based upon or result in whole or in part from the active or passive negligence of the City, its employees, agents or officers or City's strict liability in tort, breach of warranty, breach of contract, duty to indemnify or any other basis or cause whatsoever whereby the City might be held liable; provided, however, that the foregoing shall not be construed to be an agreement to indemnify the City against liability for damages caused by or resulting from the sole negligence of the City, its agents, employees or officials, under circumstances whereby said agreement would be in violation of Michigan Public Act 1966 No. 165, Section 1 (MCLA Section 691.991) if applicable. This provision shall extend beyond the terms of this Agreement.

AD: INSURANCE

The selected firm will be responsible for providing certificates of insurance to the City which prove the firm has not less than \$5,000,000 coverage for Personal Liability and Property Damage and proof of Worker's Compensation Insurance. The Personal Liability and Property Damage certificate shall name the City of

Lansing as additionally insured and shall carry a twenty (20) day Notice of Cancellation. Proof of insurance, as stipulated above, shall be provided to the City within ten (10) working days of issuance by the City of an Award of Contract. When the City receives proof of insurance, if everything is in order, it will issue a "Notice to Proceed" to the consultant.

Automobile Liability insurance shall be provided and include:

1. Coverage that complies with the requirements of the Michigan No-Fault Law.
2. Coverage for Owned, Hired, and non-owned vehicles.
3. Residual liability coverage with a combined single limit of at least \$5,000,000 for both Bodily Injury and Property Damage.

Section V: SCOPE OF SERVICES AND INTRODUCTION

A: SCOPE OF SERVICES BEING SOLICITED

Proposals are being solicited for the purpose of acquiring the most suitable recycling hauling and recycling processing solution for the Cities of Lansing and East Lansing and potentially for additional municipalities in the tri county region, including, but not limited to, the construction of a recycling transfer station for cooperative hauling of single stream recycling.

The Lansing recycling transfer station was originally built for salt storage, not to be a long term recycling transfer solution. The facility's foot print is not suitable for regional use, now that both the City of Lansing and the City of East Lansing and other local haulers use the facility. A larger facility is desired for material transfer, that can incorporate economies of scale in the region, resulting in a more efficient and fiscally responsible program. Depending on the potential private partner, a local/regional processing facility (MRF) is also desired, if local tonnage will meet necessary supply needs.

Proposals are requested that incorporate design, construction, and operation of recyclable recovery operations including but not limited to all of the following: transfer, transport, & processing of materials generated within the City of Lansing and the City of East Lansing. This RFP is issued by the City of Lansing to obtain Technical and Cost proposals from qualified vendors for the transfer, transport, & processing of single stream residential recyclables, as well as source separated recyclables generated from the Cities' drop off facilities. The City of Lansing will serve as the lead entity on this proposal, as well as the contract administrator. The City of East Lansing will continue to partner with the City of Lansing through an intergovernmental agreement to participate fully on the awarded contract. (See Attachment B)

Both the City of Lansing and the City of East Lansing are interested in having any facility designated by this contract be able to serve the entire tri-county region. Both cities want to ensure that the contract will allow and promote other cities and vendors utilizing all services available within this facility. Additionally, it should be noted that proposals may take a phased implementation approach for providing the specified services. Proposals utilizing a phased approach must include a thorough timeline for implementation of services.

B: PROFILE OF SERVICE AREA

CITY OF LANSING BACKGROUND INFORMATION

Lansing is a diverse, robust capital city with a multitude of strong vibrant neighborhoods. The Greater Lansing region is within a two-hour drive of 90% of Michigan's population, and within a day's drive of a substantial portion of the U.S. population. A strong multi-modal transportation network makes it easy to move production materials or finished products, and connects you with suppliers, customers and employees. The Lansing-East Lansing region ranked the best in the U.S. for job growth in Goods Produced, Manufacturing and Transportation & Utilities job sectors by Urban Institute's Metro Trends. The City of Lansing has a population of 114,600, with approximately 38,000 single family households and 2,645 commercial properties (including multi-family properties).

Lansing operates a comprehensive municipal trash, yard waste and recycling program. The refuse collection program has been in operation for over 100 years. In fact, it's one of the oldest Pay-As-You-Throw (PAYT) trash programs in the country. The refuse and yard waste collected from Lansing residents is transported to local privately owned and operated facilities.

The City of Lansing's curbside recycling program began in 1991. A comprehensive education and outreach program, along with a supportive and committed administration, has led to the success of this program. The single stream transition took place in 2010, followed by the bins to carts transition, which occurred in 2013. The City provides commercial recycling, which includes (limited) multi-family recycling services, as well as public space recycling. The current residential recycling participation rate is 77%. The diversion rate was last calculated at 34%. The City of Lansing's recycling program recovers approximately 500 tons/month on average.

Lansing's recycling transfer station currently acts as the drop off site for all materials collected in the City of Lansing. In 2015, the Cities of Lansing and East Lansing entered into an intergovernmental agreement which allows the City of East Lansing to utilize Lansing's transfer station. Additionally, several small local haulers use the facility. The transfer station averages over 600 tons/month in total.

Currently, CEI is the contracted hauler for the City of Lansing to transport recyclables to a Material Recovery Facility in Southfield, MI, the site is owned by RRRASOC (the multi city recycling authority) and operated by ReCommunity. Lansing and East Lansing work within a contract with ReCommunity to process all single stream materials at this MRF.

The City of Lansing owns a compactor that could be utilized in the proposed recycling transfer facility. The make and model are provided below:

Sebright Products, Inc.

Transfer Machine

Serial #: 13 07 10962

Model: 12084T-2-7

CITY OF EAST LANSING BACKGROUND INFORMATION

The City of East Lansing has supported a city run, city-wide residential curbside recycling program for more than twenty years. The City's Sanitation/Recycling Division of the Public Works Department, operates the City's solid waste collection programs. Through this Division, the City provides curbside single stream and source separated drop off recycling collection, curbside refuse and yard waste collection, and bulk refuse collection to the residential sector. Refuse, yard waste and recyclable materials collected by the Division are transported to a variety of local facilities for processing, transfer or proper disposal. In collaboration with neighboring municipalities, local businesses, and non-profit groups, the City participates in regional activities which promote waste reduction, reuse and recycling opportunities, as well as educate community members.

Home of Michigan State University, the City of East Lansing has a population of approximately 48,500 residents and a resident median age of 21. Housing in the City of East Lansing is 34% owner occupied and 66% renter occupied. Approximately 7,000 households are served by the City's curbside residential recycling program which serves single family residences and multi-family residences of 20 units or less.

Multi-family housing units of over 20 units and commercial establishments are served through private contracts with commercial haulers such as Granger, Republic & Waste Management.

The City has had an intergovernmental agreement with the City of Lansing for single stream material transfer, haul and processing through ReCommunity for over two years. Source separated drop off site materials are processed through both MSU Recycling and Granger Recycling. Public space recycling is collected by our operations staff and processed through our City of Lansing/ReCommunity contract. Residential curbside recycling is single stream collected through an automated 96 gal. cart system.

POTENTIAL FOR REGIONAL EXPANSION

Lansing and East Lansing are fully committed and will direct the materials they collect to a local/regional facility for the duration of the proposed agreement. Other communities in the tri-county region area very supportive and will work toward a full commitment of tonnage as well. The intergovernmental agreement between Lansing and East Lansing could potentially be extended to these communities, incorporating an appropriate fee structure, when necessary.

After many years of informal discussions around regional recycling cooperation in the tri-county area, the City of Lansing, Eaton County, the City of East Lansing, and the Charter Township of Meridian pursued the Competitive Grant Assistance Program (CGAP) program through the Michigan Department of Treasury. In 2014, the communities were awarded funds to conduct a shared services analysis, or feasibility study to evaluate the financial and market feasibility of enhancing regional collaborative recycling programming and/or establishing and cooperatively managing new infrastructure.

This shared service analysis was conducted by Michigan-based consulting firm, Resource Recycling Systems (RRS). The report outlined the existing recycling services in the region and demonstrated the need for improvement, as well as an overview of what the region may be able to support. See Attachment C Executive Summary: Expanded Recycling Access and Local Processing in the Tri-County Area

Once the feasibility study was complete, RRS prepared and delivered a presentation to community representatives with over 50 community leaders attending the event. Soon after, a group of motivated community stakeholders, known as the Capital Region Recycling Initiative (CRRI) began to meet regularly. CRRI is comprised of representatives from the City of Lansing, City of East Lansing, Eaton County, Clinton County, Ingham County, Delta Township, Delhi Township, Meridian Township and Bellevue. Representatives include county commissioners, public works directors, environmental professionals and others.

CRRI's vision is to collaborate and together develop a sustainable, consistent and efficient regional recycling system. CRRI communities have made a commitment to work together to explore options that may include full residential, commercial and institutional recycling access, a common suite of recyclable materials, collaboration on education, outreach and incentives, joint action on service contracting and development of a recycling processing solution for the region. Evidence of this commitment can be seen in Attachment D through the signed community resolutions.

In late 2016, CRRI sent out a Request for Information (RFI), which resulted in a variety of submittals from potential private partners. This process allowed CRRI to engage with the private sector and begin

to visualize some of the possible improvements to recycling in the region. This process has led Lansing and East Lansing, as the primary population base in the region, to collaborate on this Request for Proposal, as the next step toward our vision of a regional recycling system.

Greater Lansing, located in the center of the great lakes state, is a community where people are committed to living life to the fullest and where business thrives. The Lansing region offers a range of opportunity. Incubation and innovation, renowned research capabilities with global connectivity, leading edge employers, incredible talent and abundant resources.

Population information for the Greater Lansing area is as follows:

- Ingham: 282,234
- Eaton: 108,348
- Clinton: 76,739
- Total: 467,321

See Attachment E: Tri-County Recycling Data

GRANT FUNDING OPPORTUNITIES

Both the City of Lansing and the City of East Lansing have established success in obtaining grant funding to grow and expand recycling opportunities in their communities. Some of the grants previously awarded either individually or in collaboration to these communities to advance recycling initiatives include: CGAP, The Recycling Partnership, MDEQ Recycling Education, MDEQ Recycling Infrastructure, MEDC & MSHDA Public Spaces Community Places. While specific opportunities for grant funding are not listed within this proposal; both communities will be interested in collaborating on grant applications with the chosen firm and will be willing to lend support to such endeavors. Additionally, both communities would support a vendor's pursuit of other financial initiatives, such as the Closed Loop Fund (See Attachment F: Letter of Interest from Closed Loop Fund). The Lansing Economic Development Corporation (LEDC), and the Lansing Economic Area Partnership (LEAP) are local resources that are available for those who are looking to invest in the region.

Section VI: GENERAL INFORMATION AND INSTRUCTION

A: ISSUING OFFICE AND SUBMISSION DEADLINE

This RFP is released by the City of Lansing, on behalf of both Lansing and East Lansing. Clarifying Questions are to be directed to the City of Lansing via email to Lori Welch at lori.welch@lansingmi.gov by 4 pm, January 11, 2018. Tours of the existing facility are available upon request, which must be submitted with the clarifying questions and will be arranged for the following week.

Firms interested in being considered for this work must complete the Technical Proposal and Cost Proposal forms included herein, provided by the City, along with all other required information and forms as specified. Two (2) printed copies of the proposal must be received by the City of Lansing, Purchasing Office, 1232 Haco Dr., Lansing MI 48912, no later than 2:00 pm, local time in effect February 8, 2018. All responses must be sealed and have the qualification title “RFQP/18/027 HAULING AND RECYCLING” on the outside of the mailing envelope – inside the envelope must be two separately sealed envelopes – one that has the title “TECHNICAL PROPOSAL - RFQP/18/027 HAULING AND RECYCLING” and contains two copies of the Technical Proposal – and the other that has the title “COST PROPOSAL - RFQP/18/027 HAULING AND RECYCLING” and contains two copies of the Cost Proposal.

Late submittals will not be accepted. The City of Lansing, reserve the right to reject any and all proposals received or waive any informality. Proposals may be modified or withdrawn by an appropriate document duly executed and delivered to the opening of proposals. After the proposal opening, all proposals shall remain open for one hundred twenty (120) days.

B: KEY DATES AND TIMES

RFP Released	December 22, 2017
Questions on RFP Due	January 11, 2018 – 4 pm
Responses to RFP Questions Posted	January 16, 2018
RFP Responses Due	February 8, 2018 – 2 pm
Clarifying Questions Released to Candidates	February 15, 2018
Interviews with Candidates to Discuss Responses	Week of February 26 th , 2018
Post Interview Clarifying Questions Released to Short List	March 12, 2018
Post Interview Clarifying Questions Responses Due	March 21, 2018

C: INTERVIEWS AND CLARIFICATIONS

The City reserve the right to meet with any and/or all Proposers prior to award of a contract for the purpose of clarifying the Proposers proposal as long as the Proposer’s total cost for services are not changed. If clarification is requested, after a proposal has been received, the revision shall be submitted in writing within the specified number of working days of the request. If the response to the clarification is not received, then Proposer’s original proposal will stand. Revisions shall only be allowed as long as the revision does not change the proposal price.

Section VII: HAULING AND RECYCLING SERVICES

A: INTRODUCTION

The purpose of the RFP is to obtain a qualified contractor to assist the Cities of Lansing and East Lansing in hauling and recycling material collected by the Cities in their single stream curbside and drop-off recycling programs. Qualified proposers are required to submit proposals for the hauling and recycling of these collected recyclables to produce industry acceptable recyclable commodities.

The Cities of Lansing and East Lansing require a tipping location that is convenient and accessible to their routes – all located within the jurisdictions of the two cities.

B: CONTRACT TERM

The term of the agreement shall be a minimum of five (5) years with one - five (5) year options to renew that should be advantageous to the City of Lansing with a provision for performance review report to be completed prior to exercising the option to renew.

Either party shall offer a minimum of 180 days-notice if the contract is to be terminated and a satisfactory negotiation cannot be concluded according to the terms of the agreement including a Dispute Resolution Process.

C: WORK TO BE PERFORMED BY CONTRACTOR

The selected Contractor shall, during the term of this Contract, furnish all labor, materials, tools, equipment and services required for the processing and marketing of all commingled recyclables delivered by City of Lansing and all other entities that the City of Lansing deems acceptable for use of the service – currently including the City of East Lansing and anticipated in the future to include other municipalities and service providers in the region.

C-1: SCALE AND TIPPING FLOOR ACCESS AND LOCATION

The Contractor must provide a scale and recyclables tipping floor with the following hours of operation:

- Weekdays 7:00 am to 5:00 pm
- Saturday after Holiday Weekends

Un-staffed key code or access card systems are acceptable methods for meeting the above requirements.

The scale and recyclables tipping floor operation must:

- Be located within Ingham and in close proximity to the Cities of Lansing and East Lansing, where the majority of the collection routes will be located;
- Have electronic reporting capabilities for the scale as needed to meet the weekly, monthly and annual electronic format reporting requirements of the Contract;

- Provide paper weight tickets for each delivered load (if Contractor scales are improperly working or in need of maintenance, the Contractor will be responsible for material weighing including payment at an alternative location and will need to provide a weight ticket);
- Have ability to transfer volume and tipping event data into a City data management tool;
- Provide all reports and invoices from scaled weight when tipped at facility tipping floor (not from scaled weight at receiving processing facility),
- Shelter the materials after tipping to prevent damage to its value due to high moisture content or littering of the site or adjacent properties due to wind;
- Have controlled access and security, such that theft of materials is effectively prevented, employing use of security systems (alarms, cameras, etc.) as needed;
- Control vermin and rodents including commitment to use a professional exterminator if necessary to maintain that the site is free of vermin and rodents at all times;
- Receive material tipped by a wide variety of vehicles, including curbside recycling vehicles of all types (rear tip and side tip) as well as single and dual material rear, side-load and front end loading packer vehicles as well as roll-off vehicles including sufficient clearance inside for the maximum height expected when these vehicles are fully extended as their loads are tipped;
- Accommodate tipping of material at a rate such that City trucks are able to approach the site, enter, weigh in, tip all materials and depart the site with a turn-around time of less than 30 minutes; and
- Accommodate at least three days storage of material delivered by the Cities, such that Contractor equipment breakdowns will not result in service disruptions.

The Contract will provide for liquidated damages should the Contractor fail to accept City recyclable materials at any time during the term of the Contract.

A site plan showing the existing and/or proposed scale and recyclables tipping floor layout as well as supporting features (access roads, gatehouse, security, etc.) is required as part of this RFP response.

The scale and recyclables tipping floor location does not have to be the site where the recyclable materials are processed and marketed. Transfer of recyclable materials to another recycling facility location is acceptable as long as both the transfer site and the destination recycling facilities are fully presented as part of the Contractor's RFP response.

C.2 SOURCE AND TYPE OF INCOMING MATERIALS

The Contractor must provide hauling and recycling services for the following incoming material:

- Single Stream Recyclables – with the Cities and other users delivering loads consisting of a single stream of commingled fiber and containers consisting of old newspapers (ONP), old corrugated cardboard (OCC), old magazines (OMG), residential mail, office paper, kraft paper bags, box board (cereal boxes, beverage cartons), phone books, gift wrapping paper, shredded office paper, #1 and #2 closed mouth plastic containers, aluminum cans, other aluminum, tin cans, steel cans, other household scrap metal, green glass, amber glass, clear glass, other glass

and ceramics (pots, etc.), milk cartons and drink boxes. See Attachment G for a full description of accepted recyclables in the single stream curbside recycling programs and their preparation requirements.

- Source Separated Recyclables – with the Cities and other users delivering loads of source separated recyclables from drop-off sites. See Attachment G for a full description of accepted recyclables in the drop-off recycling programs and their preparation requirements

Contractor is encouraged to provide for the recycling of additional materials for the Cities to consider. See Appendix A: Technical Proposal Form D for details.

The Contractor agrees to accept recyclable materials prepared to the material delivery specifications by the Cities of Lansing and East Lansing or any other municipality or recycling service provider located within the Tri-County region or any other sources of residential or commercial commingled recyclables as long as those sources have contracted with the City for recycling processing services.

C.3 PROCESSING OF SINGLE STREAM RECYCLABLES

The Contractor must provide processing services using a facility and equipment layout that can provide sufficient operating capacity to process the type and quantity of single stream recyclables delivered by the Cities. The Contractor is obligated to process the single stream recyclables in a manner that maintains process quality and achieves residue levels of less than 10%. In meeting this residue requirement out-throws from the incoming material, before it begins to be processed will not be considered as residual materials, allowing the Contractor from time to time to process loads of substandard materials without penalty.

A floor plan showing the equipment layout for all recyclables processing as well as supporting features (tipping areas, shipping docks, etc.) is required as part of this RFP response.

C.4 SINGLE STREAM RECYCLING PROCESSING SYSTEM

The Contractor must provide processing system for single stream recycling processing system with an equipment configuration and layout that provides for the manual or mechanical separation of the different recyclables and their removal, sorting and baling for marketing. Floor sorting of commingled recyclables is not an acceptable recycling processing system for the purposes of this Contract. At a minimum, the recycling processing system must:

- Accept and process newspaper, cardboard, magazines, residential and commercial office papers, gift wrapping paper, boxboard and kraft paper bags as well as other fiber types in the single stream mix;
- Detect and remove contaminants, including but not limited to carbon papers, aluminum foil, and plastic material;
- Bale fibers products to acceptable market standards;
- Accept and process #1 and #2 closed mouth plastic containers, aluminum cans, other aluminum, tin cans, steel cans, other household scrap metal, green glass, amber glass, clear glass, other glass and ceramics, gable top and aseptic paperboard cartons;
- Separate, segregate, and remove residue and contaminants from all materials;

- Process aluminum foil, wrappers, trays, containers and aluminum beverage cans;
- Densify all aluminum material to acceptable market standards;
- Sort mixed glass by color (clear, amber, and green) and/or recover and market mixed color cullet or aggregate;
- Crush or break glass in a manner that controls noise, dust and particles;
- Bale or crush all ferrous or bimetal cans to market standards;
- Bale PET and HDPE into industry acceptable sizes and densities;
- Bale mixed #3 through #7 plastics into industry acceptable sizes and densities; and
- Be able to withstand damage from inadvertently inappropriate incoming material,

C.6 MARKETING OF RECOVERED RECYCLABLES

After contaminant removal, sorting and baling, granulating, grinding or densification, the Contractor must market the resulting material to industry standard commodity grades that must include, at a minimum, marketing of a residential mixed paper and/or ONP or better. Marketing of any material other than residue as a fuel or fuel substitute is not allowed.

The Contractor is obligated to maintain business arrangements with end-markets such that the Cities, as well as the Contractor, realize maximum financial value over the long term for material being marketed, through a revenue sharing arrangements as provided for in the Contract as applicable. This may include use of floor market contracting where appropriate to protect against downside market conditions.

C.7 CITY LIAISON, REPORTING AND INVOICING

The Contractor shall carry out the work under the review of and in continuous liaison with the City's designated representatives, keeping them informed of the status of operations at all times, and any real or anticipated problems that should be brought to the attention of the City at any time.

The Contractor will provide the following reports:

- Daily paper weight tickets for each incoming load, showing, at a minimum, the chronological ticket number, date, time, driver name, truck number, type of material collected, and weight of material in pounds and tons;
- Dated electronic reports in a format acceptable to the City sent on weekly, monthly and yearly basis showing the itemized tabulation of the same data as above along with tonnage reports on end-products marketed by tons (with product type – e.g. insulation) and overall residue rate;
- Monthly calculations, with supporting data (e.g. market indices documentation) as required for any revenue sharing arrangement formulas (e.g. calculation of a weighted average commodity revenue); and
- Monthly material volume and tipping event data transfer to the City's designated data management tool.

C.8. PERFORMANCE GUARANTEES

The Proposer shall be required to make the following performance guarantees to the City and assume liability for all associated performance damages as set forth below:

1. In the event of delays beyond the date of the scheduled service commencement date set forth in the Service Agreement. The Proposer shall be liable to the City for any incremental costs incurred by the City in arranging for alternative means of transportation and processing of recyclable materials.
2. The Proposer shall guarantee acceptance of all deliveries of materials during receiving hours. The Proposer shall be liable to reimburse the City, or any additional parties for incremental costs incurred in making alternative arrangements for equipment and transfer to process such material.
3. The successful Proposer(s) shall be required to provide performance bond(s) or equivalent security in the amount of twenty five thousand dollars (\$25,000.00) to both the City. The initial term of the bonds shall be for five years, beginning with the contract commencement date.

C.9 PAYMENT FOR SERVICES

The City's sole payment obligation for all services provided under the terms of the RFP and the Service Agreement shall begin the first calendar month following the date of the Service Agreement commencement and, on a monthly basis thereafter, for services rendered in the prior month. The successful Proposer shall be responsible for preparing and submitting an invoice indicating the amount due. Payment of all recycling revenues, if applicable, will be submitted to the City by the 15th day of each following month. If no recycling revenues payment is made by 30 days after required payment (15th day of each following month), liquidated damages will occur.

Inflation Adjustments - All proposal items are considered firm prices as of the contract execution date. The Proposer must propose inflation adjustment factors to be applied and the date/term to be applied. The Proposer shall also define and indicate any "pass-through" costs, if any.

C.10 LIQUIDATED DAMAGES

The City shall notify the Contractor for each violation of the contract. It shall be the duty of the Contractor to take proper action to remedy the cause of the complaint within twenty-four (24) hours after notification. Failure to remedy the cause of the complaint within the specified time period shall constitute a breach of this contract. For the purpose of computing damages under the provisions of this section, it is agreed that the City shall have authority to deduct from the next payments due the Contractor, the following amount as liquidated damages for failure of the Contractor to fulfill its following specific obligations as reasonably determined by the City:

- Failure to accept a load of Recyclable Materials as specified in Agreement – \$1,000 per incident.
- Failure to provide monthly reports in time required as specified in Agreement- \$100 per incident.

- Failure to pay monthly recycling revenues in the time required as specified above (Payment for Services) – Per day based on pro-rated annual rate of 5%.

These amounts are liquidated damages for losses suffered by the City and not a penalty.

D. WORK TO BE PERFORMED BY THE CITIES

The City of Lansing and the City of East Lansing, agree to,

- Deliver all single stream recyclables to the Contractor;
- Make best efforts to reduce contamination;
- Actively support and encourage additional volume of recyclables being delivered to the Contractor by entering into other agreements through the City with counties, municipalities and townships as well as private sector service providers to secure recyclable materials sourced from within the Tri-County region;
- Remit to processor any tip rate from delivery of recyclable materials; and
- Make reasonable efforts to eliminate scavenging of materials.

Section VIII: INSTRUCTIONS TO PROPOSERS

A. TECHNICAL PROPOSAL SUBMITTAL REQUIREMENTS

The Technical Proposal must include the following items below:

- Proposed Material Delivery Standards for acceptable and unacceptable recyclables designating how materials must be prepared and allowable contamination levels;
- Location map, site plan and building/equipment description of existing and/or proposed Scale and Tipping Area;
- Location map(s), site and floor plans and building/equipment inventory and description of proposed Recycling Processing Area(s) including current throughput in tons by major types of material and current major users of the facility;
- Key employee profiles for staff members associated with program (program manager, site supervisors, materials marketing specialists, etc.) including level of education, training, and experience specific to assignment;
- Contaminant handling procedures - residue and rejected material including material destination;
- List of at least five reference projects demonstrating recycling hauling, processing and marketing related project experiences including list of similar services provided to similar clients (must include agency name, contact(s) telephone number(s), and a description/scope of the services);
- Expected end-markets/uses for the recovered recyclable materials including the targeted industry standard specification for the commodities that will be marketed (e.g. residential paper, glass, etc.);
- Exceptions or additional explanations including any needed narratives or further explanations, noting exceptions, clarifications and/or restrictions that are appropriate or could affect the Cities and other users; and
- All required Technical Proposal forms and signature pages as provided for in this RFP.

B. PROPOSER'S REPRESENTATIONS

Proposer, by submitting a proposal represents that:

1. Proposer has read and understands the proposal documents and the proposal is made in accordance therewith.
2. Proposer, prior to submitting a proposal, has:
 - (a) Examined the proposal documents thoroughly;
 - (b) Familiarized itself with local conditions that may in any manner affect cost, progress, operation or performance of Proposer's obligations as described in the proposal documents';

- (c) Studied and carefully correlate proposal observations with the proposal documents;
- (d) Familiarized itself with federal, state, and local laws, ordinances, statutes, rules and regulations, and licensing that may in any manner affect cost, progress, operation or performance of Proposer obligations as described in the proposal documents; and
- (e) Proposer has, or has entered into, a contractual agreement with, persons who have the skills, resources, personnel and facilities for the satisfactory performance of its obligations in proposal. Evidence of any such agreement or arrangement must be submitted as part of the proposal.

C. TECHNICAL AND COST PROPOSAL DOCUMENTS

1. Complete sets of Technical and Cost Proposal documents shall be used in preparing proposals; the City in preparing the proposal documents does not assume any responsibility for errors or misinterpretations resulting from the use of incomplete proposal documents. Proposer must complete all forms (or provide a reason for non-completion) located in Attachment A. Proposer is responsible for providing any additional information that assists in clarification of their proposal.
2. The City, in making copies of proposal documents available, does so only for the purpose of obtaining proposals for services for the City and its residents and does not confer upon anyone a license, or grant anyone the right to use the proposal documents for any other purpose.
3. The forms of Agreements included in the proposal documents are agreements representing the most likely options of the City. Other eventualities, unique services and Proposer requirements may require separate negotiation between the Proposer and the City. The City reserves the right to negotiate and contract for additional, related services with the successful Proposer.

D. TECHNICAL AND COST PROPOSAL PROCEDURES

1. Technical and Cost Proposals shall be completed on the provided forms. The Cost Proposal price of each applicable item of the proposal form must be stated in numbers.
2. Proposals submitted by corporations shall be executed in the corporate name by the president (or other corporate officer accompanied by evidence of authority to sign such proposal) and attested by the secretary or assistant secretary of the corporation. The corporate address and the state of incorporation must be shown below the signature. Each corporate Proposer must submit evidence of good standing in the Proposer's state of incorporation and if a foreign corporation, of its qualification to conduct business in the State of Michigan. If the Proposer is not qualified to conduct business in the State of Michigan, a written representation that prior to the commencement of performance of any services, the Proposer will take all necessary steps to qualify and will qualify to conduct business in Michigan.

3. Proposals by partnerships shall be executed in the partnership name and signed by a partner, whose title, if any, must appear under the signature. Proper evidence of authority of the partner to sign the proposal must accompany the proposal. The official address of the partnership must be shown below the signature and address of the partner signing the proposal.
4. All names must be typed below the signature.
5. The Proposer shall contain an acknowledgment of receipt of all proposal documents and any and all addenda's prepared by the City and a statement that the Proposer has familiarized itself with the required services.

Section IX: PROPOSAL EVALUATION

Proposals shall be clear and concise and prepared in conformance with the format provided. Proposals that exclude or inadequately address any required information may be rejected. The City reserves the right to clarify any/or all portions of Proposer's proposal. All reasonable proposals will be considered.

Proposers must be qualified and capable of providing a technically, environmentally and financially sound recycling transportation, processing and marketing operation of single stream recyclables with experienced management and key personnel. The strength and experience the Proposer has in these areas will be an important element in the selection of the successful Proposer.

A. PROPOSAL EVALUATION CRITERIA

Proposers will be evaluated with respect to meeting minimum qualifications and requirements. Top rated Proposers may be interviewed to present plans, provide details, and respond to questions. The City may also contact references, or visit vendor-referenced operations.

All proposals received shall be subject to an evaluation by representatives of the City. The following factors will be considered in making the final selection:

- VERIFICATION - Based on verifiable information provided about the firm, including but not limited to: entity name, principals, incorporation, licensing, and customer references.
- RESPONSIVENESS - Based upon the understanding exhibited by the firm in statements of work presented in the proposal including the ability and experience of personnel assigned.
- OPPORTUNITY FOR GROWTH/CAPACITY - Based upon the presentation of strategies and opportunities identified beyond the scope of this RFP but that may provide additional options and services for landfill diversion for these communities (See Value Added).
- METHOD OF APPROACH - Based upon the technical soundness of the firm's stated approach to the project, the comprehensiveness of the proposed work tasks, the techniques to be used and the products to be delivered.

- **EXPERIENCE** - Based upon applicable experience of the firm and key team members with similar type projects within the recent past.
- **REPORTING ABILITY** - Based upon proposed data management systems to assure accurate data collection, analysis, and reporting of volumes.
- **TIME & EFFORT** - Based upon a review of the time-line for each task, designated decision points, the critical path, the total time necessary to accomplish the work, and the Firm's acknowledgement of any critical deadlines.
- **PARTNERSHIP** - Based upon the ability of the Firm to work closely with the City staff for the duration of the project and the Firm's history of collaboration with other partners.
- **SUSTAINABILITY** - Based on Firm's projection of longevity and growth of the project, Firm's ability to adapt to market and product changes and Firm's ability to apply efficiencies and strategies for economic growth and stability.
- **PRICE/VALUE** - The City reserves the right to negotiate a final project price and scope that provides the greatest value in regards to cost vs. services provided.

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**CITY OF LANSING DEPARTMENT OF
PUBLIC SERVICES**

**Request for Proposals
For Hauling and Recycling**

ATTACHMENT A

TECHNICAL AND COST PROPOSAL FORMS

The following forms attempt to coincide with the required information contained within the proposal. The forms are not inclusive of the information Proposer is responsible for providing. It is the responsibility of the Proposer to comply with providing the requested information.

City of Lansing reserves the right, after proposals have been submitted, to meet with any Proposer to gain clarification of their proposal.

All responses must be sealed and have the title “RFQP/18/027 HAULING AND RECYCLING” on the outside of the mailing envelope – **inside the envelope must be two separately sealed envelopes** – one that has the title “TECHNICAL PROPOSAL - RFQP/18/027 HAULING AND RECYCLING” and contains two copies of the Technical Proposal – and the other that has the title “COST PROPOSAL - RFQP/18/027 HAULING AND RECYCLING” and contains two copies of the Cost Proposal.

ATTACHMENT A - TECHNICAL PROPOSAL

HAULING AND RECYCLING

TECHNICAL PROPOSAL FORMS AND CHECKLIST

Technical Proposal Checklist

- _____ RFP page 2 " Proposal and Award" Form signed and submitted with proposal
- _____ Executive Business Summary Cover Letter (Signed and on Company letterhead) covering business organization, project understanding, recommended approach and proposed timeline
- _____ Proof of Insurance
- _____ Bid Bond (Proposal)
- _____ Form A: Proposer's Representations and Business Organization Details
- _____ Form B: Exceptions To RFP Specifications
- _____ Form C Qualifications Summary Format Requirements
- _____ Form D Technical Summary Format Requirements
- _____ Additional Explanations as Necessary

TECHNICAL PROPOSAL FORM A: PROPOSER'S REPRESENTATIONS

1. Company Name: _____
2. Principal Name: _____
3. Company Address: _____
4. Telephone Number: _____
5. Fax Number: _____
6. Website: _____
7. Email Address: _____
8. Number of Employees in State: _____ 9. Annual Sales in State: _____
9. Ownership Structure: (sole proprietorship, partnership, corporation, etc.) _____

10. Provide the names and addresses of each partner (if applicable)

11. List the parent organization: _____

12. Primary line of business: _____

13. How many years has this firm been incorporated under the current name? _____
14. List any previous names and operations: _____

TECHNICAL PROPOSAL FORM A: PROPOSER SIGNATURE PAGE

Company Name: _____

Address: _____

Address: _____

City/State/Zip: _____

Phone Number: _____

Fax Number: _____

The undersigned has examined the complete Request for Proposals and its requirements contained in this solicitation and are submitting the following Technical and Cost Proposal in full compliance with those requirements.

By submission of a proposal, the vendor is required to certify as to its own organization, that in connection with this proposal:

- a. The costs in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such costs with any Proposer or with any competitor; and
- b. Unless otherwise required by law, the costs that have been quoted in the proposal have not been knowingly disclosed by the vendor and will not knowingly be disclosed by the vendor prior to award directly or indirectly to any other Proposer or to any competitor.

AUTHORIZED SIGNATURE:

The undersigned states that this price quote is submitted in full compliance with the provision of the RFP to which this Technical and Cost Proposal is a response:

Signature: _____

Name/Title: _____

Date: _____

TECHNICAL PROPOSAL FORM B: EXCEPTIONS TO RFP SPECIFICATIONS

Proposers are to prepare the Technical and Cost Proposal forms based on the program specifications set forth in the RFP documents without considering any exceptions that may be set forth on this form.

In the event the Proposer takes exception to the RFP specifications they may set forth those exceptions in the following manner.

- 1: The exceptions are to be presented on a paper whose pages are titled, "Form B Exceptions to Agreement"
- 2: Each exception must be presented separately by stating the specific exception, the suggested changes to the program related to the exception, the suggested changes in the agreement language related to the exception, the manner in which the proposed change would benefit City of Lansing and the specific dollar change in each of the various service rates, as proposed by the Proposer in this RFP, that would take place if the exception was accepted by City of Lansing.
- 3: The exceptions must be followed with the following language without exception.
"Except as set forth above, Proposer is in complete agreement with the proposed terms, conditions and business arrangements described in the RFP. The Proposer assumes the risk of all conditions foreseen or unforeseen and agrees to provide the services set forth in the Contract under whatever circumstances may develop other than as herein provided."
- 4: This form must be signed by an individual authorized to commit the Proposer's firm to the Contract in the manner set forth below.

Signature: _____

Name: _____

Title: _____

Date: _____

Please note that if exceptions are taken, all required information, as set forth above must be submitted.

TECHNICAL PROPOSAL FORM C:
QUALIFICATIONS SUMMARY FORMAT REQUIREMENTS

Respondents shall use the following outline to provide information in their Qualifications Summary in sufficient detail to demonstrate competence in each area:

- Completion of projects of comparable size and scope, indicating source of funding, and adherence to published schedules and deadlines.
- Ability to achieve recyclables recovery.
- Ability to design, construct, and operate recyclables recovery operations including but not limited to all of the following: Transfer, Transport, & Processing.
- Key employee profiles and organizational chart that demonstrate expertise, skill, capability and management capacity to execute the plan.
- If a Team of firms, profiles for each that demonstrate abilities of various team members to perform in coordination and meet the criteria otherwise stated herein, including documentation that would bind each team member to perform. (multi-vendor collaboration)
- Commitment to regional or collaborative solutions for increasing recycling participation, material recovery and or recycling access.
- Examples of direct experience in Public/Private Partnerships that have resulted in any of the following material recovery solutions: greater recycling access, increased outreach and education, collaborative service contracting, processing solutions for underserved regions.
- Summary of existing contracts and reporting from those contracts on Firm's facility operations, service volumes, growth and sustainability, and long term commitment

Additionally, the successful Vendor shall demonstrate they have the resources, schedule availability and capability to provide all labor, materials, and equipment required for the complete execution of all work as indicated within the context of this proposal. Mandatory minimum requirements Vendor must demonstrate:

- Documentation of a minimum of five-years of experience providing similar recycling services.
- At least three comparable references of similar work performed.
- Ability to meet all insurance requirements as outlined in this RFP
- Capacity to achieve full compliance with all City, County, State and Federal laws and/or mandates applicable to the services provided and contracted for.

TECHNICAL PROPOSAL FORM D:
TECHNICAL APPROACH FORMAT REQUIREMENTS

Respondents shall use the following outline to provide information in their Technical Approach Summary in sufficient detail to clearly outline the proposed services and their timeline for execution:

- Description of details of project approach to hauling and recycling single-stream and source separated recyclables delivered by the City (See Attachment G for complete list of materials included in single-stream collection).
- Proposed project implementation and operational time line including start of services, phasing of services if applicable, and indication of critical milestones including phase completion dates.
- Location map, site plan and building/equipment floor plans for both the transfer facility and the MRF showing layout for all recyclables processing as well as supporting features (scale, tipping areas, shipping docks, etc.).
- Process flow diagrams for both the transfer facility and the MRF showing handling of various recyclables streams from tipping to shipping, including residue, with identification of expected end markets by commodity type including targeted specification.
- Details of all plans, if applicable, for providing sub-contracted transfer, haul, processing services as part of proposed services.
- Proposed material delivery standards and recommended contaminated load procedures.
- Description of area of service in relation to proposed tipping site, including but not limited to, travel distance for both the City of Lansing and City of East Lansing to facility and any indication of boundaries of service.
- Description of capacity and strategy as well as proposed approaches to successfully address advance innovation and expanded opportunities within the scope of the contract for the following:
 - Multi-Family Recycling
 - Commercial Recycling
 - Household Hazardous Waste Collection
 - C & D Recycling
 - Plastic Film/ Plastic Bags
 - Polystyrene
 - Organics
 - Hard to recycle items including but not limited to: Electronics, Tires, Mattresses, Batteries, Paint, etc.
 - Collaboration on municipal ordinance changes, County Solid Waste Plans
 - Securing grant funding to create additional programming, opportunity, and growth of services

ATTACHMENT A - COST PROPOSAL

HAULING AND RECYCLING

COST PROPOSAL FORMS AND CHECKLIST

Cost Proposal Checklist

- _____ Form A: Single Stream Recycling
- _____ Form B: Source Separated Recycling
- _____ Form C: Explanations of additional features and/or alternatives for pricing approach

All responses must be sealed and have the title “RFQP/18/027 HAULING AND RECYCLING” on the outside of the mailing envelope – **inside the envelope must be two separately sealed envelopes** – one that has the title “TECHNICAL PROPOSAL - RFQP/18/027 HAULING AND RECYCLING” and contains two copies of the Technical Proposal – and the other that has the title “COST PROPOSAL - RFQP/18/027 HAULING AND RECYCLING” and contains two copies of the Cost Proposal.

COST PROPOSAL FORM A:
SINGLE STREAM RECYCLING

Proposed Tip Fee/Revenue Sharing Schedule

A.1 Tip Fee: Specify a per ton tip fee (if applicable).

Per Ton Tip Fee: \$_____

A.2 Annual Escalation Factor: Specify the annual price increase factor (if any) to be applied to each successive year for the tip fee.

Annual Price Escalation Factor _____%

A.3 Revenue Share: Specify a per ton revenue sharing formula (if applicable).

Per Ton Revenue Share (\$ or %): \$_____%

A.4 Trigger Price: Specify a trigger price for the revenue sharing (if applicable).

Per Ton Trigger Price: \$_____

A.5 Market Index: Specify a market index for the revenue sharing (if applicable).

A.6 Revenue Sharing Example: Show a sample calculation of the tip fee/revenue sharing arrangement using the proposed factors provided above (A.1 to A.5).

COST PROPOSAL FORM B:
SOURCE SEPARATED DROP-OFF RECYCLING

Proposed Tip Fee/Revenue Sharing Schedule

(Add additional forms for different materials if needed)

B.1 Tip Fee: Specify a per ton tip fee (if applicable).

Per Ton Tip Fee: \$ _____

B.2 Annual Escalation Factor: Specify the annual price increase factor (if any) to be applied to each successive year for the tip fee.

Annual Price Escalation Factor _____%

B.3 Revenue Share: Specify a per ton revenue sharing formula (if applicable).

Per Ton Revenue Share (\$ or %): \$ _____%

B.4 Trigger Price: Specify a trigger price for the revenue sharing (if applicable).

Per Ton Trigger Price: \$ _____

B.5 Market Index: Specify a market index for the revenue sharing (if applicable).

B.6 Revenue Sharing Example: Show a sample calculation of the tip fee/revenue sharing arrangement using the proposed factors provided above (D.1 to D.5).

COST PROPOSAL FORM C:

EXPLANATIONS OF ADDITIONAL FEATURES AND/OR ALTERNATIVES FOR PRICING

Respondents shall use the following outline to provide any additional information regarding their cost proposal, including if applicable:

- Details of pricing approach including, but not limited to, pricing per service levels, phases, and/or years. For instance, include pricing structure for transfer facility, describing goals necessary to meet next phase/processing facility, etc
- Per ton pricing is desired, however, alternative pricing structure/models will be evaluated if submitted.

**CITY OF LANSING DEPARTMENT OF
PUBLIC SERVICES**

Request for Proposals

ATTACHMENT B

**MUNICIPAL RECYCLING AGREEMENT
BETWEEN THE CITY OF EAST LANSING
AND THE CITY OF LANSING
FOR RECYCLING**

This RECYCLING AGREEMENT ("Agreement") is made on _____, 2015, between the CITY OF EAST LANSING, a home rule city, whose principal office is located at 410 Abbot Road, East Lansing, MI 48823 ("East Lansing") and the CITY OF LANSING, a home rule city, whose principal office is located at 124 W. Michigan Avenue, Lansing, MI 48933 ("Lansing") made pursuant to the MCL 124.1, *et seq.*, as specifically authorized by MCL 124.2.

RECITALS

WHEREAS, the parties hereto each provide recycling services to their residents; and

WHEREAS, joining with each other for the purposes of providing recycling services will be mutually beneficial to both parties and their residents.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, East Lansing and Lansing shall agree as follows:

1. **Term of Agreement.** This Agreement shall remain in effect until one of the following occurs:
 - A. Each party mutually agrees to terminate the Agreement.
 - B. One party provides the other party with 90 days' notice of its intent to terminate this Agreement.
2. **Collection of Recyclables.** Each party shall be responsible for the collection of recyclables from its own residents unless there are areas where it is mutually beneficial for the other party to collect the recyclables and the parties mutually agree to the other party servicing those residents.
3. **Deposit of Recyclable Materials.** Each party will deposit its recyclable materials at Lansing's designated recycling transfer location at its own cost. When East Lansing deposits its recyclable materials, it will first weigh in and receive a weigh slip with the truck number on it.

4. **Hauling Costs.** Lansing will charge East Lansing its actual prorated costs, pursuant to the weigh slips, for the hauling of the recyclables from the designated transfer location to the Material Recovery Facility (MRF).

5. **Processing Costs and Receipts.** Lansing will charge East Lansing its actual prorated costs, pursuant to the weigh slips, for the processing of the recyclables as well as credit East Lansing with a prorated amount of any receipts for the recyclables.

6. **Administration and Administrative fees.** In addition to any other fees paid under this Agreement, East Lansing will pay to Lansing an administrative fee of Five Hundred Dollars (\$500.00) per month for the costs of administering the transfer station yard. This fee may be increased by up to 4% after each year this Agreement is in place. Lansing will operate the transfer station yard and provide East Lansing with a monthly reconciliation and statement of the hauling costs to the MRF, processing costs, receipts, and administrative fees.

7. **Liability and Mutual Indemnity.**

- a. Each Party shall remain responsible for the actions of its own employees and agents. This agreement does not create an agency relationship between the Parties.
- b. Each Party agrees to mutually indemnify and hold the other harmless for any and all claims, liabilities, or causes of action arising out of its own employees and agents conduct. If a cause of action is the result of the negligence of employees or agents of both parties, each party shall be proportionately responsible for its own employees or agents negligence.
- c. Nothing in this Agreement shall be construed to benefit a third party and no third parties shall have any vested rights by virtue of this Agreement. Nothing in this Agreement shall be construed as a waiver of any governmental immunity.

8. **Amendment.** This Agreement may not be amended without the prior written approval of the parties.

9. **Notices.** Any notice, demand, or communication required, permitted, or desired to be given under this Agreement shall be deemed effectively given when personally delivered or mailed by first-class or certified mail addressed as follows:

If to the City of Lansing: City of Lansing
 c/o City Clerk
 124 W. Michigan Avenue
 Lansing, MI 48933

and

Lansing City Attorney
124 W. Michigan Avenue
Lansing, MI 48933

If to the City of East Lansing: City of East Lansing
 c/o City Clerk

410 Abbot Road
East Lansing, MI 48823
and
East Lansing City Attorney
601 Abbot Road, PO Box 2502
East Lansing, MI 48826-2502

The parties may, by written notice, designate any further or different address to which subsequent notices, demands, or communications may be given.

10. **Governing Law.** This Agreement has been executed and delivered and it shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of Michigan. All duties and obligations of the parties created under this Agreement shall be performed in Ingham County, Michigan. The parties agree that this Agreement was mutually drafted and cannot be construed against either party upon the basis that one was the scrivener of this Agreement.

11. **Nondiscrimination.** Each party shall adhere to all Federal, State and local laws, ordinances and regulations prohibiting discrimination with regard to persons seeking and/or receiving services or employment under the terms of this Agreement. That each party, as required by law, shall not discriminate against a person to be served or an employee or applicant for employment, religion, race, color, national origin, age, sex, height, weight, marital status, sexual orientation, gender identity or expression, student status, because of the use by an individual of adaptive devices or aids. Breach of this covenant shall be regarded as a material breach of this Agreement.

12. **Assignment.** No assignment of this Agreement or any of the rights and obligations thereunder shall be valid without the specific written consent of both parties hereto.

13. **Severability.** In the event any provision of this Agreement is held to be unenforceable or invalid for any reason, the unenforceability or invalidity thereof shall not affect the remainder of this Agreement, which shall remain in full force and effect and enforceable in accordance with its terms, except in the event this Agreement is held to be void in its entirety. If, because of the invalidity of any part of this Agreement, either party determines that the purpose and intent of the Agreement has failed, the parties shall renegotiate in good faith to amend the Agreement to make it valid and satisfactory to both parties.

14. **Counterparts.** This Agreement may be executed in any number of counterparts and each such counterpart shall be considered a valid original.

15. **Entire Agreement.** This Agreement supersedes all previous and contemporaneous contracts and constitutes the entire agreement between the parties. No party shall be entitled to benefits other than those specified in this Agreement. No oral statements or prior or contemporaneous written material not specifically incorporated or referenced herein shall be of any force and effect, and the parties specifically acknowledge in entering into and executing this Agreement that they rely solely upon the representations and agreements contained in this Agreement, and in the other contracts specified herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above. The individuals executing the agreement hereby certify that are doing so with full authority.

Witnesses:

CITY OF LANSING

By: _____
Virg Bernero, Mayor

Approved as to form:

I hereby certify that funds are available in
Account No. _____

Lansing City Attorney

Finance Director/Controller

Witnesses:

CITY OF EAST LANSING

By: _____
Nathan Triplett, Mayor

By: _____
Marie E. Wicks, Clerk

Approved as to form:

I hereby certify that the sufficiency of funds to enter
into this Agreement:

Thomas M. Yeadon, East Lansing City Attorney

Mary Haskell, Director of Finance

**CITY OF LANSING DEPARTMENT OF
PUBLIC SERVICES**

Request for Proposals

ATTACHMENT C

**EXECUTIVE SUMMARY:
EXPANDED RECYCLING ACCESS AND LOCAL
PROCESSING IN THE TRI-COUNTY AREA**

OVERVIEW

RRS was engaged by the Regional Recycling Coordinating Committee (R2C2) to evaluate:

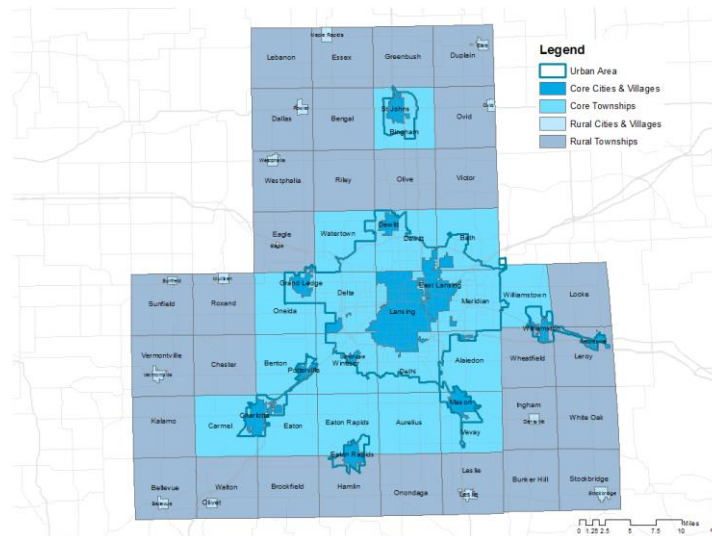
- What are the potential cost savings gained by working together to increase recycling?
- Does a regional MRF make sense for the Lansing area?
- What changes in current recycling programs are needed to reach a critical mass of tonnage?
- Can Competitive Grant Assistance Program (CGAP) funding help cover capital investment for a new facility?

Prior to the start of this project, R2C2 worked with a group of graduate students from the University of Michigan to determine the amount of material currently being recycled in the area and to project the impact of expanded programs. RRS built on the student work and refined their baseline calculation, determining that the area is currently recycling around 16,000 tons.

EXPANDING ACCESS

At the moment, the majority of the area is served by subscription recycling service or drop-off centers. Only four communities have universal curbside access, and two townships offer recycling service bundled with trash service upon request. RRS recommends that all cities, all villages, and ‘core’ townships that intersect the urban boundaries receive universal curbside collection – as highlighted in the following map.

Currently residents pay around \$18.33 per month for cart service in Meridian Township. As a benchmark, in another southern Michigan community, Rochester Hills, trash, recycling and yard waste services are paid directly by residents to a single hauler designated by the community at a cost to each household of \$16.70 per month. In situations where the municipality pays the hauler directly, and incorporates the costs into the county revenue streams the costs for these recycling and composting friendly bundle of services can drop to as low as \$11 per month per household. These savings are achieved by reducing the amount of risk undertaken by the service providers by guaranteeing a base level of customers and a longer-term contract.



RRS believes that by expanding curbside recycling service to cover areas that can support collection, the three county region could generate around 28,000 tons per year of single stream recyclables. If service were expanded further to collect recyclables from multifamily buildings and light commercial facilities, the total single stream recycling tonnage in the area could approach 45,000 tons annually. Under current market conditions, approximately 30,000 tons are necessary to attract outside investment to implement a local processing solution.

PROCESSING

Given the potential generation in the area, either a transfer station that stages recyclables before moving large quantities to a larger material recovery facility elsewhere in the state, or a smaller material recovery facility situated locally would be feasible and beneficial. A regional transfer station has a lower capital cost, and under favorable market conditions can provide a revenue share to communities providing material. A materials recovery facility (MRF) has a significantly higher capital cost, but keeps revenue local, creates jobs, and can provide a revenue share to municipalities and haulers when market conditions are strong.

RRS estimates the capital costs of a transfer station and/or MRF to be approximately \$1m and \$6.5m respectively. A MRF would create between 65 and 80 construction jobs to build the facility, and around 18 full-time jobs to operate. Expanding recycling to the levels needed to sustain a MRF would likely create more than 50 jobs elsewhere in the greater region in plastics reprocessing, paper mills, and other manufacturers.

COLLABORATION

Capturing this higher tonnage of single stream recyclables each year requires adoption of best practices for recycling. In order to adopt these best practices and expand access regionally, it will be necessary for local units of government to work together in an organized manner. There are many potential avenues for collaboration between local units, ranging from more informal intergovernmental alignment, to formal intergovernmental agreements to fully aligned consolidation of buying power in the form of a recycling authority. RRS recommends that the working group of local leaders and recycling professionals recently formed continue to work together to review the contractual landscape and begin

the process of coordinating renewals, synchronizing expirations where possible with an eye towards a potential consolidation or joint-contracting approach around 2018. This group can also push for a common suite of materials across communities, reducing confusion, as well as increased curb-cart access in communities determined by this study to have sufficient density to support collection. RRS also recommends that the group pursue potential funding through the state's new Recycle by Design initiative.

SHARED VISION OF SUCCESS FROM WORKING GROUP KICK-OFF MEETING

In mid July 2016, the working group met formally for the first time, and collaboratively designed the following draft vision statement: Tri-County communities will collaborate and together develop a sustainable, consistent, and efficient regional recycling system.

Tri-County communities will collaborate and together develop a sustainable, consistent, and efficient regional recycling system.

In addition to the simple, clear, vision statement, there are a number of more tangible guiding goals that this vision supports such as full recycling access, a common suite of recyclable materials, collaboration on education, outreach, and incentives, and joint action on service contracting and the development of a local processing solution. Each of these can be explored further (such as defining the materials included in a common suite), and are likely to be most logically pursued in a similar order to that presented here. At this meeting RRS reported on initial conversations with potential private sector partners who could improve on existing recycling transfer arrangements, develop a local processing solution, provide collection services, or be able to assist in the execution of other aspects of best practice recycling infrastructure. All entities contacted expressed interest in being involved and excitement that the region is pursuing an expansion of the recycling system, however the potential processors expressed concern that it would be necessary to demonstrate that sufficient (>30k per year) tonnages will be collected before they could commit capital to develop a facility.

The working group plans to meet monthly in advance of the Recycle by Design contest in the fall, and plans to use the work developed over the course of this project to author a whitepaper to help generate support from local governments in furthering the goals described above. R2C2 will continue to facilitate meetings and may look to develop an executive committee to advise and facilitate the next steps towards implementation of the working group's goals.

**CITY OF LANSING DEPARTMENT OF
PUBLIC SERVICES**

Request for Proposals

ATTACHMENT D

CRRRI SIGNED COMMUNITY RESOLUTIONS

1. CITY OF LANSING
2. CITY OF EAST LANSING
3. CHARTER TOWNSHIP OF DELTA
4. EATON COUNTY

COPIES OF RESOLUTIONS PROVIDED AS SEPARATE ATTACHMENTS

**CITY OF LANSING DEPARTMENT OF
PUBLIC SERVICES**

Request for Proposals

ATTACHMENT E

TRI-COUNTY RECYCLING DATA

2016-2017 RECYCLING TRANSFER STATION DATA

2016 Tons Lans	East Lans	Good Ear	Republ	Tota	Haul	2017 Tons Lans	East Lans	Good Ear	Republ	Tota	Haul
449.03	112.99	3.37		565.39	25	602.9	115.96	4.5	10	733.36	31
453.23	100.47	2.5		556.2	24	351.6	106.78	4.5	0	462.88	20
506.95	116.01	4.5		624.46	26	463.33	127.55	3.5	2	596.38	25
446.36	115.51	1.25		563.12	24	470.55	119.11	5	0	594.66	25
485.19	118.43	-		603.62	26	511.53	142.27	5	0	658.8	28
591.57	110.5	5		707.07	31	458.59	129.52	4	0	592.11	27
461.68	110.03	4.5		576.21	24	499.85	109.17	4	0	613.02	26
564.55	95.73		2	662.28	26	484.55	128.8	5	0	618.35	27
507.61	120.01	5	7.5	632.62	26	471.48	116.07	4.5	0	592.05	26
450.38	116.14	6	7.5	580.02	24	474.48	140.28	4.5	0	619.26	24
568.65	128.67	3	10	697.45	29	466.28	125.05	5	0	596.33	23
433.66	124.02	4.5	10	572.18	24						
5918.86	1368.51	39.62	37	7340.62	309						

EAST LANSING DROP-OFF DATA

Month	2016 Tons	2017 Tons
January	19.56	31.8
February	43.49	35.41
March	34.16	21.84
April	31.44	39.93
May	33.81	32.99
June	30.39	36.42
July	30.53	30.07
August	32.03	21.47
September	28.84	46.09
October	33.75	23.41
November	36.08	31.39
December	33.46	30
Totals	387.54	380.82
Note: Dec 2017 is estimated		

**CITY OF LANSING DEPARTMENT OF
PUBLIC SERVICES**

Request for Proposals

ATTACHMENT F

LETTER OF INTEREST IN PROVIDING LOW INTEREST FINANCING
FROM THE CLOSED LOOP FUND



817 Broadway, 5th Floor
New York City, NY

December 8th 2017

Lori Welch
Environmental Specialist
City of Lansing
Capital Area Recycling & Trash (CART)
601 E. South St.
Lansing, MI 48910

Cathy DeShambo
Environmental Services Administrator
City of East Lansing
[517-319-6936](tel:517-319-6936) Office
cdesham@cityofeastlansing.com

Dear Cathy and Lori:

This letter serves to inform you of our interest in providing below market rate financing for the advancement recycling programs in the cities of East Lansing and Lansing MI.

We look forward to collaborating with the Lansing regional project.

Closed Loop Fund (CLF) provides zero-interest loans to municipalities and below-market financing to private companies focused on building recycling infrastructure across North America. Closed Loop Fund investors include many of the world's largest consumer goods companies. They are interested in improving the amount of recycled material that is collected by cities and returned to their packaging supply chains.

To date, CLF has invested \$30M (plus \$90M co-investment) in recycling projects. Our mission is to help cities and recycling organizations scale landfill diversion efforts and deliver

environmental and social outcomes to the communities they serve. You can learn more about our work at <http://www.closedlooppartners.com/closed-loop-fund>.

As The City of Lansing designs its program and request for proposals, we believe the infrastructure needs could fit our investment scope:

- **Collection** - carts and trucks to enable municipalities collect more material from households for recycling. For example, we financed the City of Memphis' single-stream recycling carts for more than 100,000 households and expect to increase the volume of recycling collected by more than 17,000 tons/year.
- **Sorting** - material recovery facility (MRF) upgrades, retrofits, and new builds. For example, we financed an upgrade of an existing Lakeshore Recycling Services MRF in Chicago, IL to increase throughput from 20 tons/day to 20 tons/hour, with increased revenue opportunities and savings for the operator.
- **Processing** - end market development and companies that purchase post-consumer recycled commodities for manufacturing. For example, we financed Momentum Recycling's glass processing facility in Denver, CO that will handle close to 60,000 tons of glass/year for the region through partnerships with local haulers and national glass manufacturers.

We are prepared to consider a loan of up to \$5M in direct financing and also work with other investors to structure debt of up to \$50M through 2018. We can loan directly to municipal entities as well as private companies. For more details, please refer to our Comprehensive Recycling Infrastructure Request for Proposals here: <http://www.closedlooppartners.com/apply>

Thank you for your leadership on this important issue.

best,



Rob Kaplan
Managing Director
Closed Loop Partners

**CITY OF LANSING DEPARTMENT OF
PUBLIC SERVICES**

Request for Proposals

ATTACHMENT G

**MATERIALS INCLUDED IN SINGLE-STREAM
AND DROP-OFF COLLECTION PROGRAMS**

CITY OF LANSING MATERIALS ACCEPTANCE PROTOCOL

The following are acceptable materials:

- **Glass**, transparent and translucent food and beverage bottles and containers. Paper labels are acceptable as are rings and lids on glass containers. All colors of glass are accepted - green, amber, or clear.
- **Tin/ Steel Cans**, tin plated, food and beverage containers, all sizes; paper labels are acceptable.
- **Household Scrap Metal** including metal pots and pans, metal trays, metal bakeware, toasters, metal utensils, etc.
- **Aluminum** used beverage containers and foil clean of food
- **All Plastic Bottles** - including but not limited to:
HDPE Plastic Bottles {SPI Code #2} - blow-molded (bottle-necked) natural and colored HDPE containers, including plastic milk jugs, water jugs, detergent bottles, and similar items; caps and labels are acceptable. Motor oil and anti-freeze containers are not acceptable. Tubs, pots, and trays are not acceptable.
- **PET Plastic Bottles {SPI Code #1}** - blow-molded (bottle-necked) clear and green PET containers, such as soda bottles, dishwashing soap bottles, and some shampoo bottles. Tubs, pots, and trays are not acceptable.
- **Household Plastic Containers #1, #2 and #4 through #7** excluding Styrofoam and #3.
Bulky HDPE - defined as large HDPE items (buckets, crates, toys, furniture, bins, barrels, etc.). This category is often referred to as "Injection HDPE".
- **Multi-coated/Plastic Coated Paper Beverage Cartons** including milk and juice cartons also known as gable top and aseptic paperboard containers.
- **ONP** - old newspapers and advertisement inserts, loose or placed in Kraft (brown) paper bags. Old newspaper that contains incidental moisture from rain on collection days is

acceptable. Soaked paper or yellowed newsprint is unacceptable.

- **OMG** - old magazines containing glossy coated paper, including catalogues, glossy fillers or mailers, loose or placed in Kraft (brown) paper bags, with the exception of wet material or material that was once wet.
- **OCC & Kraft Paper Bags** - old corrugated containers (cardboard) that are flattened that have liners of Kraft, jute, or test liner. Staples and tape with water-soluble glues do not have to be removed. OCC can be damp but not soaked. Pizza boxes free of food are acceptable. Wax-coated old corrugated containers are not acceptable.
- **Office Paper (White and Colored)**, household writing paper, post-its, all residential mail including envelopes (manila and regular), all types and sizes of dry, loose or bagged white and colored ledger and copier paper, note pad paper (no backing), loose leaf fillers, computer paper (continuous-form perforated white bond or green-bar paper), shredded office paper placed in clear plastic bags, file folders, and card stock.
- **Boxboard** - all non-corrugated, commonly used in dry food and cereal boxes, shoe boxes, and other similar packaging. Boxboard that has been contaminated by food is not acceptable.
- **Telephone Books**
- **Clean Gift Wrapping Paper** - no bows, ribbons.



Tri-County Regional Project

Regional Recycling Coordinating Committee

R2C2 Meeting

April 28, 2015

Nick Lange, RRS/Consultant

Jim Frey, RRS/CEO

Kelly Domino, RRS/Consultant (Phone)

Presentation Outline

1. Project Overview
2. Expanding Curbside Access
3. Processing – MRF vs. TS
4. Collaboration Options
5. Discussion

Presentation Outline

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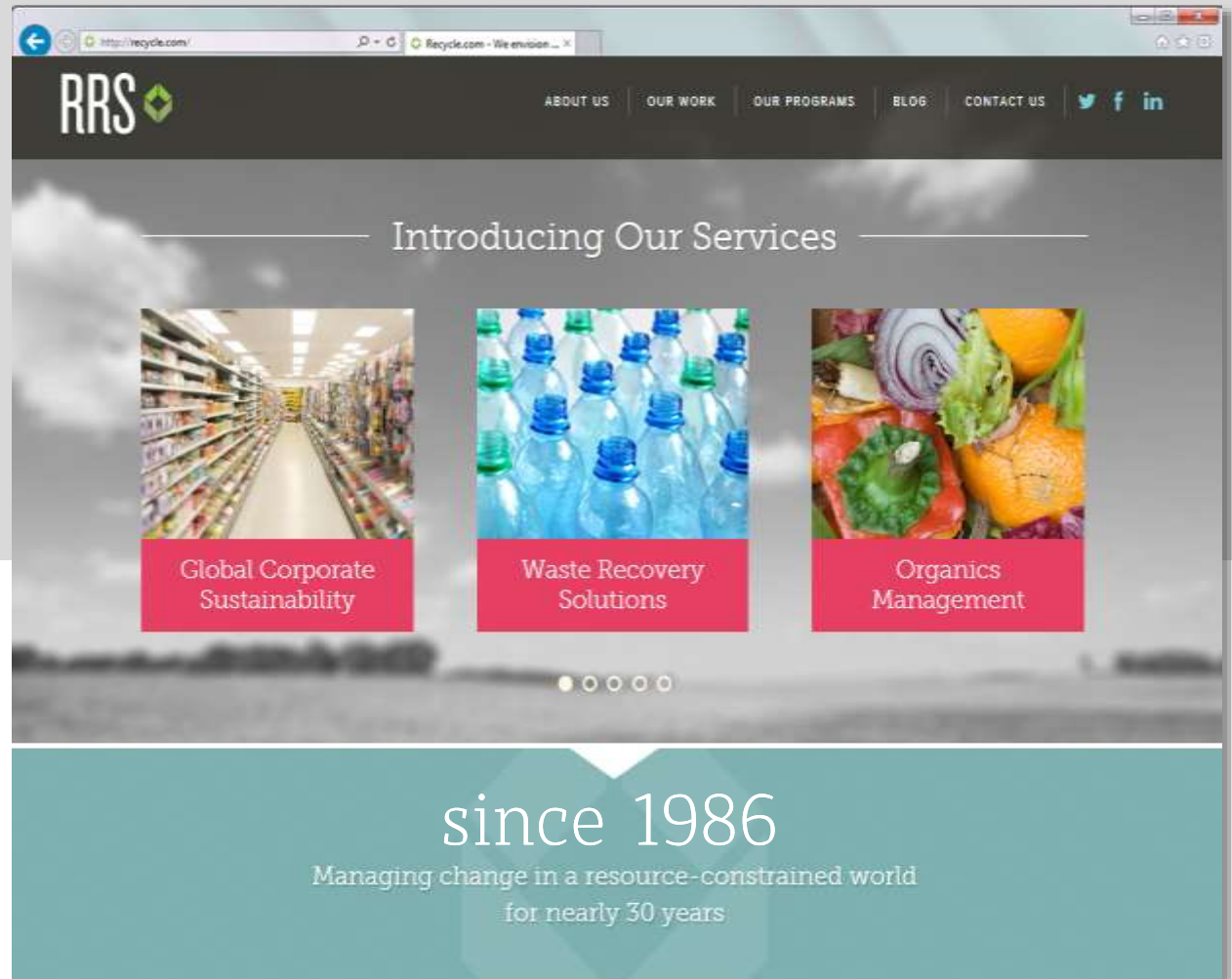


Regional Recycling
Coordinating Committee

Providing solutions to
meet sustainability,
resource management
and waste recovery
goals of clients and
their supply chains



managing change in a
resource-constrained
world.



Project Overview

- What are the potential cost savings gained by working together to increase recycling?
- Does a regional MRF make sense for the Lansing area?
- What changes in current recycling programs are needed to reach a critical mass of tonnage?
- Can CGAP funding help cover capital investment for a new facility?

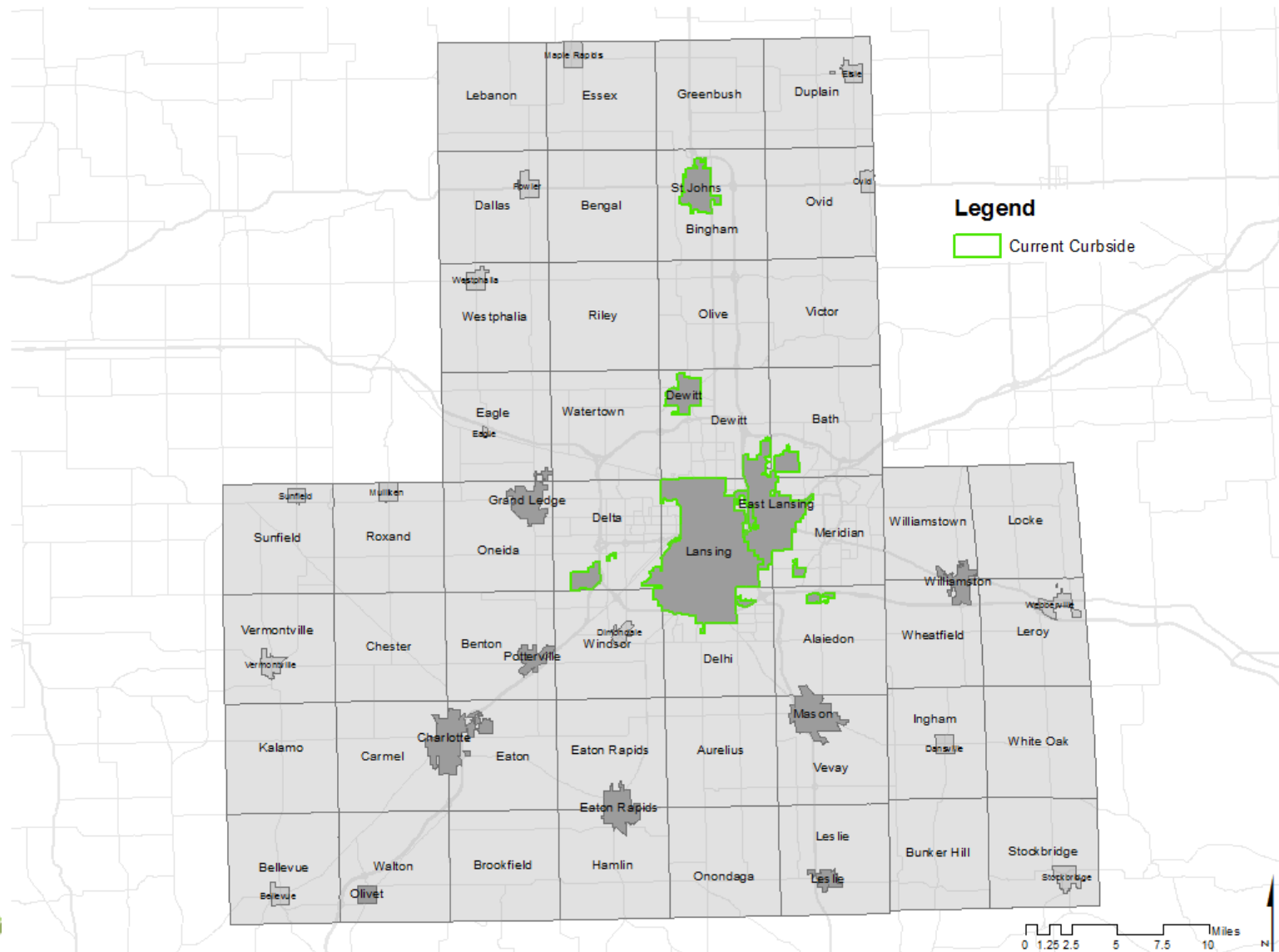
Recycling System Overview



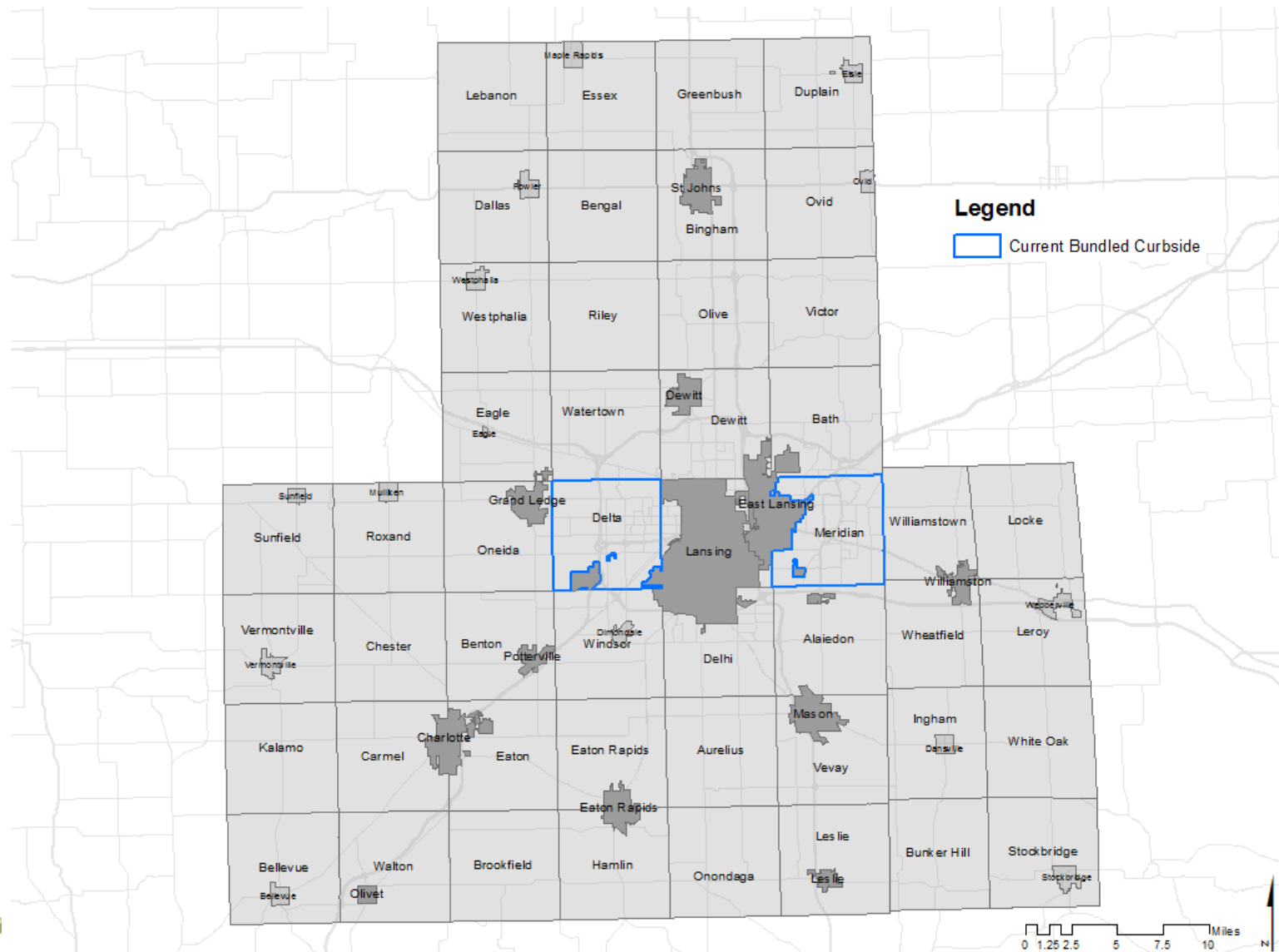
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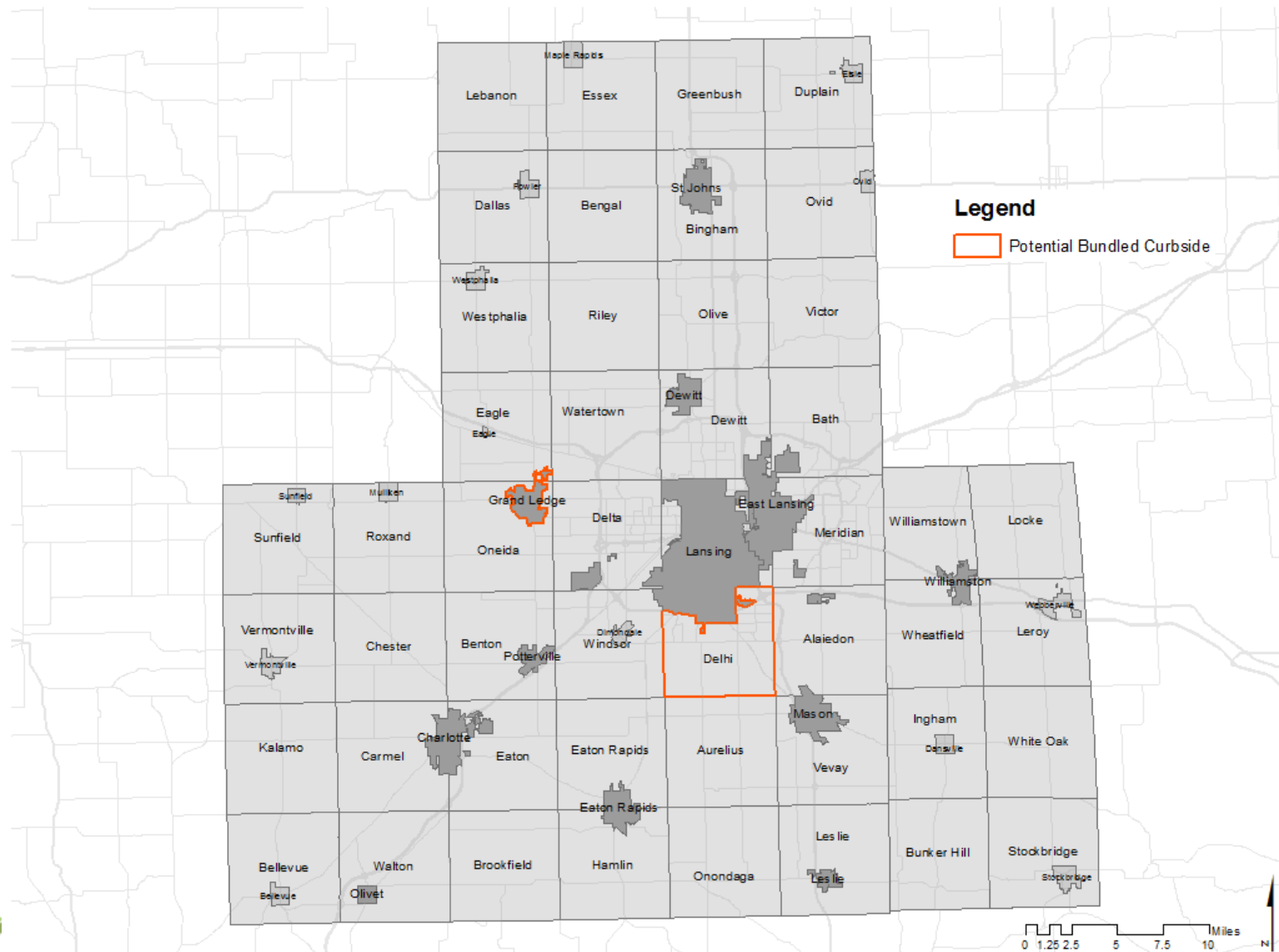
The current state of municipal/contracted curbside access is insufficient.



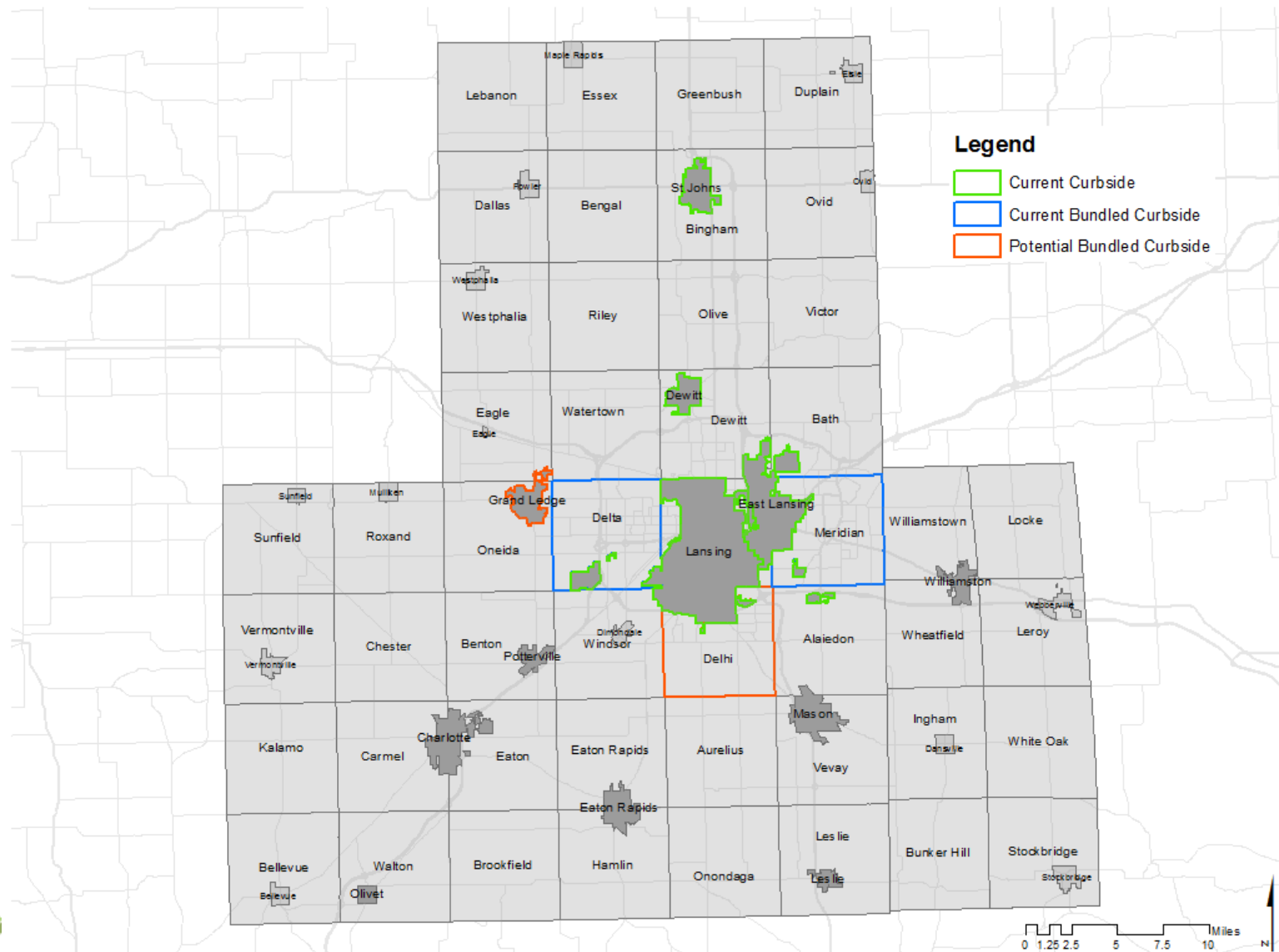
Haulers have offered bundled recycling with subscription waste collection



A few more *might* have bundled access soon.



We think we can do better.



The current system is not cheap either

Baseline		
Recycling Tons		16,215
County - Recycling	\$	224,618
Municipal - Recycling	\$	3,177,115
Residential - Recycling	\$	1,329,342
Municipal - Trash	\$	700,189
Residential - Trash	\$	29,868,274
Total - Recycling	\$	4,731,075
Total - Trash	\$	30,568,463
Total	\$	35,299,538

The current system is not cheap either

Baseline		
Recycling Tons		16,215
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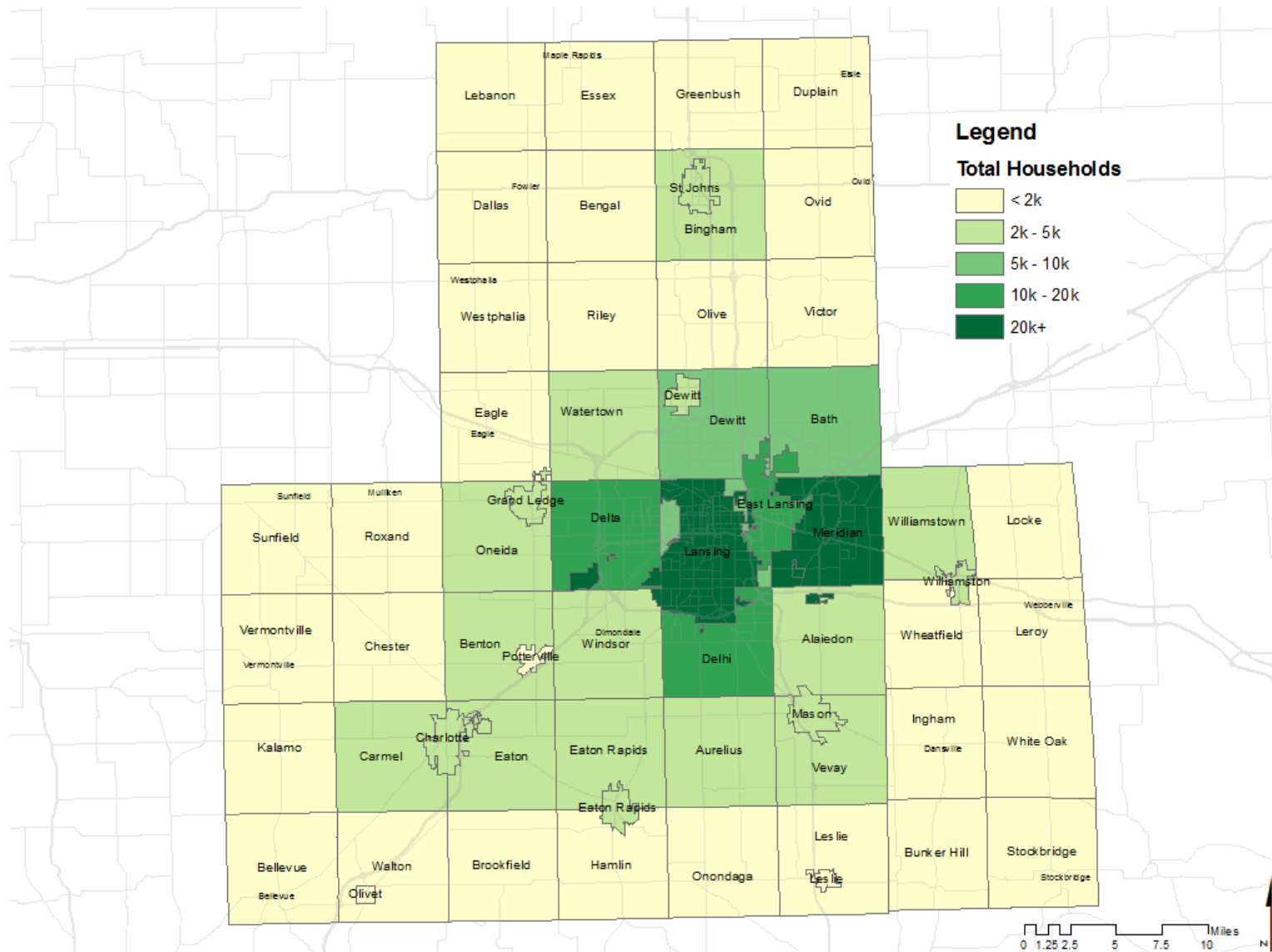
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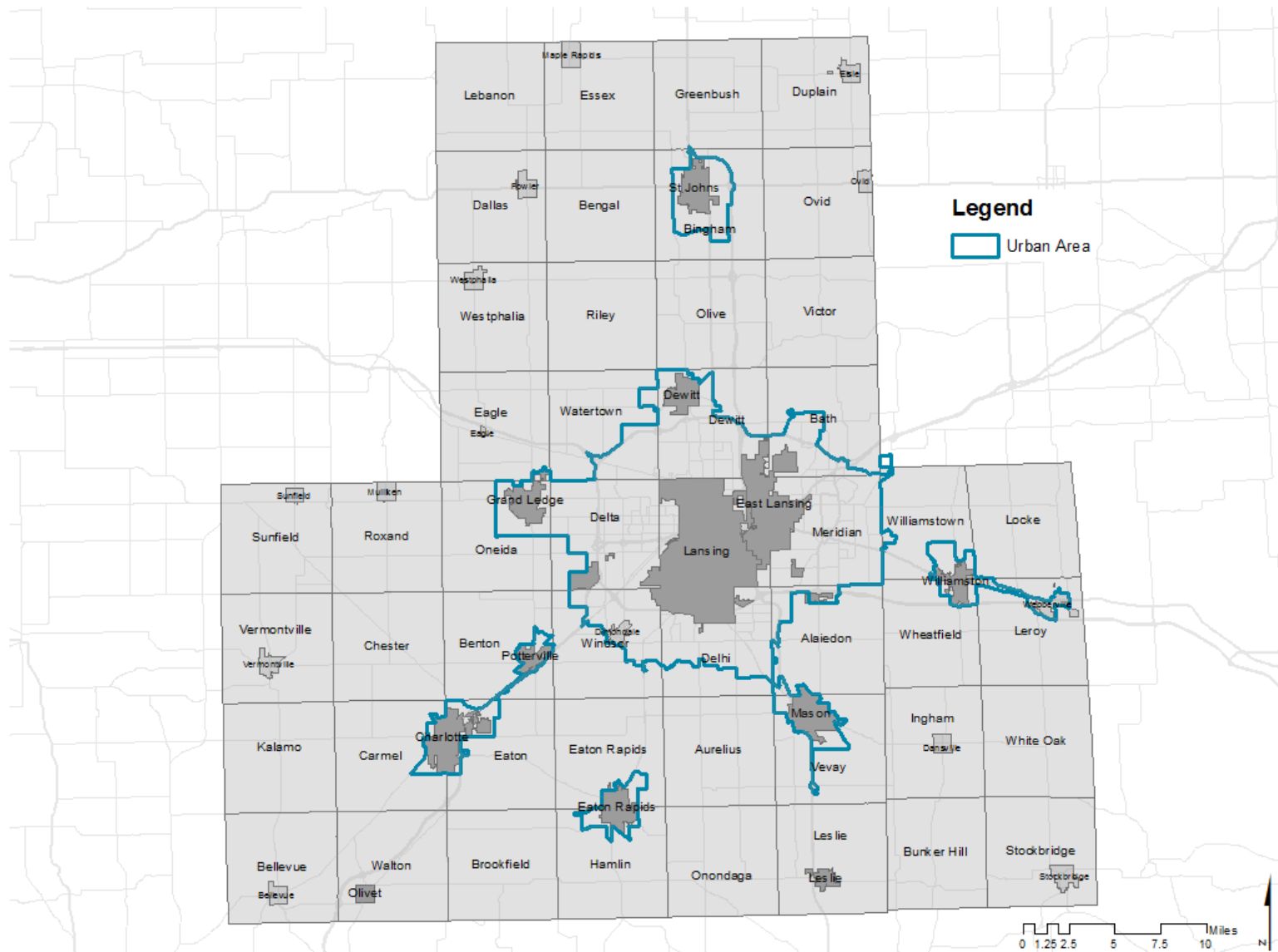
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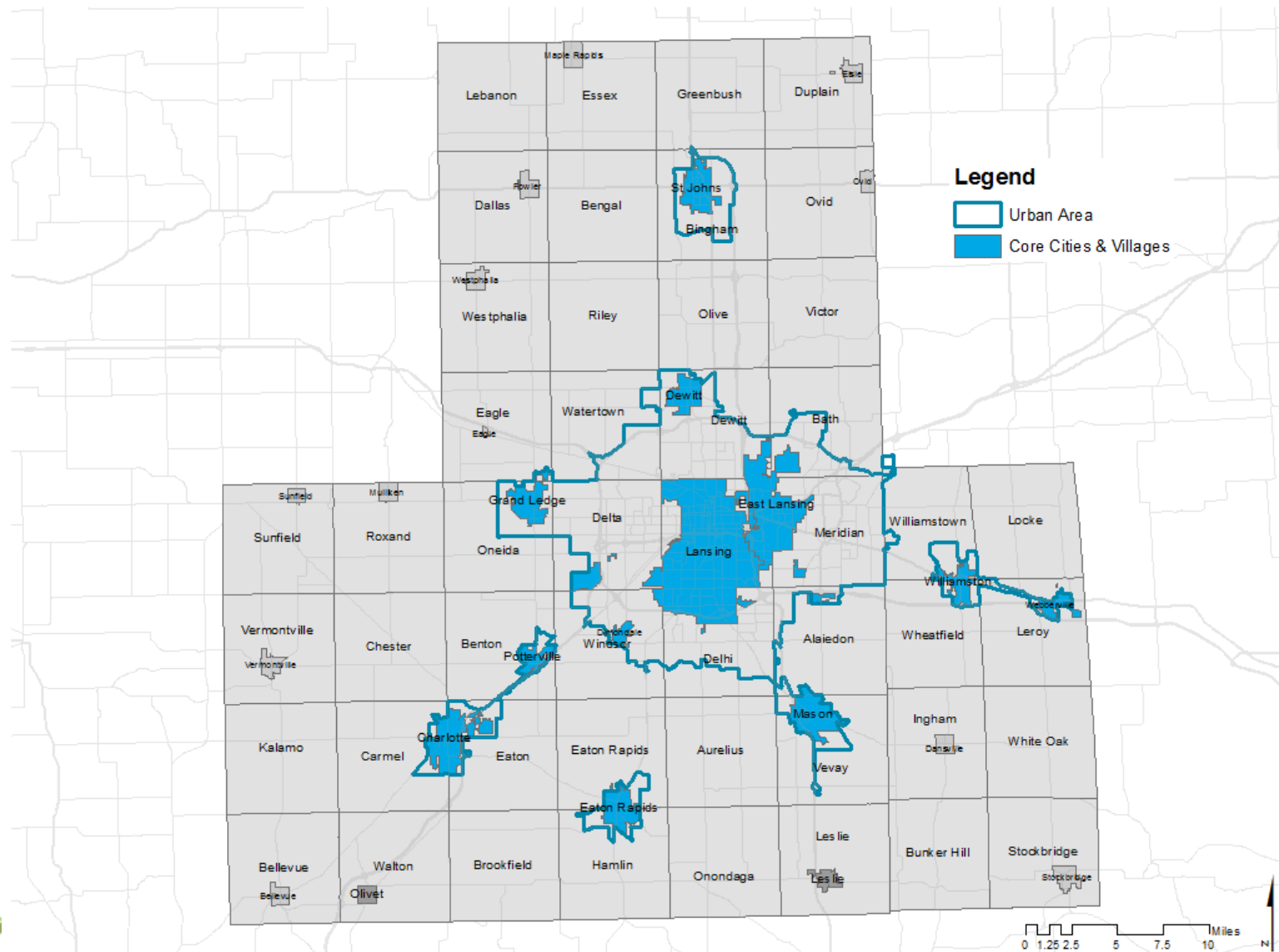
RRS looked at the household counts...



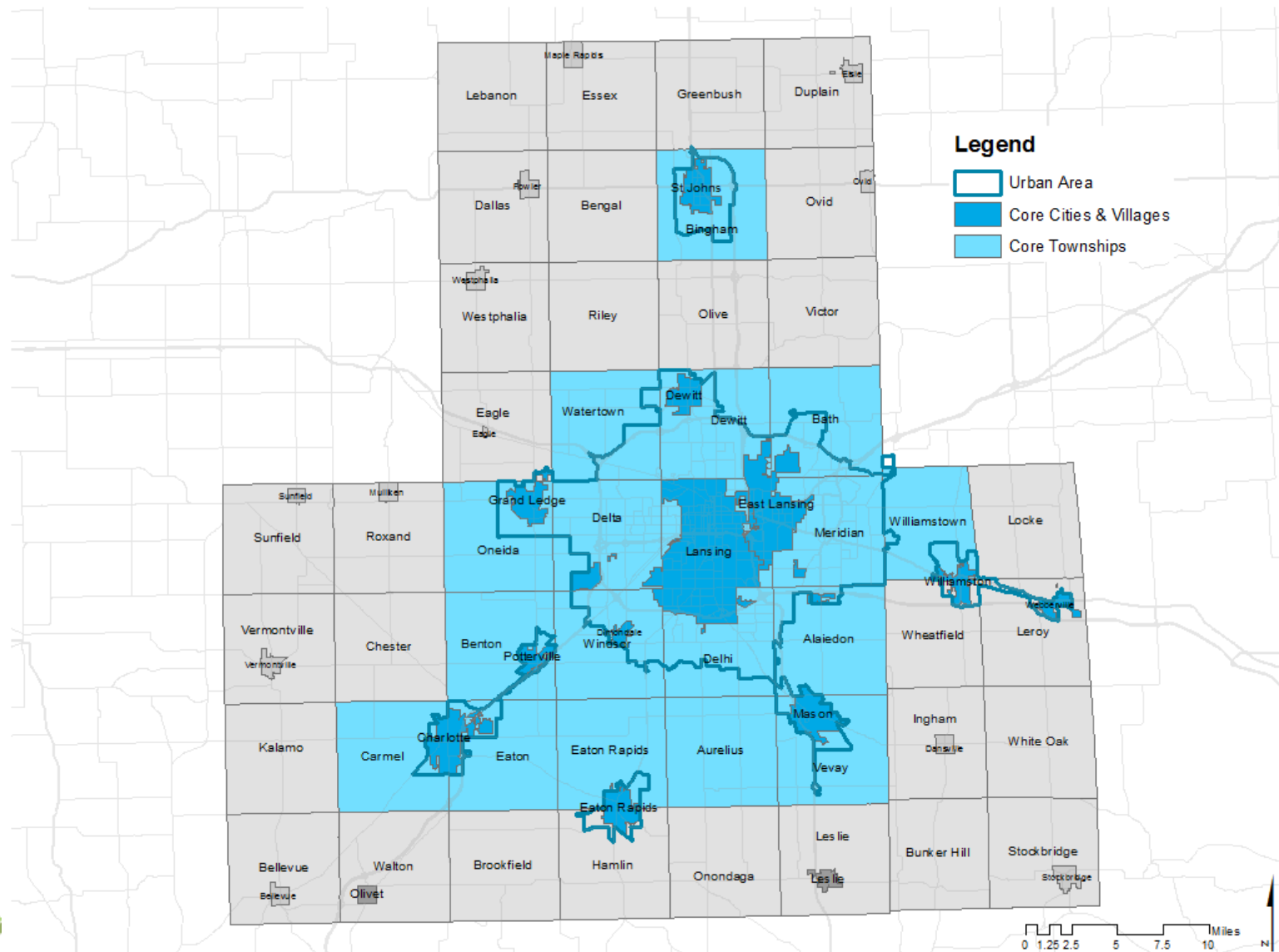
... and at the urban boundaries.



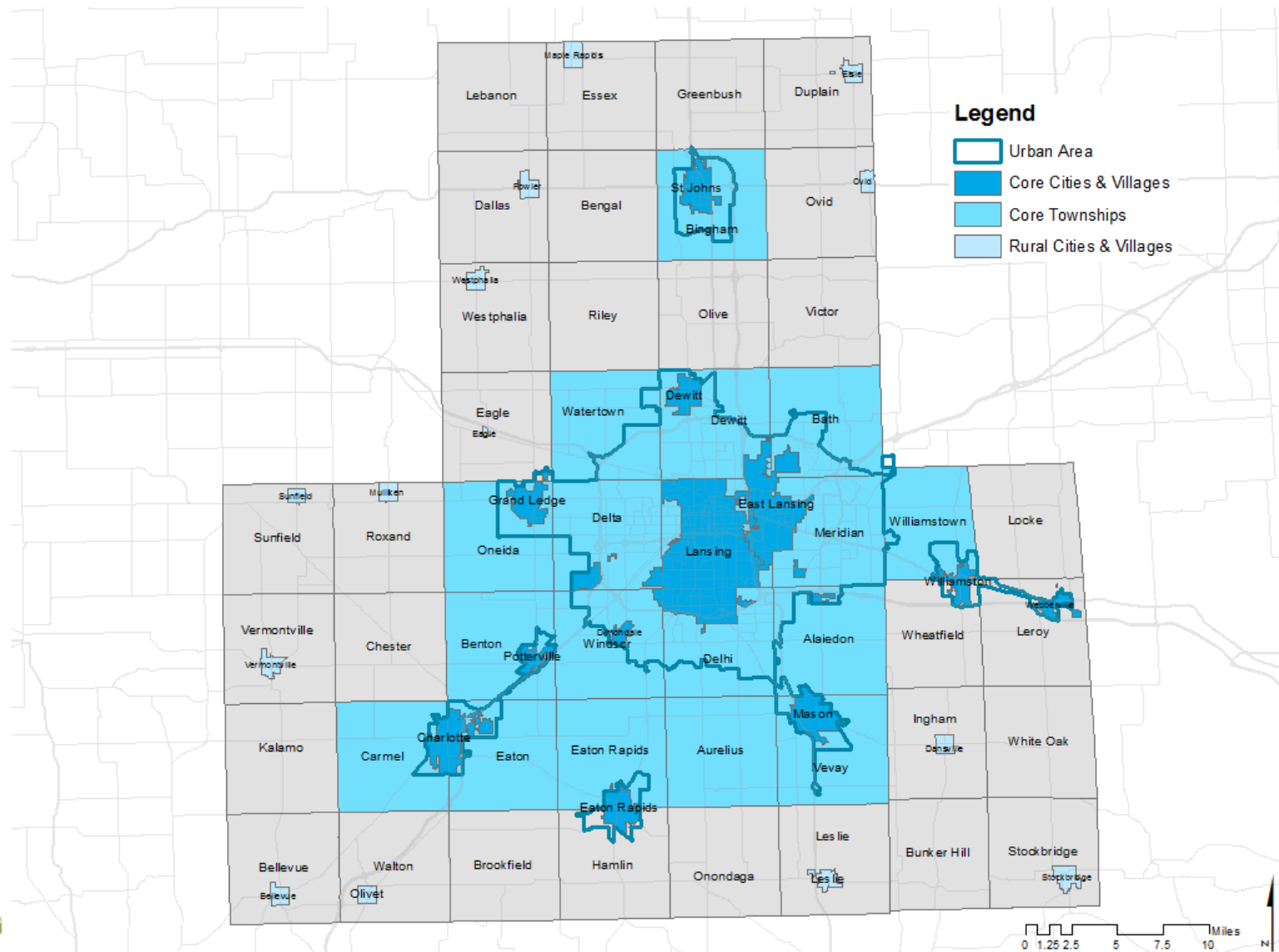
Core cities should have curbside access.



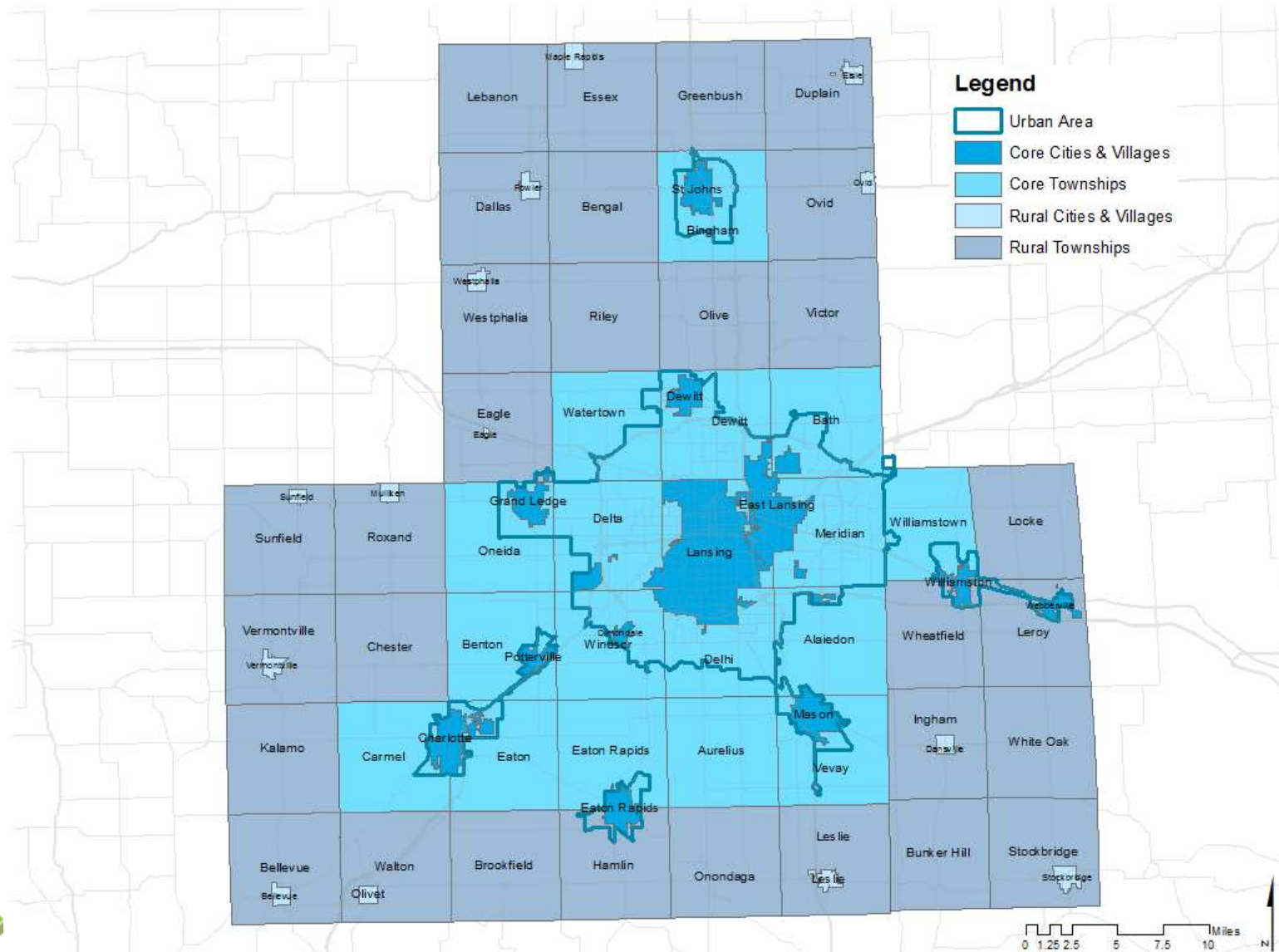
As well as the surrounding core townships.



The area isn't overly expansive, so rural cities and villages should be eligible as well.



The rural townships keep drop-off access.



So what would all this cost?

Combining the purchasing power of all of the residents in an area can significantly reduce costs for the Community as a whole

Program Types	Cost	Example Community
Trash, Recycling Carts and Yard Waste Collection, paid by resident directly to single hauler (including RecycleBank)	\$16.70/HH/Month	Rochester Hills
Trash, Recycling Carts and Yard Waste Collection, paid by municipality directly to haulers	\$11.80/HH/Month \$9.20/HH/Month	RRRASOC Dearborn
Comparison to current Granger Program in Meridian Twp	\$17.33/HH/Month for bin \$18.33/HH/Month for cart	Resident must signup for service (currently 64% have recycling bins or carts)

Applying these costs to the Tri-County area

Scenario	Cost	Notes
#1 - Trash, Recycling Carts and Yard Waste Collection, paid by resident directly to single hauler	Core City & Twps: \$16.70/HH/Month Rural Cities & Villages: \$17.70/HH/Month	Keep all current cart recycling and organized trash collection in place
#2 - Trash, Recycling Carts and Yard Waste Collection, paid by municipality directly to haulers	Core City & Twps: \$11.00/HH/Month Rural Cities & Villages: \$12.00/HH/Month	Keep all current cart recycling and organized trash collection in place

Applying these costs to the Tri-County area

Baseline		Baseline		Scenario #1		Scenario #2
Recycling Tons		16,215		29,733		29,733
County - Recycling	\$	224,618	\$	224,618	\$	224,618
Municipal - Recycling	\$	3,177,115	\$	-	\$	4,496,652
Residential - Recycling	\$	1,329,342	\$	7,095,958	\$	356,536
Municipal - Trash	\$	700,189	\$	-	\$	13,489,957
Residential - Trash	\$	29,868,274	\$	25,986,232	\$	5,767,966
Total - Recycling	\$	4,731,075	\$	7,320,577	\$	5,077,807
Total - Trash	\$	30,568,463	\$	25,986,232	\$	19,257,924
Total	\$	35,299,538	\$	33,306,809	\$	24,335,731

Scenario #1 – 6% savings

Scenario #2 – 31% savings

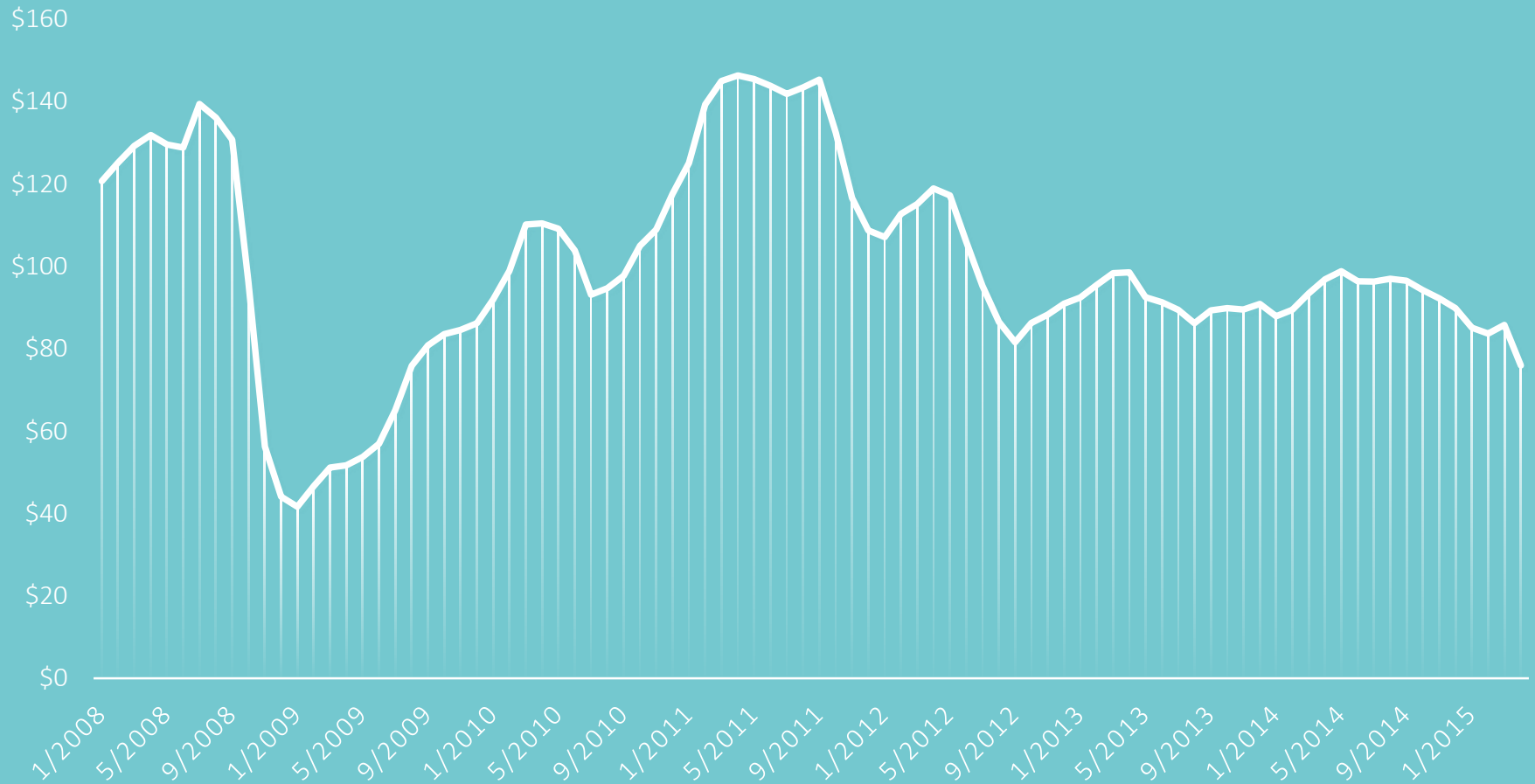
Both add 1,618 HH for trash service and 57,564 HH for recycling service

What if collection was expanded to multifamily and commercial too?

	Total	Clinton	Eaton	Ingham
Potential Residential Tonnage	28,228	2,838	6,329	17,080
Potential Curbside MF Tonnage	6,315	173	735	4,931
SF + MF Total	34,543	3,011	7,064	22,012
Potential Commercial Tonnage	11,291	1,135	2,532	6,832
SF + MF + Comm Total	45,834	4,146	9,595	28,844

What is the material worth?

AVERAGE COMMODITY REVENUE



Presentation Outline

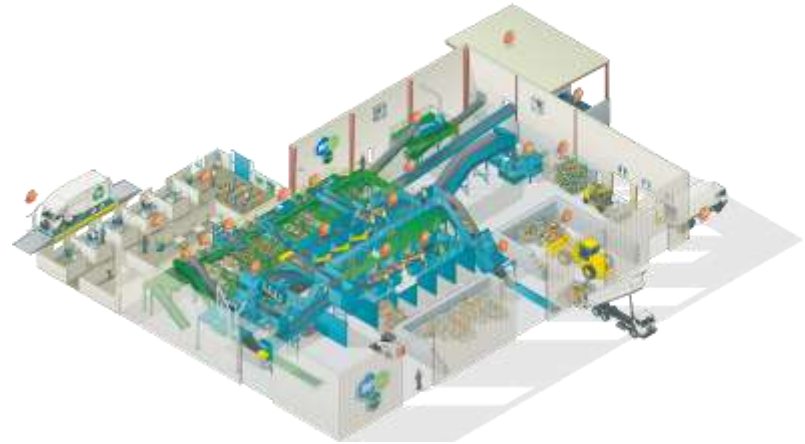
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Regional Processing Collaboration



Regional Transfer Station (TS)

- Lower capital cost
- Revenue sharing in high market conditions



Regional Material Recovery Facility (MRF)

- Ability to revenue share to municipalities and haulers
- Creates more local jobs
- Keeps revenue local
- Incentivizes local recycling
- Very small single stream facility

Regional Processing Collaboration - MRF

	Baseline	Scenario #1 & 2	Multifamily	Commercial
Tons	16,000	29,218	35,126	46,220
Capacity	38,600	38,600	38,600	57,900
Capital	\$ 6,520,000	\$ 6,520,000	\$ 6,520,000	\$ 7,220,000
Annual Operating	\$ 1,460,460	\$ 1,914,529	\$ 2,260,120	\$ 2,719,170
Annual Revenue (Current ACR)	\$ 1,200,000	\$ 2,191,350	\$ 2,634,450	\$ 3,466,500
Annual Net Profit	\$ (260,460)	\$ 276,821	\$ 374,330	\$ 747,330

- Facility is a 10 ton per hour (tph) facility in Scenarios 1-3 and 15 tph for Scenario 4
- Ann Arbor is a 25 tph facility
- Processes just under 20,000 tpy on one shift

Regional Processing Collaboration - TS

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
Tons	16,000	29,218	35,126	46,220
Capital	\$ 790,000	\$ 1,040,000	\$ 1,040,000	\$ 1,290,000
Annual Operating	\$ 221,124	\$ 307,040	\$ 344,794	\$ 425,401
Annual Haul	\$ 280,140	\$ 511,560	\$ 614,880	\$ 808,920
Annual Revenue (Current ACR)	\$ 48,000	\$ 87,654	\$ 105,378	\$ 138,660
Net Profit	\$ (453,264)	\$ (730,946)	\$ (854,296)	\$ (1,095,661)

- Material is loaded into 120-cy transfer trailers and hauled to Southeast MI
- No economies of scale

Regional Processing Collaboration

Baseline	Baseline	Scenario #1	Scenario #2
Recycling Tons	16,215	29,733	29,733

Total - Recycling	\$ 4,731,075	\$ 7,320,577	\$ 5,077,807
Total - Trash	\$ 30,568,463	\$ 25,986,232	\$ 19,257,924
Total	\$ 35,299,538	\$ 33,306,809	\$ 24,335,731

Processing with MRF	\$ 263,980	\$ 281,571	\$ 281,571
Total Cost	\$ 35,563,518	\$ 33,025,238	\$ 24,054,160

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Processing with TS	\$ 459,371	\$ 743,919	\$ 743,919
Total Cost	\$ 35,758,909	\$ 34,050,728	\$ 25,079,650

Other Impacts

Job Creation:

- Estimated 65-80 construction jobs for building MRF. 18 full-time operations jobs.
- Estimated 50+ jobs created in plastics reprocessors, paper mills, and other recycling-based manufacturers.

Pollution Impact:

- 27,480 Metric Tons CO₂eq displaced.
- Equivalent to ~5,000 cars taken off the road.

Presentation Outline

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How could this be accomplished?

- Key Components

- Organize/coordinate public sector initiative
- Secure tonnage to achieve economies of scale
- Leverage other public sector assets
- Work with private sector
- Use power of contracting
- Focus on public/private partnership approach

How could this be accomplished?

- P3 Procurement Approach

- Come to the procurement with site and tonnage
- Include financing arrangements from state
- Offer long term commitments
- Require vendor to bring financing, design, construction and operation
- Require vendor to bring their tons (merchant tons)
- Share risk on recycling markets
- Ask for transition of ownership to public over time
- Leverage procurement for other best practice requirements as well (carts, incentives, etc.)

How could this be accomplished?

- Building Tonnage is Key to Scale

- To justify regional MRF, all single stream recyclables tonnage in the area must be directed there
- To reach sufficient tonnage, all communities need best practice collection programs w/universal access
 - Mandatory recycling rolling cart
 - Education and incentives
 - Standardized list of recyclables
- Costs for collection of recycling can be offset by savings from avoided landfill tip fees, fewer tons of waste needing collection and consolidated waste collection contracting
- Long term upside – carbon credits via climate action plans

How could this be accomplished?

- Organizing Public Sector Role

- Governance for Coordinated Effort - Options
 - Common Third Party “Convenor”, or
 - Intergovernmental Agreement, or
 - Recycling Authority
- Commitments of Tonnage by Local Unit
 - Commit to project, or to county, or to authority
- Tools for controlling tons and leveraging cost savings
 - Non-exclusive hauler licensing structure
 - Preferred contracted hauler (who bills residents)
 - Single hauler contract (who bills residents)
 - Municipal crews

How could this be accomplished?

- Finding a Third Party Convenor: Pros and Cons

A pro-active and agile third party convenor (for-profit or non-profit) can provide a common set of recycling services that each public entity contracts with – achieving the required economies of scale to provide best practice single stream recycling

Advantages	Disadvantages
• Can take action independently to bring best practice single stream recycling services to the region • Can bring financing, facility design and operation, customer service and communication, market connection • Can make everyone “look good” with state of the art solutions • Informally organizes the public sector recycling efforts in the region	• Very little public sector control of direction – can’t assume that their solution is best practice solution • Very little public sector “back stop” during tough financial times – needs other financial buffer (e.g. integrated hauler, integrated end-market, etc.) • Requires “public good” third party mind-set that doesn’t come easy in most cases – trust is fragile

How could this be accomplished?

- Intergovernmental Agreements: Pros and Cons

Intergovernmental agreements that share common terms can organize local units together either directly or through each county and between counties to achieve the required economies of scale to provide best practice single stream recycling

Advantages	Disadvantages
• The simplest way to formally organize the public sector recycling efforts in the region • Each local unit takes one action – voting to approve the agreement – necessary to move forward • The intergovernmental agreement specifies the common elements of the best practice recycling system that will be implemented along with funding and governance mechanisms	• Requires a designated implementation agent – typically a county public works agency • Getting all local units to agree to the same intergovernmental agreement structure is difficult/challenging • Changing the agreement later on is also difficult and challenging • Less flexible, less able to adapt to program needs as they develop • Doesn't tap into tools that authority structure provides (financing etc.)

How could this be accomplished?

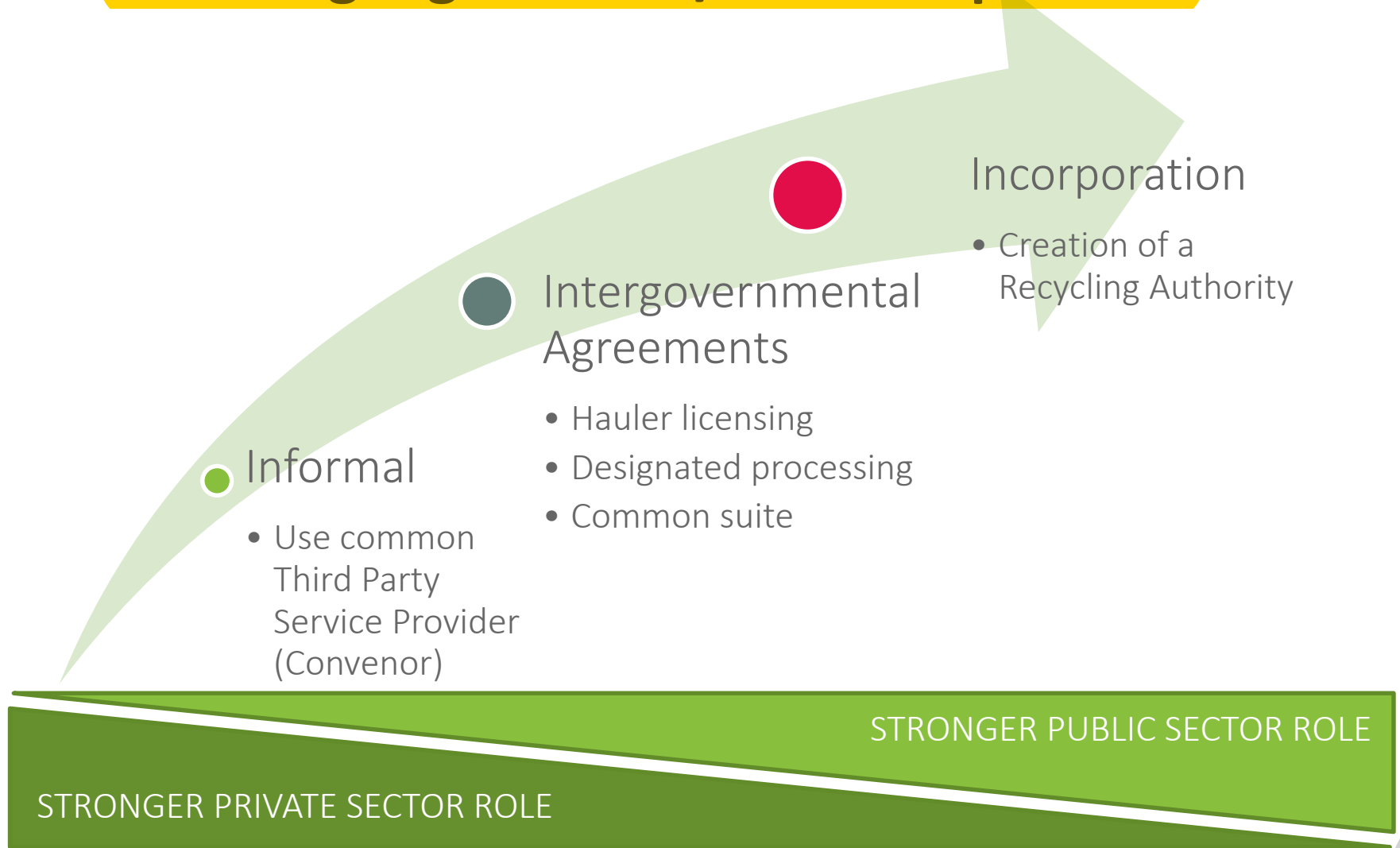
- Creating an Authority: Pros and Cons

An Authority can be an effective governance approach to establishing and funding projects that feature inter-local cooperation, economies of scale, and a combination of environmental responsibility and fiscal soundness.

Advantages	Disadvantages
• Allocates power and responsibility to various participants; • Bylaws detail administrative procedures; • Long term stability; • Possibility of blending with any other organizational tool structures; • Mechanism for legal structure is flexible and streamlined.	• Authorities tend to become more independent from local units; • Representation on authority board can be a significant issue in control and accountability; • The boards of many authorities are structured with staff or elected officials who may lack experience and expertise in recycling and waste management.

How could this be accomplished?

- Choosing Right Public/Private Approach



How could this be accomplished?

- Possible Next Steps

- Internal Vetting
 - Clarifying Questions
 - Convene Subgroup – Public Sector Leaders
 - Consider Next Steps in State Funding Process
 - Inventory Assets (e.g. sites, governance, etc.)
- External Vetting
 - Meet/Interview Private Service Providers
 - Inventory Private Sector Service Options

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Discussion

Contact Information

Nick Lange

RRS/Consultant

nlange@recycle.com

773.255.7909

Appendix

Regional Processing Collaboration - MRF

	Baseline	Scenario #1 & 2	Multifamily	Commercial
Tons	16,000	29,218	35,126	46,220
Capacity	38,600	38,600	38,600	57,900
Capital	\$ 6,520,000	\$ 6,520,000	\$ 6,520,000	\$ 7,220,000
Annual Operating	\$ 1,460,460	\$ 1,914,529	\$ 2,260,120	\$ 2,719,170
Annual Revenue (Current ACR)	\$ 1,200,000	\$ 2,191,350	\$ 2,634,450	\$ 3,466,500
Annual Net Profit	\$ (260,460)	\$ 276,821	\$ 374,330	\$ 747,330
Per Ton Operating	\$ 91	\$ 66	\$ 64	\$ 59
Per Ton Revenue	\$ 75	\$ 75	\$ 75	\$ 75
Per Ton Net Profit	\$ (16)	\$ 9	\$ 11	\$ 16
Simple Payback (Yrs)	-	24	17	9

More risk at current tonnage
East Lansing currently pays \$44/ton for Granger

Regional Processing Collaboration - MRF

	Baseline	Scenario #1 & 2	Multifamily	Commercial
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Per Ton Operating	\$ 91	\$ 66	\$ 64	\$ 59
Per Ton Revenue	\$ 75	\$ 75	\$ 75	\$ 75
Per Ton Net Profit	\$ (16)	\$ 9	\$ 11	\$ 16
Simple Payback (Yrs)	-	24	17	9
Annual Revenue (5-yr avg)	\$ 1,648,000	\$ 3,009,454	\$ 3,617,978	\$ 4,760,660
Annual Net Profit	\$ 187,540	\$ 1,094,925	\$ 1,357,858	\$ 2,041,490
Per Ton Revenue (5-yr avg)	\$ 103	\$ 103	\$ 103	\$ 103
Per Ton Net Profit	\$ 12	\$ 37	\$ 39	\$ 44
Simple Payback (Yrs)	35	6	5	4

Regional Processing Collaboration - TS

	Baseline	Scenario #1 & 2	Multifamily	Commercial
Tons	16,000	29,218	35,126	46,220
Capital	\$ 790,000	\$ 1,040,000	\$ 1,040,000	\$ 1,290,000
Annual Operating	\$ 221,124	\$ 307,040	\$ 344,794	\$ 425,401
Annual Haul	\$ 280,140	\$ 511,560	\$ 614,880	\$ 808,920
Annual Revenue (Current ACR)	\$ 48,000	\$ 87,654	\$ 105,378	\$ 138,660
Net Profit	\$ (453,264)	\$ (730,946)	\$ (854,296)	\$ (1,095,661)
Per Ton Operating	\$ 13.82	\$ 10.51	\$ 9.82	\$ 9.20
Per Ton Haul	\$ 17.51	\$ 17.51	\$ 17.50	\$ 17.50
Per Ton Revenue (Current ACR)	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Per Ton Profit	\$ (28.33)	\$ (25.02)	\$ (24.32)	\$ (23.71)

- Revenue is shared with processing facility and processing fee is paid first
- $(\$70 - \$65) * 60\% = \$3/\text{ton}$

Regional Processing Collaboration - TS

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
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Net Profit	\$ (453,264)	\$ (730,946)	\$ (854,296)	\$ (1,095,661)
Per Ton Operating	\$ 13.82	\$ 10.51	\$ 9.82	\$ 9.20
Per Ton Haul	\$ 17.51	\$ 17.51	\$ 17.50	\$ 17.50
Per Ton Revenue (Current ACR)	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.11
Per Ton Profit	\$ (28.33)	\$ (25.02)	\$ (24.32)	\$ (23.71)
Annual Revenue (5-yr avg)	\$ 364,800	\$ 666,170	\$ 800,873	\$ 1,053,816
Annual Net Profit	\$ (136,464)	\$ (152,430)	\$ (158,802)	\$ (180,505)
Per Ton Revenue (5-yr avg)	\$ 22.80	\$ 22.80	\$ 22.80	\$ 22.80
Per Ton Net Profit	\$ (8.53)	\$ (5.22)	\$ (4.52)	\$ (3.91)



TO: Lansing City Council Committee of the Whole

FROM: Steve Japinga, Vice President, Government Relations & Public Policy

DATE: February 25, 2019

RE: ITEM 6. Discussion/Action on ITEM D. Ten Year Recycling Agreement w/Emterra Environmental USA Corp.

We appreciate the city's continued interest in increasing recycling efforts throughout the city. We also appreciate Emterra Environmental of Ontario, Canada and their interest in providing recycling services to the City of Lansing.

As important as it has been for City Council to voice their support for hiring local workers as it relates to development projects, we hope City Council would apply the same consistency for hiring local businesses to work on city initiatives such as its recycling program.

We respectfully ask that City Council not move forward with the ten year recycling agreement until City Council can better understand what the impact would be to city services such as the Capital Area Recycling & Trash (CART) program and how the contract with Emterra Environmental may impact local businesses that provide the same services to commercial and residential customers in the City of Lansing.

500 E. Michigan Avenue, Suite 200
Lansing, MI 48912
p 517.487.6340
f 517.484.6910

www.lansingchamber.org

@mty

The Future of Recycling in Lansing

Committee of the Whole
RFQP/18/027



Andy Schor, Mayor



EMTERRA[®]
Environmental USA

*We're your
hometown choice!*

February 25, 2019

Emterra's Focus is on Recycling



Our Mission

To be a leader in creating and delivering products and services that enable people and businesses to become stewards of the environment and the future.

Our Vision

We shall improve people's lives through regenerative economies and ecosystems.

Emterra Group Divisions



Emterra: By the Numbers

550,000

Recyclables
collected,
processed
and marketed

21

Emterra
locations in
North America

1100+

Number of
employees

58

Communities
served by
Emterra in
Michigan
everyday

100%

Percentage of
employees in
Emterra USA
who are
American

42

Years in
business

\$4.5 Million

Wages and
benefits
annually for all
Emterra USA
staff

550

Trucks &
collection
vehicles in our
fleet

85

Communities
serviced by
Emterra in
Canada
everyday



Enterra Group's Climate Actions

Diverting **7,800** tractor trailer loads of organics from the landfill every year.



11,598,459 tree seedlings would need to be grown for 10 years in order to match the amount of CO2 mitigated through Enterra's sustainability efforts.



Our CNG Fleet & resource recovery efforts are equivalent to removing **94,535** cars from the road annually.

Material Recovery Facilities (MRFs)

15+

MRFs process and market

550,000

tons of recyclables
annually

6

single stream MRFs



designed to use
less energy, less
water and less
natural
resources

Special Projects

- Pilot project with Stewardship Ontario and Tim Horton's that focuses on **laminated paper cup** recovery from Blue Box programs.
- Pilot project "Blue+2" with Canadian Plastics Industry Association (CPIA) that focuses on **film** and **polystyrene** recovery from Blue Box programs.
- In a multi-year project, Keurig Green Mountain and Emterra developed and implemented studies in BC and Ontario to determine the recoverability of the **polypropylene (PP) #5 plastic K-Cup® pod** in various MRFs.



Windshield washer fluid from liquid waste

- Environmentally-friendly
- Non-toxic
- All-season
- 1,000 litre refillable tote - return empty for a refill - **NO PACKAGING WASTE!**



Closes the recycling loop and contributes to corporate sustainability goals.

Cradle-to-cradle product



ReVital Polymers Inc.

- ReVital Polymers creates high value re-manufactured plastic products for the **commercial, industrial, agricultural** and **automotive** industries.
- ReVital focuses on **increasing the plastics value chain, diversion, energy reduction** and **sustaining our environment**.



If it's not one of
these two bottles,

IT'S NOT RECYCLED



PET & HDPE RECYCLED PLASTIC PRODUCTS



Bottles

Fleece Sweater

Car Seat Fabric

Running Shoes

Patio Furniture

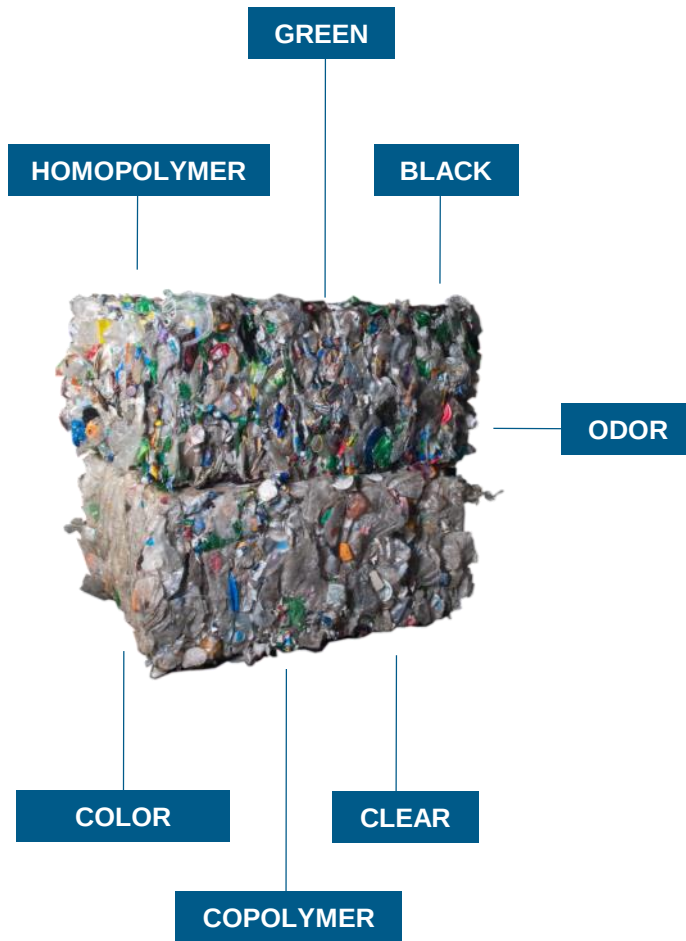


Few facilities are capturing the value in mixed rigid plastic (MRP)
These resins are not being recycled



Non-bottle resin is forgone

Tailor resins





Final Product
Functionally equivalent
to virgin resin

Communities We Service



Emterra Communities

- Service over 70% of St. Clair County, 75% of Genesee County, and 80% of the Northern Thumb Area
- Counties served include: Genesee, Huron, Oakland, Saginaw, Sanilac, St Clair, and Tuscola
- 58+ municipal contracts



Investing in Lansing and Benefits to Lansing



Why Lansing?

- A long history of recycling (since 1991)
- Lack of single stream recycling processing capacity in the region
 - Valuable resources are landfilled if access is limited
- Lansing is strategically located at the center of the State
 - Two-hour drive of 90% of Michigan's population
- Strong multi-modal transportation network

Benefits to Lansing

- Provide affordable access to recycling to local haulers, multi-family buildings and local businesses
- Achieve a more efficient, stable, and fiscally responsible program
- Grow the local green economy through direct and indirect jobs and investments
- Reduce transportation and hauling costs for the City
 - Reduce greenhouse gas emission from these trucks
- Process and produce high quality commodities

Benefits to Lansing

- 12+ new full-time jobs created, including skilled trades
- Business income taxes paid to City
- Real estate taxes paid to City
 - Will increase due to upgrade of the facility

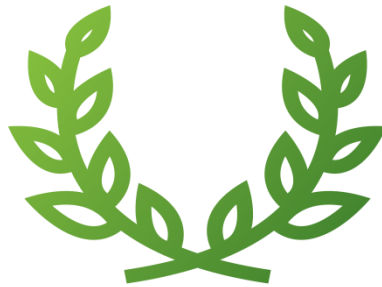
The Location



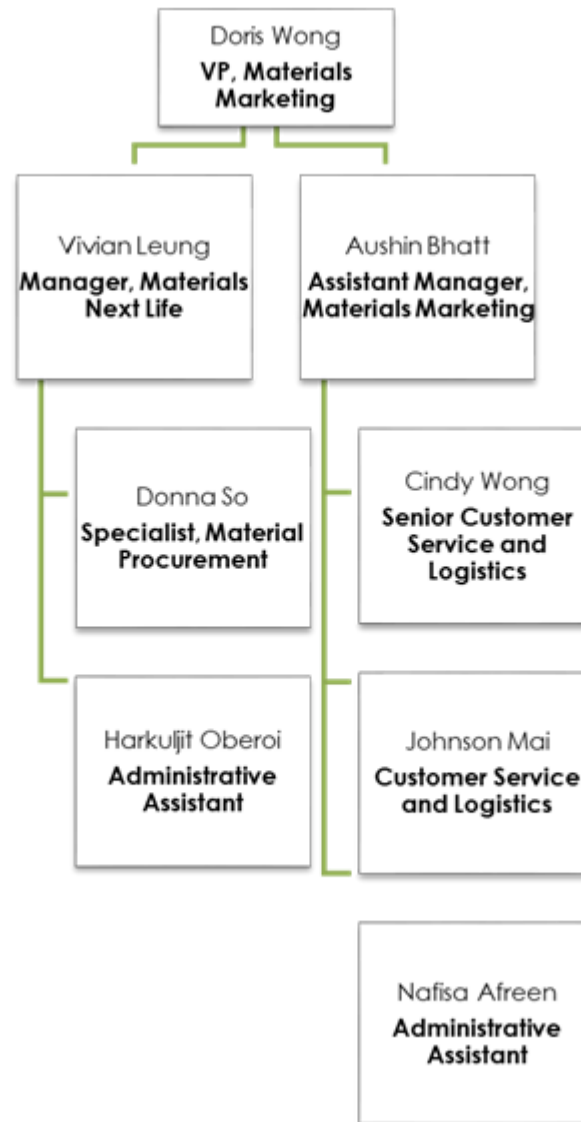
Proposed MRF

- To be located in the City of Lansing
- Multi-million dollar upgrades to long time idled/abandoned facility
 - State of the art recycling system
 - Public education center
 - Public tours
 - Public drop off depot
- 10 year long-term contract is beneficial to City
 - Spreads cost of investment out for lower price for City
 - Provides time for more Tri-County communities to join for lower price for City

Emterra's Marketing Experience, Credentials and Capabilities



Materials Marketing Team



Materials Marketing Experience

- 42+ years
- 425,000 tons marketed each year
- Benefits to the City
 - One of Emterra's most significant strengths is the ability to coordinate the marketing of the City's commodities together with commodities produced across all of our MRFs in Canada.
 - Substantial volume allows Emterra to secure buyers and freight rates, and negotiate terms and pricing unachievable by other recyclers.
 - Emterra will use this power to leverage the best value and terms for the City.

Emterra's Access to Markets, Locally and Globally



Diverse End Markets

- Proposed end markets are geographically diverse, including domestic and overseas markets to hedge for market disruptions affecting one particular region.
 - Domestic markets include USA and Canada (e.g. ReVital Polymers)
 - Overseas markets include Asian countries such as India, Vietnam, Thailand, Malaysia, South Korea, China, and Indonesia.
- Priority will be given to local buyers, wherever possible, all else being equal.

Proposed End Markets

Commodity Produced	Expected end-markets for the recovered recyclable materials	Expected uses for the recovered recyclable materials	Targeted industry standard specification for the commodities that will be marketed
Old Newspaper	American Chung Nam; Pratt Industries WestRock	medium paper, boxboard	ISRI specifications OR end market-specific specifications, as appropriate
Mixed paper	Pratt Industries WestRock	medium paper, boxboard	ISRI specifications OR end market-specific specifications, as appropriate
Old Corrugated Container (cardboard)	Atlantic Packaging WestRock	Kraft liner, medium paper	ISRI specifications OR end market-specific specifications, as appropriate
1-7 Mixed Plastic Containers	Revital Polymers	Plastic pellets for manufacturing (examples: strapping, bottles, piping)	ISRI specifications OR end market-specific specifications, as appropriate
Aseptic containers	Paper Tiger Great Lakes Tissue	Tissue paper	ISRI specifications OR end market-specific specifications, as appropriate
Tin Cans	Ferrous Processing & Trading	Steel sheets and rods	ISRI specifications OR end market-specific specifications, as appropriate
Aluminum cans	Ferrous Processing & Trading; Constellium; Alumisource	Aluminum sheets or cans	ISRI specifications OR end market-specific specifications, as appropriate
Food grade aluminum (e.g. pie plates and pet food cans)	Ferrous Processing & Trading; Gottlieb Inc.	aluminum deox products for steel production	ISRI specifications OR end market-specific specifications, as appropriate
Glass Containers	Canadian Liquid Processors Ltd.; Huron Landfill	Combined with other materials and used as road base	ISRI specifications OR end market-specific specifications, as appropriate

The Crystal Ball

- In last 12 months, domestic paper mills making a resurgence in North America.

Company	Mill Location	Potential Feedstock	Product	Plans
Nine Dragons	Rumford, ME	Mixed paper, ONP, SOP	Coated mechanical/freesheet paper and pulp	Acquired mill from Catalyst and will build new recycled pulp line
Nine Dragons	Biron, WI	Mixed paper, OCC, ONP	Coated mechanical papers	Acquired mill from Catalyst and will build new recycled pulp line; convert existing paper machine to containerboard
Nine Dragons	Fairmount, WV	SOP	Range of products, from packaging to tissue paper	Acquired existing recycled pulp mill from Resolute and will continue using primarily recycled office paper
Nine Dragons	Old Town, ME	OCC	Unbleached kraft pulp	Acquired idle kraft pulp mill to restart in early 2019 with 275,000 tonnes/yr capacity
Shanying International	Wickliffe, KY	Mixed paper, OCC	Coated/uncoated freesheet mill	Convert to pulp & containerboard production
Pratt Industries	Has 4 eastern US mills	Mixed paper, OCC	Containerboard	Indicated they plan to increase waste paper consumption in their existing mills

The Crystal Ball con't

- In last 12 months, domestic paper mills making a resurgence in North America.

Company	Mill Location	Potential Feedstock	Product	Plans
Pratt Industries	Wapakoneta, Ohio	Mixed paper, OCC	Corrugated container	Constructing new mill to use 280k tons/yr of mixed paper by late 2019
Green Bay Packaging	Wisconsin	Mixed paper, OCC	Corrugated container, linerboard	Will replace existing mill with one that consumes much more mixed paper (685,000 tons/yr capacity up from 240,000 tons/yr)
Cascades	Ashland, VA	Mixed paper, OCC	Linerboard, corrugating medium	Acquired idle mill and putting in mixed paper system as part of conversion from newsprint mill to containerboard mill; will use 20% mixed paper (production to 400,000 tons/yr by 2021)
Bio Pappel	Port Angeles mill	Mixed paper, OCC	Linerboard, medium, heavyweight kraft	Will install MWP system in mill conversion; will use 20-30% MWP by fall 2019

Final Impressions



Emterra has designed a flagship material recovery facility for the City and neighboring communities, setting the standard for other facilities to follow in terms using the latest green technologies to maximize recycling.

By selecting Emterra as the City's recycling partner, the City is providing the most cost effective, efficient, and stable recycling program to its residents and local businesses.

Thank you!



EMTERRA[®]
Environmental USA

*We're your
hometown choice!*

www.emterrausa.com



@EmterraUSA



Andy Schor, Mayor

FINANCE DEPARTMENT

124 W. Michigan Ave., 8th Floor
Lansing, Michigan 48933
(517) 483-4500

Cow

LATE ITEM

Memorandum

To: City Council President Carol Wood
From: Dennis R. Parker, Chair, Employees' Retirement System Board
Date: 2/25/2019
Re: Eric Hassett Retirement

The City of Lansing Employees' Retirement System (ERS) Board requests that the City Council review the Ordinance and the action of the ERS pension board in the matter of Mr. Eric Hassett' Retirement.

If you have questions, or need documentation regarding this matter, please contact Karen E. Williams in the Retirement Office at (517) 484-4508 or Karen.williams@lansingmi.gov.

AML GROUP, PLC
(616) 295-8041 | amlgroupmi@gmail.com

TO: Council President Wood and Members of the City Council
Lansing Employees' Retirement System Board of Trustees

FROM: Kenneth P. Lane

DATE: March 1, 2019

RE: Summary memorandum--Eric Hassett

The Lansing Employees' Retirement System (the "ERS") Board of Trustees (the "ERS Board") has asked us to provide the following summary memorandum relating to requests made to the ERS Board by City employee Eric Hassett.

Background

On May 15, 1995, Eric Hassett, a City of Lansing employee, voluntarily transferred from a City position represented by the United Auto Workers (the "UAW") union to a City position represented by the International Brotherhood of Teamsters, Chauffeurs & Warehouseman, Local 580 (the "Teamsters 580"). At the time of his transfer, Mr. Hassett had worked in the UAW position for approximately 18 months (the "UAW Time"). In 1995, the two unions provided for retirement benefits in different pension systems; the UAW was part of the Employees Retirement System (the "ERS") and the Teamsters 580 was part of the City of Lansing's Money Purchase Pension Plan ("the DC Plan"). Because of the different pension system plans bargained for in the UAW and Teamsters 580 collective bargaining agreements at the time of Mr. Hassett's transfer, he was required to leave the ERS and enroll in the DC Plan as his sole pension plan.

Prior to his transfer, Mr. Hassett inquired about the effect his union transfer would have on his retirement benefits under the Teamsters 580 collective bargaining agreement. The ramifications of the proposed union transfer were made known to Mr. Hassett and included in a "pension and post-retirement health care consequences" acknowledgement form (the "Acknowledgement Form"). The form made it clear that Mr. Hassett voluntarily waived the use of any service credit or benefit he had acquired from the UAW Time prior to his transfer to the Teamsters 580 position. On May 8, 1995, Mr. Hassett voluntarily signed the Acknowledgement Form.¹ It is noteworthy that while Mr. Hassett was in the UAW he was not required to make employee contributions into the ERS and did not vest for ERS benefits.

On October 1, 2003, Teamsters 580 members who were members of the DC Plan became members of the ERS pursuant to the unions new collective bargaining agreement. At that time, Mr. Hassett transitioned into the ERS from the DC Plan. The Teamsters 580 collective bargaining agreement

¹ A copy of the form is attached.

made no arrangements to “claw back” forfeited service credits or benefits linked to the UAW Time.

At the time Mr. Hassett mandatorily transitioned into the ERS he claims he was provided a “Retirement Information Sessions Frequently Asked Questions” document (the “FAQ Document”).² In relevant part, the FAQ Document provides: “For retirement eligibility purposes, your “years of service” with the City is based on your City full time hire date and membership in either the Employees Retirement System or the Defined Contribution System.”

In 2012, Mr. Hassett asked the ERS Board of Trustees whether the UAW Time could be applied toward his retirement from the ERS. A general analysis of historic pension changes and a specific analysis of Mr. Hassett’s case was performed. Based upon the analysis, a written legal opinion was prepared. It was concluded by the ERS Board that Mr. Hassett’s time in the UAW position could not be counted toward his retirement from the ERS.³

Recently, Mr. Hassett has asked the ERS Board to revisit whether the UAW Time may be considered for retirement eligibility purposes from the ERS based upon the FAQ Document. Additionally, in accordance with applicable collective bargaining agreement provisions, Mr. Hassett filed a grievance under his Teamsters 580 collective bargaining agreement to determine whether the UAW Time could be considered for retirement eligibility purposes. The grievance resulted in a determination that Mr. Hassett’s months of service with the UAW could not be considered for retirement eligibility purposes from the ERS and the grievance was denied. Mr. Hassett did not appeal that determination or denial and the time for taking an appeal has passed.

February 6 Special Meeting

On February 6, 2019, the ERS Board of Trustees held a special meeting to consider whether it believed the UAW Time could be used for retirement eligibility purposes from the ERS. At the meeting, we provided a legal memorandum to the ERS Board which concluded that the UAW Time could not be considered by Mr. Hassett nor the ERS Board for eligibility to retire based on Mr. Hassett’s signature on the Acknowledgment Form.⁴ After reviewing all the relevant documents, it was our opinion that the FAQ Document did not serve to modify or change the impact of the Acknowledgment Form signed by Mr. Hassett.

After discussing the matter, the ERS Board made the following motion:

“The [ERS] Board confirms that Mr. Hassett does have retirement eligibility for all his full-time work with the City. If the City Attorneys office does not feel that the [ERS] Board has the authority to make this decision, this matter should be moved immediately on to the City Council. Mr. Hassett’s request for regular age and service retirement should be placed on the agenda of the ERS Board’s next regularly scheduled meeting for formal consideration.”

The motion was approved by a 5-4 vote of the ERS Board.

² A copy of the FAQ Document is attached.

³ See, attached June 13, 2012, legal opinion from Clark Hill.

⁴ A copy of the legal memorandum is attached.

February 21 Regular Meeting

At its regular meeting on February 21, 2019, the ERS Board considered the request for regular age and service retirement for Mr. Hassett. For purposes of this request, the UAW Time was used to establish Mr. Hassett's eligibility for retirement. Legal reported to the ERS Board on behalf of the City Attorneys office that the ERS Board did not have the authority to confirm Mr. Hassett's retirement eligibility through use of the UAW Time nor approve his retirement request.

The following items were presented to the ERS Board as the basis for this opinion:

- In accordance with applicable collective bargaining agreement provisions, Mr. Hassett, who is a current City employee, has a grievance determination and denial that decided his years of service with the UAW cannot be considered for retirement eligibility purposes from the ERS. An appeal of the determination and denial has not been filed by Mr. Hassett. The ERS Board is without authority to provide a differing determination on this matter or interfere with the employee grievance process.
- The "FAQ Document" cannot legally modify or change the impact of the Acknowledgement Form signed by Mr. Hassett. The Acknowledgement Form waived "any benefit" from his time with the UAW.
- No provision within City ordinance or state law authorizes the ERS Board to consider Mr. Hassett's time with the UAW solely for eligibility purposes. The ERS Board cannot deviate from applicable ordinance and plan provisions.
- The potential for unintended consequences has not been fully researched. The ERS Board has a fiduciary duty to act in a manner that is neither arbitrary nor discriminatory to other members or retirees.

Pursuant to a request from the ERS Board, we were asked to present sections of the ERS Ordinance that authorize the ERS Board to correct errors. Section 292.46 of the ERS Ordinance was presented to the ERS Board:

"Correction of errors. If any change or error in the records results in any member, retirant or beneficiary receiving from the retirement system more or less than he or she would have been entitled to receive had the records been correct, the Board of Trustees shall correct such error, and, as far as practical, shall adjust the payment in such a manner that the actuarial equivalent of the benefit to which such member, retirant or beneficiary was correctly entitled shall be paid."⁵

After discussing the matter, the ERS Board made the following motion:

"Motion to approve the regular age and service retirement request of Eric Hassett based on Section 292.46 and the Board's prior motion to confirm his eligibly for retirement."

The motion was denied by a 5-3 vote of the ERS Board. Accordingly, Mr. Hassett's retirement request was denied based on the City's position that the ERS Board lacked authority to approve it.

After the denial vote, the ERS Board made the following motion:

⁵ Section 292.46, Lansing Codified Ordinances.

“Motion to send the issue [relating to Mr. Hassett] to the City Council [pursuant to Section 292.15] to determine if the ERS Board acted appropriately in denying Mr. Hassett’s retirement request. If the City Council determines that the ERS Board did not act appropriately, the ERS Board recommends that the City Council amend the ERS Ordinance to make it clear that Mr. Hassett is eligible to retire.”

The motion was unanimously approved by the ERS Board.

Section 292.15 of the ERS Ordinance provides:

“Restoration of credited service in certain cases. Should any member of the retirement system no longer be employed by the City, for any reason other than retirement or death, he or she shall thereupon cease to be a member and his or her credited service at that time shall be forfeited by him or her, unless otherwise provided in this chapter. If he or she is re-employed by the City, he or she shall again become a member. If his or her re-employment occurs within a period of four years from and after the date of his or her last separation from City employment, ***or in other cases of special circumstance upon approval of Council, after review and recommendation by the Board of Trustees***, his or her credited service last forfeited by him or her shall be restored to his or her credit, subject to Section 292.35(e). If a member becomes a retirant, he or she shall thereupon cease to be a member and shall not again become a member, unless otherwise provided in this chapter. If a member dies, he or she shall thereupon cease to be a member.”⁶

Based upon the highlighted language with Section 292.15 above, this matter has been referred to the City Council.

Conclusion

We suggest that this memorandum be provided to the City Council to provide relevant background information and our analysis in this matter. The ERS Board is requesting that the City Council review this matter and make a determination as to whether the ERS Board was correct in denying Mr. Hassett’s retirement request. If the City Council determines that the ERS Board was not correct, the ERS Board is requesting that the City Council amend the ERS Ordinance to make it clear that Mr. Hassett is eligible to retire through use of the UAW Time.⁷

⁶ Section 292.15, Lansing Codified Ordinances (emphasis added).

⁷ Please be aware that an actuarial analysis is a prerequisite to a retirement ordinance amendment that would result in a pension benefit change (1965 PA 314, as amended, Section 20h; MCL 38.1140h).

ACKNOWLEDGEMENT REGARDING PENSION AND
POST-RETIREMENT HEALTH-CARE CONSEQUENCES UPON TRANSFER/PROMOTION
TO A TEAMSTER LOCAL 580 OR OTHER "COVERED" POSITION.
(APPLICABLE TO INDIVIDUALS HIRED AFTER "COVERED
POSITION" EFFECTIVE DATE)

This will acknowledge that I, Eric Hassett, have discussed with the City of Lansing Personnel Services Department certain pension and post retirement health-care consequences, resulting from my possible transfer/promotion into a position covered by the Teamster Local 580 collective bargaining agreement with the City of Lansing, or another "covered" position.

1. I hereby acknowledge being advised that upon my acceptance of a transfer/promotion into a "covered position", and as a condition of my being offered the position, I will become subject to the provisions of the City of Lansing Money Purchase Pension Plan for purposes of any future pension benefit accruals;

2. I hereby acknowledge being provided with a copy of the Summary of Benefits pertaining to the City of Lansing Money Purchase Pension Plan;

3. I hereby acknowledge being advised that I will accrue no additional service credits in the General Employees Retirement Plan if I accept the transfer/promotion;

4. I hereby acknowledge being advised that there does not exist any agreement with the Teamsters Local 580 providing for the transfer of any assets from the General Employees Retirement System to the City of Lansing Money Purchase Pension Plan, nor can I be provided any assurance that an agreement will be reached with the Teamster. I hereby acknowledge and understand that absent a agreement with the Teamsters, except as possibly provided in the next paragraph, I will not become entitled to any portion of the City's contribution to the General Employees Retirement System.

5. I hereby acknowledge being advised that in the absence of an agreement with the Teamsters, the City's contribution to the General employees Retirement System will remain with said system. I also understand that I will not be entitled to any future benefit from said system, except in the event of my future employment with another government agency and satisfaction of the requirements of the Reciprocal Retirement Act, provided I have 30 months or more accrued service credits in the General Employees Retirement System.

6. I hereby acknowledge being advised that there is no post-retirement health-care associated with this position, other than the 1% of compensation contributed to my account in the City of Lansing Money Purchase Pension Plan to defray health-care premiums, or at my option, to be combined with my retirement account (the

City's 5% contribution). I fully understand and acknowledge that this means I will not become eligible for the post-retirement health-care benefits provided for in the collective bargaining agreement with UAW Local 2256, if I accept this position.

7. I hereby acknowledge that I have read the foregoing and understand it.

Dated this 8 day of May, 1995

WITNESS:

Angelia E. Jones,
Personnel Specialist

APPLICANT:

Eric Hassett

Doc #6

Dec 11
2:30 PM
8 TH floor
Kobin

Retirement Information Sessions Frequently Asked Questions

1) What is the difference between the Defined Contribution Money Purchase Plan (Comerica) and the Defined Benefit Employee Retirement System?

In the Defined Contribution System, the City deposited 6% of your wages into your Comerica account. You were responsible for investing the money according to your risk level and comfort. The amount in your account when you terminated service with the City was how much money you had for your "retirement." You were vested in this plan after 3 years.

In a defined benefit plan, the City is responsible for investing the funds. You, the employee, receive a fixed amount of money (pension) at retirement. You need 8 years of full time service with the City to vest in the Defined Benefit Retirement System. To be eligible to retire (without deferring your retirement), you need to be age 58 with 8 years of service or age 50 with 25 years of service.

* For retirement eligibility purposes, your "years of service" with the City is based on your City full time hire date and membership in either the Employee Retirement System or the Defined Contribution Plan.

Assuming you were not a U.A.W. employee prior to becoming a Teamster employee, your "service credits for the retirement benefit calculation" is the number of years you have worked for the City starting from October 1 2003. You have the option to purchase additional years of service for the time employed by the City prior to October 1 2003.

2) How do you calculate the retirement benefit? How much will my pension be?

To calculate your "straight life" pension benefit in the Defined Benefit System, you need three things:

- 1) Final Average Compensation (FAC): The average of your highest two consecutive years of income (which includes overtime and longevity).
- 2) Years of service credits (starting from October 1 2003, unless you buy back additional years)
- 3) Multiplier: currently at 1.6%. This is a union negotiated or personnel rules item.

For Example Purposes Only: You decided to retire at age 51 with 26 years of service. Of the 26 years of service, the first 10 years were in the Defined Contribution Plan and the final 16 years in the Defined Benefit plan. You did not buy any prior years of service. For this example, the average of your highest two consecutive years of compensation (FAC) is \$45,000. The multiplier is 1.6%.

The equation would be: FAC times Years of Eligible Service times Multiplier or $(45000) \times (16) \times (.016) = \$11,520$ annually or \$960 per month.

Example 2: Of the first 10 years that were in the Defined Contribution Plan, you elected to purchase 5 years of prior service. Combined with your 16 years in the Defined Benefit System, you have 21 years of service for the benefit calculation. The multiplier is still 1.6% and the FAC is still \$45,000.

The equation would be $(45000) \times (21) \times (.016) = \$15,120$ annually or \$1,260 per month.

3) What pension benefit options are available for my spouse when I die?

The Defined Benefit Employee Retirement System has three options for a surviving spouse. This decision must be made when the employee retires. The retirement analyst reviews all the options with the employee during the retirement enrollment counseling session.

Benefit Options:

Straight life:

No surviving spousal benefit - no money, no health care upon retiree's death

Option A

Surviving spouse receives same amount as retiree's pension upon death of retiree.

Option B

Surviving spouse receives half of retiree's pension upon death of retiree.

Option A & Option B require a reduction in the retiree's pension to allow for surviving spousal benefit. The reduction is based on age of retiree and surviving spouse. This is not a fixed percentage; it is a case by case basis. It typically is not a large reduction.

4) How does the decision to purchase or not purchase prior years of service affect my 8 year vesting requirement in the Defined Benefit System?

Vesting is a separate issue and is not affected by purchasing prior years of service. Vesting will be determined by the number of full time years worked for the City of Lansing, not including time spent on Worker's Compensation in which the member belonged to either the Employee Retirement System or the Defined Contribution Plan.

The purchase of service credits as described in the letter dated October 17, 2003 relates solely toward the calculation of the benefit received at retirement.

5) Can I purchase a partial year of service credits? How do I calculate how many years of service I can purchase?

To determine how many years of service you can purchase, divide the "1 year cost" of a service credit into the money you have available and round to the second decimal place. The city will not calculate to the number of months and days.

Example:

"1 year cost" = \$5415.00

Money available = \$ 35,000

Maximum eligible service credits 7.25

$35000/5415 = 6.4635$ years, rounded to the second decimal place is 6.46 years of service.

6) I don't know whether or not to purchase any prior years of service. Is there someone at the City that I can speak with to help make this decision?

Representatives from the City of Lansing can not give financial advice. If you have concerns regarding this decision, please contact a financial advisor.

City of Lansing representatives can assist you with more generic questions relating to the retirement system, benefits, transfer of funds, etc. We would prefer to receive and answer these questions in writing. Please e-mail your questions to retirement@ci.lansing.mi.us

7) How do I know how much money I have available in my Comerica account or in my Deferred Compensation accounts?

Comerica: 800.538.2476, <http://retire.comerica.com>

T. Rowe Price: 800.922.9945, www.troweprice.com

ING: Alan VanGorder, 517.351.4400, www.ing.com

If you use money from your Comerica account or your City of Lansing Deferred Compensation accounts, you are responsible for market fluctuations. We suggest that you have the funds you intend to use in the proper accounts that will allow for market fluctuations. The City does not assume responsibility for any changes to your account due to market fluctuation prior to assets transfer from Comerica, ING and T Rowe Price.

8) What happens to the money in the Comerica account if I don't purchase any or all of my eligible service credits or I have money left over?

You do not need to purchase any prior years of service. It is an option. If you don't purchase any prior years of service, the money will stay in your Comerica account. You will still be responsible for investing the money. The City will not add any more money to that account and you can not add any money to the account.

You may use your Comerica funds to purchase service credits in the City's Defined Benefit Retirement System or leave it in the Comerica account. You are not allowed a fund distribution or rollover until you retire or otherwise terminate your employment with the City.

9) What happens if I overestimate how much money I will need to purchase my service credits?

The City will refund any cash payment or transfer back any (ING, T Rowe Price or Comerica) overpayment received for authorized purchase of service credits. Overpayments will be refunded or transferred in this order:

- 1) Cash
- 2) T Rowe Price/ING
- 3) Comerica

As a reminder, it is the employee's responsibility to have available balances in accounts for authorized transfers. Please allow for market fluctuations. The City does not assume responsibility for any changes to account balances due to market fluctuation prior to assets transfer from Comerica, ING and T Rowe Price.

10) I realize that I need 8 (eight) years of service to vest in the Defined Benefit Retirement System. If I should terminate my employment prior to vesting, what money in the Defined Benefit Retirement System can be refunded to me or my beneficiaries?

You are entitled to any personal funds contributed to the system. This includes any personal checks, cash or transfer from your City of Lansing 457 deferred compensation accounts utilized to purchase service credits. You are not entitled to any funds contributed by the City. These funds would include the City money transferred from your Comerica account or contributions made by the City to the Defined Benefit Retirement System.

If you intend to borrow money to purchase prior years of service, you must have the money in place and available to you by January 15, 2004. Deferred Compensation transfer forms must be signed and in the retirement office in the Finance Department, 8th Floor City Hall by January 15, 2004. The City will submit the forms to T Rowe Price and ING for you.

11) How do I purchase my prior years of service? Who do I see and in what office?

On or before January 15, 2004 you will need to come to the Finance Department, 8th floor City Hall. You must fill out the proper forms and have any cash payments to the Finance Department on or before January 15, 2004, this is by appointment only due to the large number of requests we anticipate receiving. We will begin scheduling appointments December 2, 2003. Please call Robin Noe at 483-4500 for an appointment.

There will not be a payroll deduction for buying time. You must have cash, certified check or transfer requests from Comerica, ING and/or T Rowe Price to the retirement office by Jan 15 2004 to purchase service credits. This is a limited time offer.



8:00-2000

9:30

CLARK HILL

CONFIDENTIAL MEMORANDUM

TO: Ms. Karen Williams
Retirement Analyst
Lansing Employees' Retirement System

FROM: Kenneth P. Lane

DATE: June 13, 2012

SUBJECT: Retirement question; Eric Hassett

BACKGROUND

On May 15, 1995, City public service department employee Eric Hassett voluntarily accepted a promotion and transferred from a City position represented by the United Auto Workers ("UAW") union to a City position in the International Brotherhood of Teamsters, Chauffeurs & Warehousemen, Local 580 ("Teamsters 580"). In 1995 the two unions provided for retirement benefits in two different pension plans; the UAW was part of the City's defined benefit plan, i.e., the Employees' Retirement System (the "ERS"), and the Teamsters 580 was part of the defined contribution plan, i.e., the City of Lansing's Money Purchase Pension Plan (the "Defined Contribution Plan"). Before Mr. Hassett's promotion, he inquired about the effect of his union transfer on his retirement benefits under the Teamsters 580 collective bargaining agreement (the "CBA"). The ramifications of the proposed union transfer were made known to him and included in a "pension and post-retirement health care consequences" acknowledgement form ("Acknowledgement Form"), which he voluntarily signed. (Attachment A). Upon transfer into Teamsters 580, Mr. Hassett terminated his membership in the ERS and became a member of the Defined Contribution Plan. On October 1, 2003, Teamsters 580 members, who were in the Defined Contribution Plan on September 30, 2003, became members of the ERS pursuant to the unions new collective bargaining agreement. At that time, Mr. Hassett transitioned into the ERS from the Defined Contribution Plan. Mr. Hassett is now considering retirement. He has inquired whether his years of service in the UAW may be applied toward his retirement from the ERS. Accordingly, you have asked for our opinion on this issue.

OPINION

In accordance with Mr. Hassett's Acknowledgement Form and the City's history of its Defined Contribution Plan, his years of service in the UAW may not be counted toward his retirement from the ERS.

ANALYSIS

A. Law and Application

Michigan courts have recognized that an employee, who is under a certain collective bargaining agreement and who voluntarily leaves a position for another position with the same employer but a different union, will be governed by the employee benefits and requirements in the new position's collective bargaining agreement. *Crawford v Wayne Co.* 156 Mich App 655 (1986). In the *Crawford* case, the court considered the effect of the change in unions when Wayne County Sheriff officers were promoted from nonsupervisory police officers to supervisory sergeant positions. The court said:

Plaintiff's chose to leave one position as Local 502 members and accept a new position as Local 1917 members. That decision implies that plaintiffs chose to abandon their rights as Local 502 members and accept whatever rights they might have as Local 1917 members.

The application of this legal principle to the issue at hand means that the UAW pension and retirement provisions ceased to apply to Mr. Hassett when he transferred to the Teamsters 580 union on May 15, 1995. An exception would have factually occurred if Mr. Hassett had actually been vested for ERS retirement while a member of the UAW. Had this been the case, he would have been entitled to a deferred UAW pension. However, eligibility for retirement under UAW contract required a minimum of eight years of City service and on May 15, 1995 Mr. Hassett did not meet this threshold requirement.

When Mr. Hassett transferred into the Teamsters 580 union, his pension and retirement rights became governed by the CBA. The CBA provided that his pension and retirement rights would be under the Defined Contribution Plan. The effect of the transfer was presented to the Law Department prior to Mr. Hassett's decision to transfer from UAW to Teamsters 580. Consistent with the *Crawford* case, Mr. Hassett was advised before the transfer to Teamsters 580 that the effect of doing so would mean he would not be entitled to receive "any future benefit" from the ERS (Paragraph 5, Acknowledgement Form).

It is noteworthy that an employee who hired into the Teamsters 580 union position on Mr. Hassett's original date of hire would not have become a member of the ERS. For Teamsters 580 union members hired on or after October 29, 1990, the employee would have automatically become a part of the City's Defined Contribution Plan.

The true impact of the Acknowledgement Form shows that Mr. Hassett knew and accepted that service credits in the ERS prior to the transfer to Teamsters 580 would be lost.

B. Defined Contribution Plan

As you know, the City of Lansing transitioned from its defined benefit plan (the ERS) into a defined contribution plan commencing in October of 1990. Other than employees in the UAW and in Police and Fire Retirement System, all employees eligible to earn retirement pension

benefits and who were hired on or after October 29, 1990 went into the Defined Contribution Plan. This was also true of any employee who transferred into the Teamsters 580 union after October 29, 1990. Moreover, when the Defined Contribution Plan was created, it was contemplated that employees in the Defined Contribution Plan would stay in the plan for pension purposes and never return to the ERS.

At the time Mr. Hassett was considering promotion in 1995, he presented the City with the opportunity to consider a retirement question that apparently had not been contemplated - what would happen to the ERS service credits of a UAW employee, who was not vested or eligible for a deferred retirement, who transferred into Teamsters 580? Upon review of Mr. Hassett's case, the City Attorney staffing the retirement systems concluded that the UAW service credits would effectively be forfeited. The only exception was that credited service could be transferred under the Michigan Reciprocal Retirement Act, which is inapplicable here.¹ The City Attorney concluded that because there was no Teamsters 580 CBA or ERS ordinance provision that mandated the transfer of assets from the defined benefit plan to the Defined Contribution Plan, the UAW service credits would be lost. It should be remembered that when the Defined Contribution Plan was created, Teamsters 580 employees already in the ERS were given a one-time/one-way option to transfer the ERS assets into the Defined Contribution Plan or to stay in the ERS. This same option was not available to UAW members because their collective bargaining agreement did not permit its employees to join the Defined Contribution Plan. It is also important that the Teamsters 580 option to transfer assets from the ERS to the Defined Contribution Plan expired on April 29, 1991.

As you also know on October 1, 2003, Teamsters 580 employees transitioned back into the ERS from the Defined Contribution Benefit Plan. However the CBA made no claw back arrangements for forfeited ERS service credits for an employee's time while in the UAW. For Mr. Hassett, these service credits were already determined to have been lost in 1995. Accordingly, in light of the City's Defined Contribution Plan history and Mr. Hassett's Acknowledgement Form there is nothing that provides for the prior UAW service credits to spring back into existence.

C. Acknowledgment Form

As mentioned above, on May 8, 1995, Mr. Hassett voluntarily signed the Acknowledgement Form (Attachment A). Paragraphs 1, 3 and 5 of that form provide in relevant part:

1. I hereby acknowledge being advised that upon my acceptance of a transfer/promotion into a "covered position", and as a condition of my being offered the position, I will become subject to the provisions of the City of

¹ 1961 PA 88, as amended, MCL 38.1101 *et seq.* As we have previously opined (opinion dated October 4, 2011), the Reciprocal Retirement Act (the "RRA") may not be used to combine years of service earned as a member of the UAW and Teamsters 580. Although such service occurs within two distinct City bargaining units, the underlying employment is solely with the City of Lansing. The RRA may only be used to combine years of service earned while employed in positions for different participating municipal units (cities, townships, etc). Additionally, the RRA cannot be used to qualify (vest) a person for care, survivor or disability retirement benefits.

Lansing Money Purchase Pension Plan for purposes of any future pension benefit accruals;

3. I hereby acknowledge being advised that I will accrue no additional service credits in the General Employees Retirement Plan if I accept the transfer/promotion;

5. ...I also understand that I will not be entitled to any future benefit from said [ERS] system, except in the event of my future employment with another government agency and satisfaction of the requirements of the Reciprocal Retirement Act, provided I have 30 months or more accrued service credits in the General Employees Retirement System." (emphasis added)

Based upon the above provisions, it is clear that Mr. Hassett voluntarily waived the use of any service credits he had acquired prior to his promotion/transfer to the Teamsters 580 position. When Teamsters 580 members were returned to the ERS from the Defined Contribution Plan, it was solely pursuant to membership in the Teamsters 580 union and the pension rights thereunder. Reference in Paragraph 5 of the Acknowledgement Form to the exception under the RRA is inapplicable here because the UAW and Teamsters 580 are part of the same governmental agency. Thus, the ability to use the service accrued prior to May 15, 1995 is not supported by contract or the RRA.

CONCLUSION

Based upon Mr. Hassett's signature on his May 8, 1995, "pension and post-retirement health care consequences" acknowledgement form, Mr. Hassett's years of service in the UAW may not be counted toward his retirement from the ERS.

cc: Lansing Employees' Retirement System Board of Trustees
Mr. Brigham C. Smith
Mr. Donald Kulhanek
Mr. John M. Roberts.
Ms. Susan Graham

RECEIVED

MAR 11 2019

LANSING CITY COUNCIL

At the March 4, 2019 Committee of the Whole, Vice President Spadafore asked these questions to which President Wood requested answers.

The 3 questions are as follows:

1. Who does this apply to? (How many employees would be affected)
2. What was the \$24,000.00, that Mr. Hassett paid, for?
3. What is the bottom line actuarial cost to the City?

The answers as provided by Finance, are as follows:

1. AS far as we know, this circumstance applies to two individuals (including Hassett). Unfortunately, we can't guarantee it's only two, as there's no good way to identify individuals. This is a fairly unique circumstance, it pertains to employees that worked as UAW employees for less than 8 years (less than vesting requirement) before promoting to T243 or T214 positions, right at the time the Teamster groups went to the DC plan. Because of changes in payroll systems over the years, there is no way to run reports for that.
2. The \$24K being referenced is the amount Hassett paid for the time we worked as a Teamster in the DC plan for converting back to the DB plan when the Teamsters returned to the DB plan. The \$24K was not for the UAW time in questions.
3. The actuarial estimate for the two known cases is \$80,000 (calculation performed by Boomershine).

@mty

BACKGROUND

At the March 4, 2019 Committee of the Whole, Council received information regarding Eric Hassett's retirement benefit service credits calculation. Although no official action was taken, the Council President asked this office to review Section 292.15 of the Employees' Retirement System (ERS) plan to determine whether the Council could grant Mr. Hassett's service credit restoration request by resolution or if it needed an ordinance amendment to be made effective.

SHORT ANSWER

The proposed Hassett pension benefit change is a matter that is the subject of collective bargaining but has never been negotiated as a benefit in Mr. Hassett's Teamster 243 union (Teamsters) Collective Bargaining Agreement (CBA). Under Michigan labor law, neither the City or the union can unilaterally amend a CBA. *Harper Woods Retirees Association v Harper Woods*, 312 Mich App 500, 508 (2015). Therefore, the steps required to provide Mr. Hassett with the proposed enhancement of his retirement benefit are as follows:

- (1) Negotiate an amendment to the current Teamsters CBA to add service credits for time served by the employee while a full-time employee in the UAW union before transferring into the Teamsters in 1995;
- (2) Ratification of the new CBA¹ by the Teamsters and City Council;
- (3) Amend the ERS pension ordinance consistent with the CBA negotiated plan change.

ANALYSIS

As more fully developed in June 13, 2012 and March 1, 2019 memoranda prepared for the ERS Board by attorney Kenneth P. Lane, Mr. Hassett transferred employment as a full-time City employee from the UAW union to the Teamsters in 1995. At the time of the transfer, the Teamsters provide retirement benefits in a Defined Contribution Plan (DC). At the time, the UAW was the only ERS union for which the City allowed employee's to enroll in the Defined Benefit Plan (DB). Notably, in 1995, the city did not intend nor anticipate that the DB would ever be reopened for Teamster members. Because of this, the transfer of a UAW employee, who was not vested in the DB, into the Teamsters meant at the time that the employee's DB would never vest and, therefore, this time could never be counted towards the employee's retirement. In recognition of this, Mr. Hassett signed the "Acknowledgement Regarding Pension and Retirement Health-Care Consequences Upon Transfer/Promotion to a Teamster 580 Other "Covered" Position (Applicable to Individuals Hired After "Covered Position" Effective Date)" (Acknowledgement). When Mr. Hassett transferred into the union in 1995, there were no Teamsters CBA negotiations to mitigate the affect of the transfer on the Teamster transferee and the Acknowledgement was prepared in part to make this clear to the employee.

A. Ordinance

¹ This current CBA with the Teamsters has expired and is in negotiations.

Restoration of credited service in certain cases. Should any member of the retirement system no longer be employed by the City, for any reason other than retirement or death, he or she shall thereupon cease to be a member and his or her credited service at that time shall be forfeited by him or her, unless otherwise provided in this chapter. *If his or her re-employment occurs within a period of four years from and after the date of his or her last separation from City employment, or in other cases of special circumstance upon approval of Council, after review and recommendation by the Board of Trustees, his or her credited service last forfeited by him or her shall be restored to his or her credit,* subject to Section 292.35(e). If a member becomes a retirant, he or she shall thereupon cease to be a member and shall not again become a member, unless otherwise provided in this chapter. If a member dies, he or she shall thereupon cease to be a member. (Emphasis added).

When an ordinance is interpreted, the rules of statutory construction are to be applied. *Wayne Co v Wayne Co Retirement Commission*, 267 Mich app 230 (2005). The primary goal of statutory interpretation is to determine and effectuate the intent of the Legislature. *People v Williams*, 475 Mich 245, 250; (2006). The first factor in determining legislative intent is the specific language of the statute. *People v Lively*, 470 Mich 248, 253 (2004). Judicial interpretation is not necessary or permitted if the plain and ordinary meaning of the statutory language is clear. *People v Bell*, 276 Mich App 342, 345 (2007). Any ordinance, like a statute, “must be read in context with the entire act, and the words and phrases used there must be assigned such meanings as are in harmony with the whole of the statute.” *G.C. Timmis & Co v Guardian Alarm Co*, 468 Mich 416, 421 (2003), quoting *Arrowhead Dev Co v Livingston Co Rd Comm*, 413 Mich 505, 516 (1982). Any ambiguity may be resolved by application of the principles that a statute should be construed to avoid absurd results, *Detroit Int’l Bridge Co, v Commodities Export Co*, 279 Mich App 662, 674 (2008).

Here, the entire ordinance refers to the subject of those employees who have left City service and then been “re-employed.” Even the sentence relied upon for the proposed Council action specifically deals with the circumstances of reemployment. *“If his or her re-employment occurs within a period of four years from and after the date of his or her last separation from City employment, or in other cases of special circumstance upon approval of Council, after review and recommendation by the Board of Trustees, his or her credited service last forfeited by him or her shall be restored to his or her credit.”*

Therefore, harmonizing this ordinance section makes it clear that it applies solely to “other cases of special circumstances” that involve reemployment after separation from the City of more than four years. Because this entire section clearly is intended to apply only to the reemployment scenario, the Council approval under it is restricted solely to that type of case and accordingly, does not apply to Mr. Hassett’s situation.

B. Charter

The methodology outlined in the Short Answer for providing a union member with a new or enhanced pension benefit is also mandated by the Charter under Article 6, Chapter 2 – Labor Relations. In sum, the Charter provides that the Mayor, through his Chief Labor Negotiator, negotiates changes to collective bargaining contracts (Charter Sections 6-201 and 6-202) and after negotiation, such CBA changes become effective upon ratification by Council in accordance with State law. Charter Section 6-203.

The Teamsters CBA in effect in 1995, when Mr. Hassett transferred into the union, had eliminated all reference to the ERS membership and benefits for all Teamster employees that hired into City union jobs after October 29, 1990. The CBA also did not provide for such a Teamster employee to receive or retain any pension benefit the transferee otherwise had while in the UAW. Similarly, when the Teamsters again joined the ERS in 2003, the CBA negotiated did not revisit either of these subjects and, therefore, it failed to create a new benefit that altered what was in effect under the CBA in 1995 nor did it institute any new credit for a Teamster employees UAW City service. The benefit requested by Mr. Hassett has never been in the Teamsters CBA. For it to be available to him, it must first be negotiated and incorporated into an appropriate agreement accepted by both the City and the union.

For Mr. Hassett, the Teamsters have confirmed that the benefit sought is a CBA matter as evidenced by the fact that the union took Mr. Hassett's claim through the CBA grievance procedure. Even though Mr. Hassett's grievance resulted in a determination that his UAW service could not be considered for his retirement eligibility and was denied, this benefit may still be a matter that is collectively bargained.

C. Pathway to Benefit

Despite that this memo requires additional steps to provide Mr. Hassett, with the benefit he seeks, it describes the established legal pathway that is consistent with the City's Charter and Michigan collective bargaining law that govern Teamsters employee labor law rights.

Notwithstanding how this matter has been brought to the Council's attention, it remains a labor matter and must be resolved in conformance with established collective bargaining and labor law, which this memo addresses. Also, if an amendment to the CBA can be mutually agreed upon and ratified, this office has prepared the draft ordinance amendment to effect a benefit change.

Finally, in discussion with the Chief Labor Negotiator, it has been ascertained that the current CBA between the City and the Teamsters has expired and it is the Chief Labor Negotiator's position, to which law agrees, that a Memorandum Of Understanding with the Teamsters may be entered into and then placed into the new CBA upon its negotiation for Councils ratification. Of significance is that this has not been negotiated yet with the Teamsters.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF LANSING, MICHIGAN, TO AMEND THE
LANSING CODIFIED ORDINANCES BY AMENDING CHAPTER 292, SECTIONS
292.14(G) AND (H), TO PROVIDE THAT AN EMPLOYEE WHO, BETWEEN OCTOBER
30, 1990 AND SEPTEMBER 30, 2003, TRANSFERRED FROM A FULL-TIME CITY UAW
UNION POSITION INTO A FULL-TIME CITY TEAMSTERS 580 UNION POSITION, BUT
WAS NOT VESTED IN THE EMPLOYEES' RETIREMENT SYSTEM (ERS) AT THE TIME
OF TRANSFER, MAY USE THE ACCRUED UAW TIME FOR CALCULATION OF THE
EMPLOYEE'S TEAMSTERS UNION SERVICE CREDIT VESTING BUT NOT FOR
PENSION BENEFIT MULTIPLIER PURPOSE; AND TO RENUMBER THE EXISTING
SUBSECTION 292.14(G) TO 292.14(H) WITHOUT TEXT CHANGE.

THE CITY OF LANSING ORDAINS:

Section 1. That Chapter 292, Section 292.14(G) AND (H), of the Codified Ordinances of
the City of Lansing, Michigan, be and [is, are] hereby amended to read as follows:

292.14(G)
COMMENCING _____, A TEAMSTERS 243 (FORMERLY TEAMSTERS 580)
EMPLOYEE, WHO IS A MEMBER OF THE RETIREMENT SYSTEM AND MEETS ALL
THE FOLLOWING CRITERIA, SHALL BE ELIGIBLE TO HAVE THE EMPLOYEE'S
PRIOR UAW ACCRUED PENSION SYSTEM MEMBERSHIP CREDITED SERVICE
INCLUDED IN THE MEMBER'S SERVICE CREDITS FOR VESTING PURPOSES ONLY
AND NOT FOR PURPOSE OF RETIREMENT ALLOWANCE MULTIPLIER
CALCULATIONS UNDER THIS CHAPTER:

1 (1) THE MEMBER DID NOT ACCRUE EIGHT OR MORE YEARS OF CREDITED

2 SERVICE WHILE EMPLOYED IN THE UAW;

3 (2) THE MEMBER TRANSFERRED INTO THE TEAMSTERS 243 POSITION

4 BETWEEN OCTOBER 29, 1990 AND OCTOBER 1, 2003 FROM THE UAW

5 POSITION WITHOUT ANY BREAK IN CITY SERVICE;

6 (3) THE TEAMSTER 243 RETIREMENT SYSTEM MEMBER'S DATE OF

7 SEPARATION FROM CITY SERVICE IS AFTER _____

8 (EFFECTIVE DATE OF ORDINANCE).

9 292.14(G)(H)

10 Section 2. All ordinances, resolutions or rules, parts of ordinances, resolutions or rules
11 inconsistent with the provisions are repealed.

12 Section 3. Should any section, clause or phrase of this ordinance be declared to be
13 invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof
14 other than the part so declared to be invalid.

15 Section 4. This ordinance shall take effect on the 30th day after enactment, unless given
16 immediate effect by City Council.

17 Section 5. This ordinance shall expire December 31, 2027 unless extended prior to that
18 date.

19 Approved as to form:

20 _____
21 City Attorney
22

23 Dated: _____
24

INTRODUCTION OF ORDINANCE

Council Member Wood introduced:

An ordinance of the City of Lansing, Michigan, to amend the Lansing codified ordinances by amending Chapter 292, Sections 292.14(G) and (H), to provide that an employee who, between October 30, 1990 and September 30, 2003, transferred from a full –time City UAW Union position into a full-time City Teamsters 580 Union position, but was not vested in the Employees' Retirement System (ERS) at the time of transfer, may use the accrued UAW time for calculation of the employee's Teamsters Union service credit vesting but not for pension benefit multiplier purpose; and to renumber the existing Subsection 292.14(G) to 292.14(H) without text change.

The Ordinance is referred to the Committee of the Whole

RESOLUTION SETTING PUBLIC HEARING BY CITY COUNCIL

RESOLVED by the City Council, City of Lansing, that a public hearing be set for Monday, March 25, 2019 at 7:00 p.m. in the City Council Chambers, 10th floor Lansing City Hall, 124 W. Michigan Ave., Lansing, MI for the purpose of considering an amendment to Chapter 292, Sections 292.14(G) and (H), to provide that an employee who, between October 30, 1990 and September 30, 2003, transferred from a full –time City UAW Union position into a full-time City Teamsters 580 Union position, but was not vested in the Employees' Retirement System (ERS) at the time of transfer, may use the accrued UAW time for calculation of the employee's Teamsters Union service credit vesting but not for pension benefit multiplier purpose; and to renumber the existing Subsection 292.14(G) to 292.14(H) without text change.

Interested Persons are invited to attend this Public Hearing

City of Lansing Recycling Overview

March 2019

Existing Recycle Process



Collect &
Tip

Transfer

Haul

Process

City of
Lansing

City of
Lansing

Custom
Ecology

Republic



Dump/Tip



Transfer/Compact



Haul to Processor (MRF)

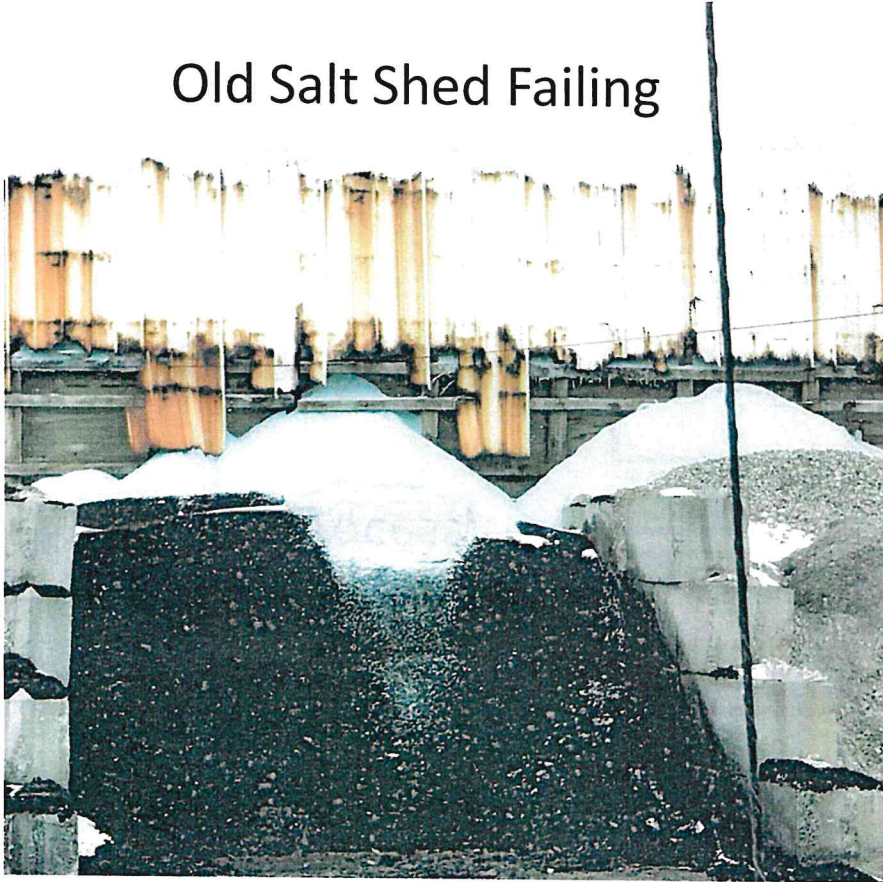


Material Recovery Facility (MRF)



Reasons for RFP

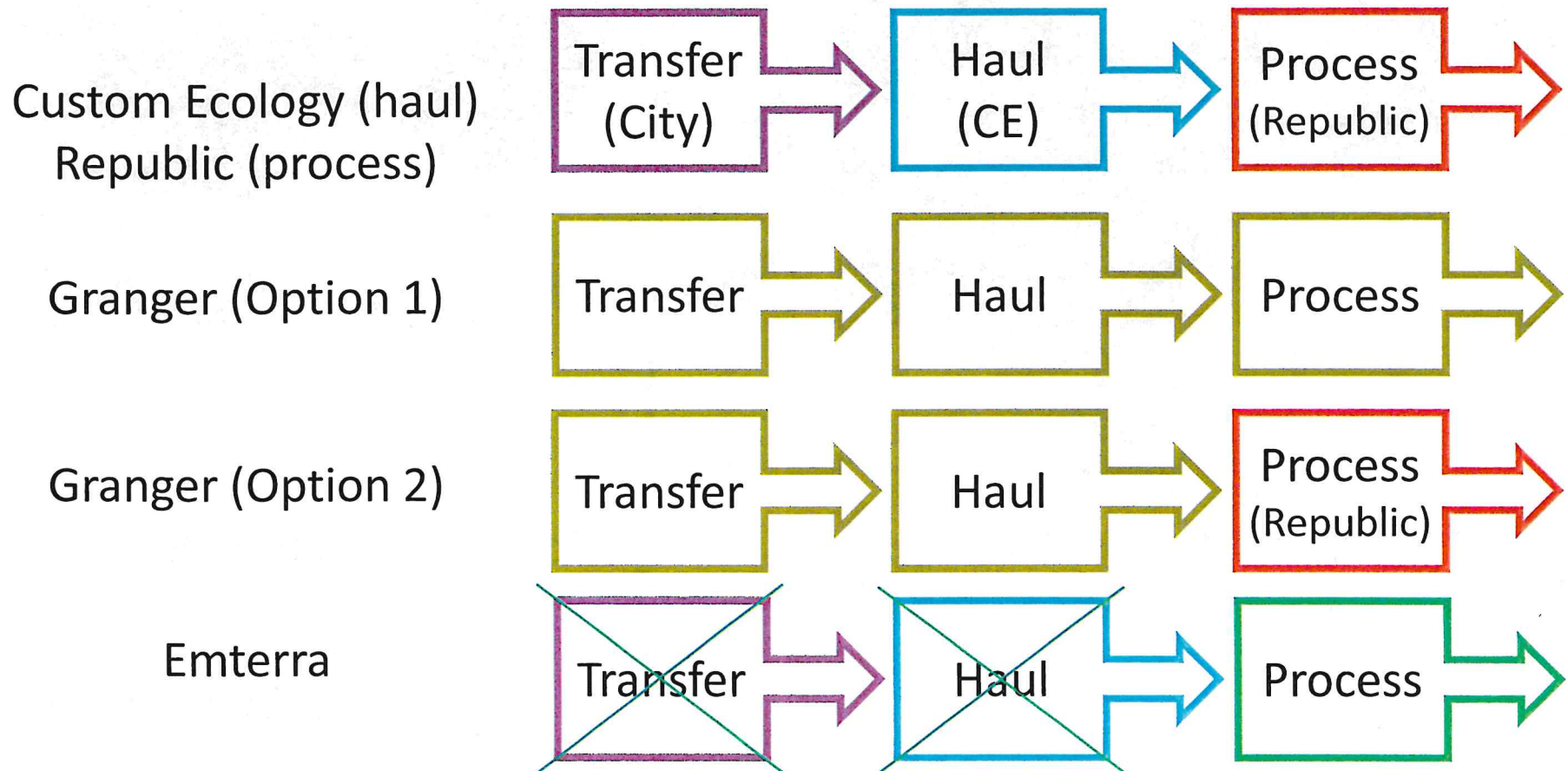
Old Salt Shed Failing



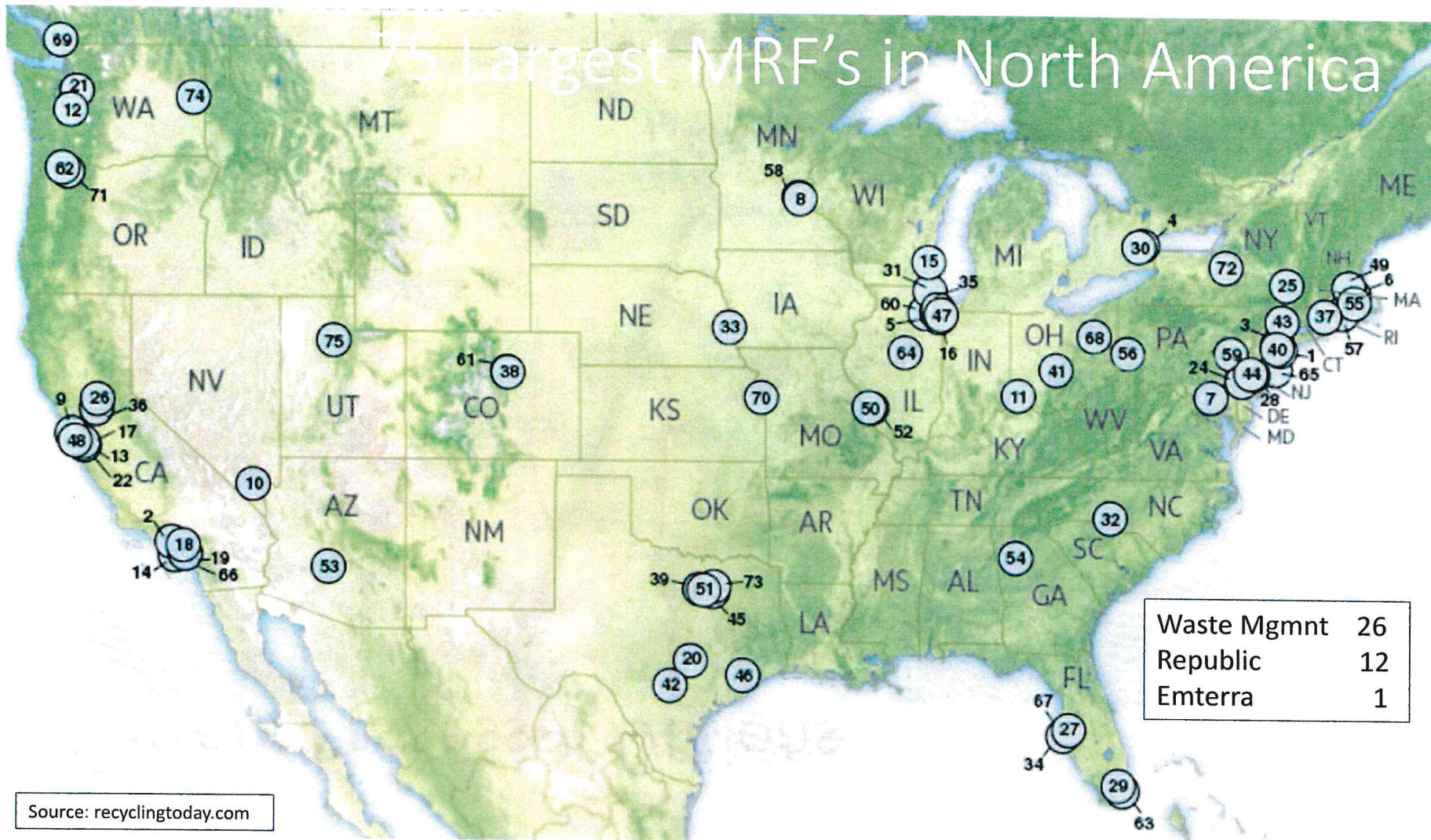
Cost of Transfer/Hauling



Proposals Submitted



75 Largest MRF's in North America



Source: recyclingtoday.com

Current Processor Options



Recycling Costs – Current Process (\$/ton, 2017 data)



Collect &
Tip

Transfer

Haul

Process

\$29.05

\$21.16

\$0.78

Cost of Alternatives (based on 2017 ACR data)

	Transfer	Haul	Process	
2017 Actual	\$29.05	\$21.16	\$0.78	\$50.99
CE/Republic	\$29.05	\$31.00	\$18.00	\$78.05
Granger (Opt 1)				\$100.00
Granger (Opt 2)	\$30.00	\$27.07	\$18.00	\$75.05
Emterra			\$56.74	\$56.74

Cost of Alternatives (based on 2018 ACR data)

	Transfer	Haul	Process	
2017 Actual	\$29.05	\$21.16	\$0.78	\$50.99
CE/Republic	\$29.05	\$31.00	\$51.76	\$111.81
Granger (Opt 1)				\$100.00
Granger (Opt 2)	\$30.00	\$27.07	\$51.76	\$108.83
Emterra			\$90.77	\$90.77