AGENDA
Committee on Ways and Means
Wednesday, September 21, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall

Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
    - September 7, 2016
4. **Public Comment on Agenda Items**
5. **Discussion/Action:**

    A.) RESOLUTION – Workers Compensation WC2062876-00673

    B.) RESOLUTION – Financial Empowerment Grant for Technical Assistance, 5/3rd Bank

    C.) Authorization of Participation in the Capital Area Recycling Initiative

    D.) Discussion - Lansing Housing Commission
        a. Financial Statements
        b. Recovery Agreement with HUD and the City of Lansing

    E.) Vacancy Report

    F.) Budget Priorities

6. **Other**

7. **Adjourn**

COMMITTEE on Ways & Means

DATE 9-21-16

Please print

NAME	ADDRESS	EMAIL	Representing	PHONE
Breina Pugh			Granger	
Tonia Olson		tolson@grangernet.com	Granger	
Amber Paxton		amber.paxton@lansingmi.gov	Office of Financial Emp	4530
Lori Welch			CAKT	
CHAD GAMBLE		chad.gamble@lansingmi.gov	Public Service	
Kevin McKinney			GRANGER	

DRAFT

MINUTES
Committee on Ways and Means
Wednesday, September 7, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall

CALL TO ORDER
The meeting was called to order at 8:15 a.m.

ROLL CALL
Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member

OTHERS PRESENT
Sherrie Boak, Council Staff
Jim DeLine, Internal Auditor
Mary Sabaj, Office of Community Corrections
Jim Smiertka, City Attorney- arrived at 8:20 a.m.
Lynne Meade, UAW
Denise Estee, Retiree
Lynn Doerr, Retiree
Mary Lou Andrews, Retiree

Minutes
MOTION BY COUNCIL MEMBER HOUGTHON TO APPROVE THE MINUTES FROM AUGUST 3, 2016 AS PRESENTED. MOTION CARRIED 3-0.

MOTION BY COUNCIL MEMBER HOUGHTON TO APPROVE THE MINUTES FROM AUGUST 17, 2016 AS PRESENTED. MOTION CARRIED 3-0.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM AUGUST 29, 2016 AS PRESENTED. MOTION CARRIED 3-0.

Public Comment on Agenda Items
No Public Comment at this time.

Discussion/Action:

RESOLUTION – Approval of the Office of Community Corrections Funding Application

Ms. Sabaj outlined the plan which requires an annual approval of the State application for funding. The City and CCAB have been in partnership for 25 years, and this is the first year the programs are fully utilized. The programs include cognitive change groups through Wellness, Inc., a probation program with strict eligibility, a relapse recovery program, and pre-trial services. Agencies that participate include Wellness, Inc., Community Mental Health, Northwest Initiative, 30th District Court and the Gatekeeper program.

Council Member Brown Clarke asked if carrying forward if there were no funds were they going to start targeting grants. Ms. Sabaj confirmed that the state has provided continuation funding at this level, and they even got $8,000 more for date reporting program. They also continue to have strong support from the judges for the rehabilitation services.

Council Member Wood asked what the re-citizen rate was, and Ms. Sabaj acknowledged the only register revocation going back to prison only. The rate is at 18% - 2014; 21% in 2015 for new offenses. Again, they only are measuring prison commitment rate. Council Member Brown Clarke asked if other programs are used as deterrents.

Council Member Wood asked how much funding was from the City. Ms. Sabaj acknowledged $12,500, which is not reflected in the grant, but helps with the administration. They will be using a small amount this year for two workshops; 1 for the male population and one for the female population to deal with healthy relationships. Council Member Wood then asked if there were any overcrowding issues, and Ms. Sabaj confirmed it was the 8th month of no overcrowding.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION FOR APPROVAL OF THE OFFICE OF COMMUNITY CORRECTIONS FUNDING APPLICATION FOR THE PLAN YEAR FY2016-2017. MOTION CARRIED 3-0.

Update on Tie-Bar Memo

Mr. Smiertka confirmed for the Committee that his office did a review, and it appears the issue is language. The contracts have language where it states retirees follow the active, so the questions now becomes is “active” now or at time of retirement. Under the interpretation of the contract, his opinion was that the language is clear that it does follow active employees, so the retiree health care changes from time to time. Mr. Smiertka noted that other interpretations out there assume that the retirees follow what the actives were at the time of retirement. The City Attorney office looked at 12 plans where the language was found, and in 9 of those plans, the City made the decision that retirees follow the active, whatever the actives have now. Mr. Smiertka did note that in the other 3 plans, the FOP and Fire, the interpretation is different. The City decision for the 204 group is that the retirees follow the current actives, and they have continued to make that decision of all groups. The next steps Mr. Smiertka stated he would be taking would be for him to meet with finance, the Mayor and labor relations. He did reiterate that currently on the books that is their decision; he could not speak to if it is wrong, but that it was reasonable to interpret the language and the decision in 2010. Unless the Administration changes its position on this, that will be the determination.

Council Member Brown Clarke asked why the 3 plans were different, and Mr. Smiertka acknowledged that to his knowledge those groups determined that the retirees would get what they have when they leave.

Council Member Wood informed the group that the Retiree Board asked HR what they told retirees when they leave, and they were told that they tell them what the is going to get and their benefits. The Board was never information that HR provided retirees with information on what

Mr. Smiertka noted again he will be meeting with the administration to confirm his determination.

Council Member Brown Clarke asked if there will be a clarifying memo to make sure people know what was determined. Mr. Smiertka confirmed he would need to ask Finance and Mr. Gamble in Administration because they are in charge of labor relations.

Ms. Estee spoke in opposition for retirees to follow active. Ms. Estee went on to reference the 2010 contract, and questioned why 50 of the 150 were pulled out to follow actives. The UAW was given an out in 2014, but her contract was not. Another reference she made was to the Actuary Report for the ERS system, where it stated that prior to 2/1/2010 City pays 100% benefits.
Ms. Estee asked Mr. Smiertka if the Mayor will be under any obligation to provide the decision in memo out of his office, in addition she noted for the record she still has no responses on her FOIA requests, and submitted another claim to Mr. Smiertka.

Mr. Smiertka made a correction to his earlier statement on retirees “follow” actives, the actual language is that “eligible retirees shall”, not “follow”.

Council Member Wood asked Mr. Smiertka how 50 people in a 150 group can be taken out and told they have to pay, and it not is discriminatory. Mr. Smiertka stated he was not part of those discussions so he was not sure what the logic was. In collective bargaining there is give and take process. Council Member Wood asked if there could be information provided that would tell how many retired under the plan, and how many paying and how many are not paying and why. Council Member Brown Clarke added that the information is needed to find out the determining factors that pulled those 50 people out to be the ones that paid. Mr. Smiertka suggested it could have been the retirement date; it was after 2/20/2004.

Ms. Meade added to the discussion that the Mark Kobe memo that is always referred to was never given to the Union, and asked Mr. Smiertka how a unilateral decision be made that effects anyone prior to that date be made. Mr. Smiertka stated he would continue to analysis, because his job is to look at what is there and come up with an opinion.

Ms. Meade asked Mr. Smiertka for the opportunity to be at the table when he holds his discussions with the Mayor’s office and Finance. Ms. Andrews asked if a Council Member could sit in on the meetings, and Mr. Smiertka acknowledge that would never happen.

Ms. Estee again went on to speak in opposition to the process, how the retirees were affected.

Mr. Smiertka informed the Committee that he is not sure on the timeline when he will meet with the administration, but hopes to be able to report back at the October 5, 2016 meeting.

Council Member Houghton asked Mr. Smiertka to ask for clarification on the protocol on the 50 retirees, clarification on retirees, how many retired under the plan, why th2/20/2004 date was selected, and how can they go retroactive. Ms. Andrews informed Mr. Smiertka that she is too is not paying the same amount either, and has had to switch coverages.

Ms. Estee asked Mr. Smiertka if he could address the State mandated caps, because the 2011 retirees are not subject to the State mandated caps, but the administration never brought anything to Council.

Ms. Meade asked to be part of the meeting with Finance and the Administration.

ADJOURN

Adjourn at 9:17 a.m.
Submitted by,
Sherrie Boak, Recording Secretary Lansing City Council
Approved by the Committee on________________

<u>AGENDA ITEM</u>

INFORMATION
NOT AVAILABLE
AT THE TIME
PACKET WAS
DISTRIBUTED

LANSING CITY COUNCIL

GRANT INFORMATION FORM

(Required for all grant applications and acceptances)

REFERRAL DATE: 9/21/2016

GRANT NAME: Fifth Third Bank – Technical Assistance

DEPARTMENT: Mayor's Office – Office of Financial Empowerment

CONTACT PERSON (INCLUDE EMAIL AND PHONE): Amber Paxton amber.paxton@lansingmi.gov 517.483.4530

APPLICATION DATE: 4/17/2016 AWARD DATE: 7/2016

GRANT CYCLE: 1/2016 – 12/2016 Check One: ___Annual _x_One-Time

FUND AMOUNT: $ 3,500 (Breakdown below should total this amount)

GOODS & SERVICES $____________

PERSONNEL $____________

CONSTRUCTION $____________

LAND $____________

OTHER (Travel) $ 3,500

CITY MATCH (IF APPLICABLE): $ N/A

GRANT PAYS FOR: Travel to two CFE Coalition Meetings in 2016

FUND ALLOCATIONS (Please describe the purpose of the grant and allowable uses):

This grant is for "technical assistance" to allow Amber Paxton, co-chair of the Nation Cities for Financial Empowerment Coalition, to offset travel costs to two meetings in 2016 – one in Miami, FL in April 2016, and one in Washington DC in September 2016.

BY THE COMMITTEE ON WAYS AND MEANS RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, The City of Lansing will receive a grant from the CRA Department of 5/3 Bank for Technical Assistance; and

WHEREAS, the 5/3 grant was the result of a competitive proposal process, and a proposal was submitted by the Office of Financial Empowerment on April 17, 2016, approved in June 2016, and is expected to be received in July 2016; and

WHEREAS, the 5/3 grant supports travel for Amber Paxton, who now represents the City of Lansing and Mayor Bernero as the co-chair of the Cities for Financial Empowerment (CFE) Coalition, so that she may attend two CFE Coalition meetings in 2016, and both highlight Lansing's success to the Coalition as well as bring best practices back to the city;

WHEREAS, 5/3 Bank awarded $3,500.00 to the City of Lansing's Office of Financial Empowerment; and

WHEREAS, the award for $3,500.00 does not require a local match;

NOW, THEREFORE, BE IT RESOLVED, The Lansing City Council approves acceptance of the 5/3 Bank Grant in the total amount of $3,500.00 for the grant period beginning January 2016 and ending December 2016 for the City of Lansing.

BE IT FINALLY RESOLVED, The Administration is authorized to create appropriate accounts and to make the necessary operating transfers for the expenditure and control of the balance of the grant funds.

Approved for Placement on City Council Agenda

____
Jim Smiertka, City Attorney
Date: __________________

Virg Bernero, Mayor

City of Lansing

Inter-Departmental Memorandum

WORKING TOWARD A CLEANER GREENER LANSING

Memorandum For: Regional Recycling Resolution

From: Chad Gamble, Director of Public Service

To: Virg Bernero, Mayor

Date: June 8, 2016

Please find attached the resolution to be considered at the next City Council meeting to support the Capital Area Recycling Initiative.

The City of Lansing has been an active participant in discussions regarding a regional recycling initiative. Other communities, such as East Lansing, Eaton County and Bellevue have already passed this resolution.

The attached supporting documents summarize the initiative, which is seeking support from tri-county communities to lower the cost and increase the availability of recycling services in the region. Through regional collaboration, cooperative contracting, and by encouraging all recyclable materials to flow through a designated facility; an increasing volume of materials are available to attract a private partner to invest in a tri-county recycling facility. This effort will:

- Increase recycling services for more tri-county residents, businesses, and institutions.
- Reduce the economic and environmental impact of transporting materials out of the region.
- Bring jobs and potentially new business to the region.

Please let me know if there are questions.

Resolution #

BY THE COMMITTEE ON WAYS AND MEANS

RESOLVED BY ___________________________

WHEREAS, the recycling rate in Michigan is 15%, one of the lowest in the nation;

WHEREAS, it is estimated that approximately $435 million worth of recyclable materials are placed in Michigan landfills each year;

WHEREAS, Governor Snyder launched an initiative to double the rate of recycling in Michigan;

WHEREAS, in the tri-county area there are a number of urban and rural residents, businesses, and institutions whom lack access to any recycling services;

WHEREAS, there are existing recycling programs residents are not utilizing fully or correctly;

WHEREAS, there is little regional cooperation between tri-county communities on contracting for recycling services;

WHEREAS, recyclable materials collected in the tri-county area are currently transported to recycling centers in other parts of the state because there are no local facilities in the region;

WHEREAS, materials diverted from disposal contribute to the health and welfare of local communities and businesses; and

WHEREAS, ___________________________ acknowledges that it is committed to:

- Working toward consistent ordinances that encourage haulers to use the designated regional transfer or processing facility;
- Working toward hauling of recyclable materials to a cooperative processing facility or transfer station;
- Seeking a private sector partner to build, own, and/or operate a transfer station or material recovery facility and/or develop a phased into approach working toward regional infrastructure;
- Accepting a common set of materials so everyone in the region, regardless of hauler/service provider, can recycle the same items;
- Providing consistent recycling education and outreach to citizens;
- Establishing an adequate number of drop off sites in the region; and
- Working cooperatively with other communities in the region by 2018.

BE IT NOW, THEREFORE, BE IT RESOLVED THAT ___________________________ hereby authorizes participation in the Regional Recycling Initiative.

Date______________________

[28409:2:20160608:141545]

Capital Region Recycling Initiative

This document will be used to get support from tri-county communities to lower the cost and increase the availability of recycling services in the region. Through regional collaboration, cooperative contracting, and by requiring all recyclable materials to flow through a designated facility; an increasing volume of materials are available to attract a private partner to invest in a tri-county recycling facility. This effort will:

- Increase recycling services for more tri-county residents, businesses, and institutions.
- Reduce the economic and environmental impact of transporting materials out of the region.
- Bring jobs and potentially new business to the region.

Vision Statement draft:

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

Communities are committed to the following actions and goals:

- Providing consistent recycling education and outreach to citizens
  - A regional approach will reduce confusion, increase consistency, and ultimately increase both the quality of materials and overall recycling volumes
- Accepting a common, standard set of materials so everyone in the region, regardless of hauler/service provider, can recycle the same items
  - This would include, but not be limited to: common household paper and packaging, such as office paper, junk mail, cardboard, boxboard, magazines, etc.; plastic bottles and jugs, bulk rigid plastics; steel, aluminum, household scrap metal; glass bottles and containers.
- Establishing an adequate number of drop off sites
  - Serving communities where curbside services are not available
  - Serving multi-family and commercial needs
  - Providing options to recycle “hard to recycle at the curb items”, such as electronics
- Explore more efficient hauling of recyclables that could result in monetary savings for the region
- Work toward consistency with ordinances, encouraging haulers to transport recyclables to the designed regional recycling processing facility
- Seek a private partner to build/own/operate a transfer station or material recovery facility and/or develop a phased into approach working toward regional infrastructure

- Honor existing contracts through 2018, and then work toward cooperative contracts
- Require service providers to provide data to local communities on an annual basis.
- Commit to working together to accomplish the above goals by _______________ (date)

The following participating communities commit to the above goals:

Clinton County	**Eaton County**	**Ingham County**
Bath Charter Township	Bellevue Township	Alaiedon Township
Bengal Township	Benton Township	Aurelius Township
Bingham Township	Brookfield Township	Bunker Hill Township
City of DeWitt	Carmel Township	City of East Lansing
City of St. Johns	Chester Township	City of Lansing
Dallas Township	City of Charlotte	City of Leslie
DeWitt Charter Township	City of Eaton Rapids	City of Mason
Duplain Township	City of Grand Ledge	City of Williamston
Eagle Township	City of Olivet	Delhi Charter Township
Essex Township	City of Potterville	Ingham Township
Greenbush Township	Delta Charter Township	Lansing Charter Township
Lebanon Township	Eaton Rapids Township	Leroy Township
Olive Township	Eaton Township	Leslie Township
Ovid Township	Hamlin Township	Locke Township
Riley Township	Kalamo Township	Meridian Charter Township
Victor Township	Oneida Charter Township	Onondaga Township
Village of Eagle	Roxand Township	Stockbridge Township
Village of Elsie	Sunfield Township	Vevay Township
Village of Fowler	Vermontville Township	Village of Dansville
Village of Hubbardston	Village of Bellevue	Village of Stockbridge
Village of Maple Rapids	Village of Dimondale	Village of Webberville
Village of Ovid	Village of Mulliken	Wheatfield Township
Village of Westphalia	Village of Sunfield	White Oak Township
Watertown Charter Township	Village of Vermontville	Williamstown Township
Westphalia Township	Walton Township	
	Windsor Charter Township	

CAPITAL REGION RECYCLING INITIATIVE – DOUBLING OUR RECYCLING RATE

Recycling has become a valued public service that provides many economic, environmental and public health benefits to communities and their residents. Many tri-county communities provide this valued service and more would like to provide similar services. If more governmental entities in the tri-county region made a commitment to provide recycling opportunities to residents, materials volumes captured will grow and private investment in a local recycling center is likely. This would keep recyclable materials in the region, rather than paying to transport them to other parts of the state.

What do we hope to accomplish?

Join the region's local governments who are working toward a coordinated recycling effort that will increase the volume of material collected and contain the costs associated with recycling. Join communities whom are already talking about the potential of adding recycling infrastructure in the region by mutually agreeing to step up to recycling best practices and use the region's recycled material volume to drive the developments needed to make recycling a regional and community asset. Goals of the initiative include:

- ✓ Attract investing partner(s) to work with regional stakeholders to build/own/operate a transfer station or, Material Recovery Facility
    - work toward cooperative contracts by 2018
    - potentially develop a phased into approach growing regional infrastructure
- ✓ Commit volume of recyclable material collected within all tri-county communities to the designated facility
- ✓ Provide an optimal number of drop-off sites to provide opportunities for rural, sub-rural, multi-family, and commercial populations
- ✓ Recycle a common set of materials so every household in the region, regardless of service provider, can recycle the same items
- ✓ Provide consistent recycling education to properly inform citizens

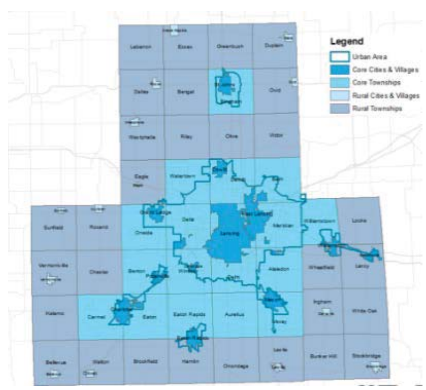
How will my community benefit?

Communities with established recycling services will benefit from keeping materials in the region and avoiding the cost of hauling recyclables to other parts of the state. Communities without established recycling services will benefit from the development of a comprehensive recycling system that provides services at a low cost with the potential for revenue sharing. Building infrastructure and creating jobs in the tri-county region will benefit everyone. Additionally, improving the system that is already in place through more supportive and collaborative programs, services, and education will have benefits for all area residents.

Who would be involved?

All governmental units in Ingham, Eaton, and Clinton counties are encouraged to engage in the process, agree to the conditions, and ultimately sign on to the Capital Region Recycling Initiative. The initiative intends to serve all those who work, live, and play in this region.

Where will these services be provided?



The Initiative will encourage curbside recycling in core cities, villages, and townships as identified in map provided and will encourage the provision of drop-off recycling opportunities in rural cities, villages, and townships as identified.

When can we expect progress?

Work has already begun to align Initiative goals within the region and will have to continue through completion. As contract terms end by 2018, communities will step up to their commitment.

Boak, Sherrie

From:	Welch, Lori
Sent:	Thursday, July 28, 2016 9:07 AM
To:	Boak, Sherrie
Cc:	Judi Brown Clarke. Ph.D (jbc@egr.msu.edu); Gamble, Chad; Hannan, Randy; Rose, Victor; Sleep, Mike
Subject:	RE: Ways and Means Follow Up Items
Attachments:	Community Presentation.pptx; COL Mayor Presentation 030708.pdf; contaminatedrecyclecartsV4.doc

Hi Sherrie,

Here is the follow up information:

-I've attached the presentation/feasibility study from 2015, this was prepared by consultant, RRS.

-Also attached is the RRS report that we had them do specifically for the growth of our curbside services, back in 2008. I'm not certain that its the one that was requested, but that is what we have on file.

Staff is requesting that the following issue be updated/reflected in the minutes if possible:
-Tonia Olson (Granger) mentioned that 3 communities have opposed the regional recycling resolution: Delta Township, Delhi Township and Clinton County. I have confirmed that Delta township passed the resolution through committee and its headed to their full board. Delhi has not yet presented it to their trustees. The only community that has considered the resolution and decided to decline is Clinton County.

Regarding the recycling contamination issue. I have attached the current SOP for handling this. We don't have a report that quantifies the contamination issue. While contamination occurs in the recycling stream, CART actively works to minimize it. CART drivers use tags that are placed on carts when contaminants are found. After a letter and information guidelines are mailed to both resident and owner and the problem persists, carts may be removed from property. We monitor loads in the transfer station very carefully and have never had a load rejected from our processor. The processor, does however, by contract, have the right to charge us an "unacceptable Material" fee of a min. $200 for contamination in excess of 6%. We have been on the cusp of this level before.

Finally, regarding the Multi-Family recycling program. The commercial recycling service is thriving with well over 100 customers. Multi-family properties are currently best served using CART's commercial recycling program. Carts are provided to properties where our vehicles can access, this can limit service to certain properties. We currently have one large townhome community using a 30 yard roll off. We are limited to the expansion of this type of service with the compliment of staff and vehicles currently being used to support this service of the city. CART continues to find ways to best service the commercial and multi-family properties in the City.

The need for a larger facility is demonstrated by the growth in the volume of materials we take in at the transfer station. This fits in with the goal of the tri county area, to bring a regional recycling solution to the area.

Thank you, please let me know if you have any questions.

CART
CAPITAL AREA RECYCLING AND TRASH

Lori Welch

Environmental Specialist
City of Lansing
Capital Area Recycling & Trash (CART)
601 E. South St.
Lansing, MI 48910
517/483-4599

From: Boak, Sherrie
Sent: Tuesday, July 26, 2016 2:44 PM
To: Welch, Lori
Cc: Judi Brown Clarke. Ph.D (jbc@egr.msu.edu)
Subject: RE: Ways and Means Follow Up Items

Afternoon

Just touching base to see if you had a chance to finalize the documents so that the Committee can have them prior to their next meeting.

Please let me know what your timeline might be.

Thanks
Sherrie

From: Boak, Sherrie
Sent: Friday, July 22, 2016 11:38 AM
To: Welch, Lori
Cc: 'Judi Brown Clarke. Ph.D (jbc@egr.msu.edu)'
Subject: RE: Ways and Means Follow Up Items

Thanks
Have a great weekend.

Sherrie Boak
City of Lansing
City Council Office Manager
517-483-7683
www.lansingmi.gov/City_Council

From: Welch, Lori
Sent: Friday, July 22, 2016 11:26 AM
To: Boak, Sherrie
Cc: Judi Brown Clarke. Ph.D (jbc@egr.msu.edu)
Subject: RE: Ways and Means Follow Up Items

I'm in the process of preparing the information.

Thank you Sherrie!

Lori Welch
Environmental Specialist
City of Lansing
Capital Area Recycling & Trash (CART)
601 E. South St.
Lansing, MI 48910
517/483-4599

From: Boak, Sherrie
Sent: Friday, July 22, 2016 11:04 AM
To: Welch, Lori
Cc: Judi Brown Clarke. Ph.D (jbc@egr.msu.edu)
Subject: Ways and Means Follow Up Items

Good Morning

In addition the feasibility study I sent an email on yesterday, below are other items I wanted to re-mention from the meeting.

Information on the Pilots for multi-dwellings that speak to issues on trash, debris, nuisance
Consultant reports
Update the list of participates to note who has declined to participate

Please forward me any information you can.

Have a nice weekend.

Sherrie Boak
City of Lansing
City Council Office Manager
517-483-7683
www.lansingmi.gov/City_Council

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)

RRS

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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2. Expanding Curbside Access
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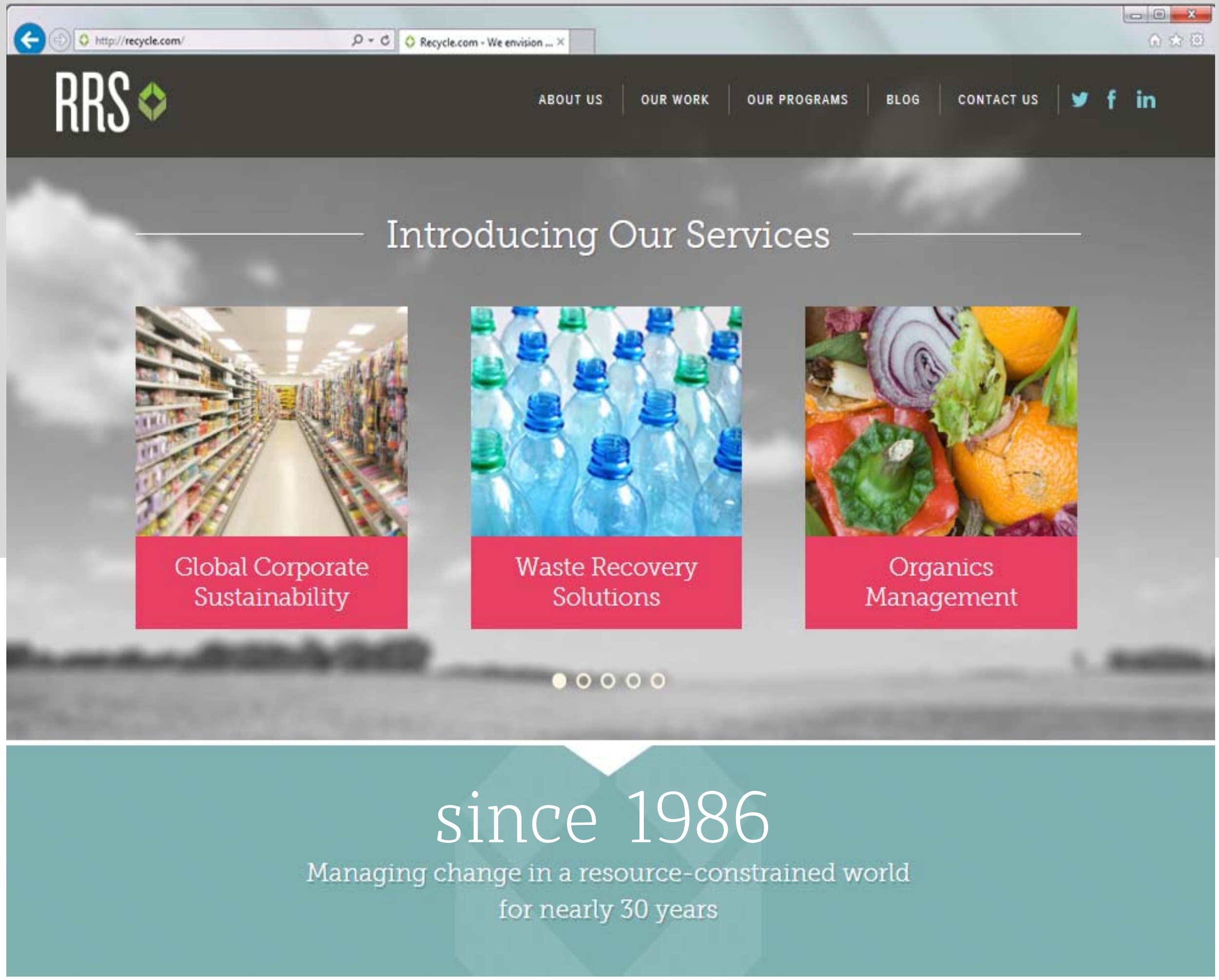
Regional Recycling
Coordinating Committee

RRS

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



RRS

RECYCLE.COM

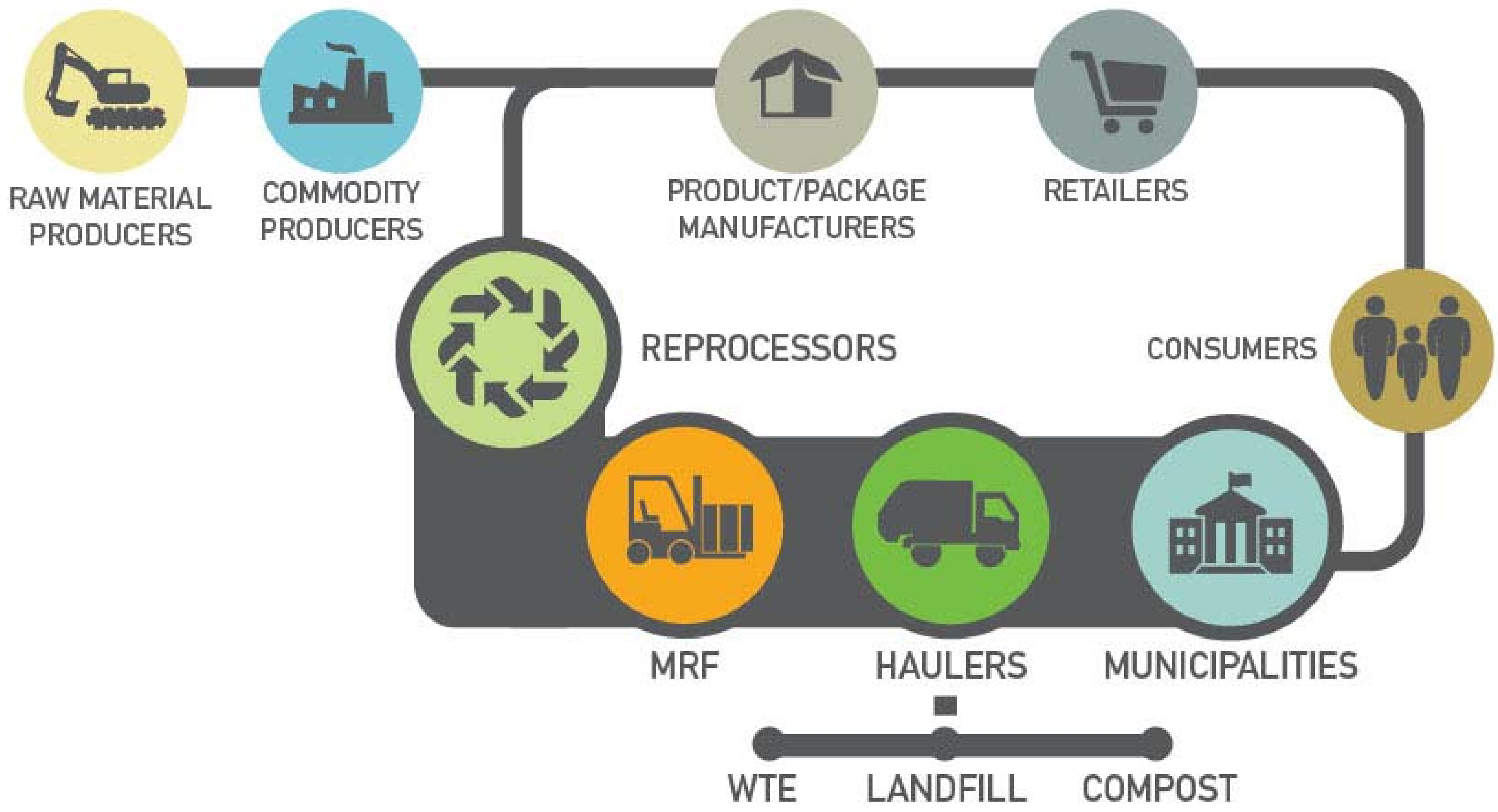
managing change in a resource-constrained world.

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?

RRS

Recycling System Overview



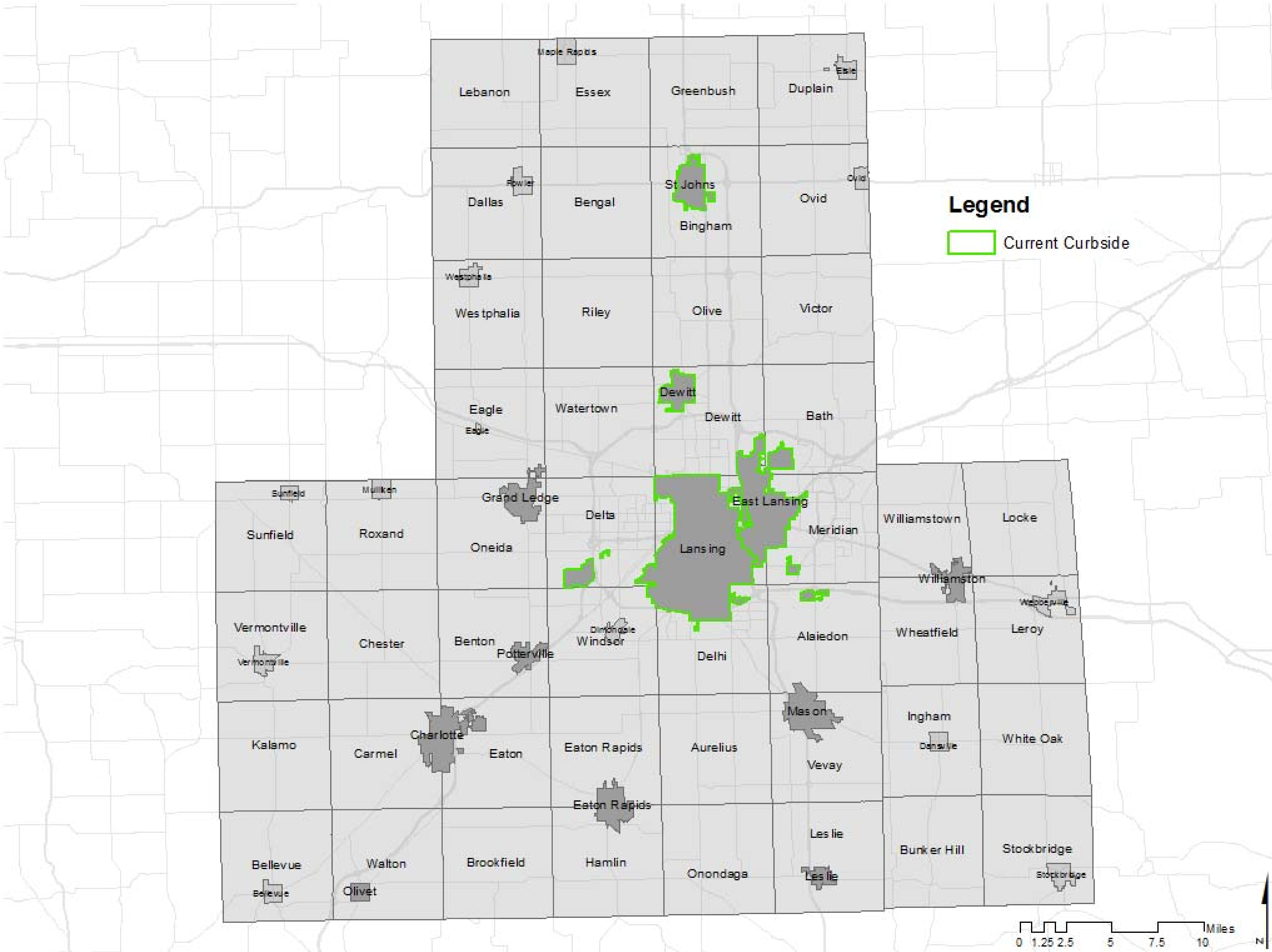
RRS

Presentation Outline

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

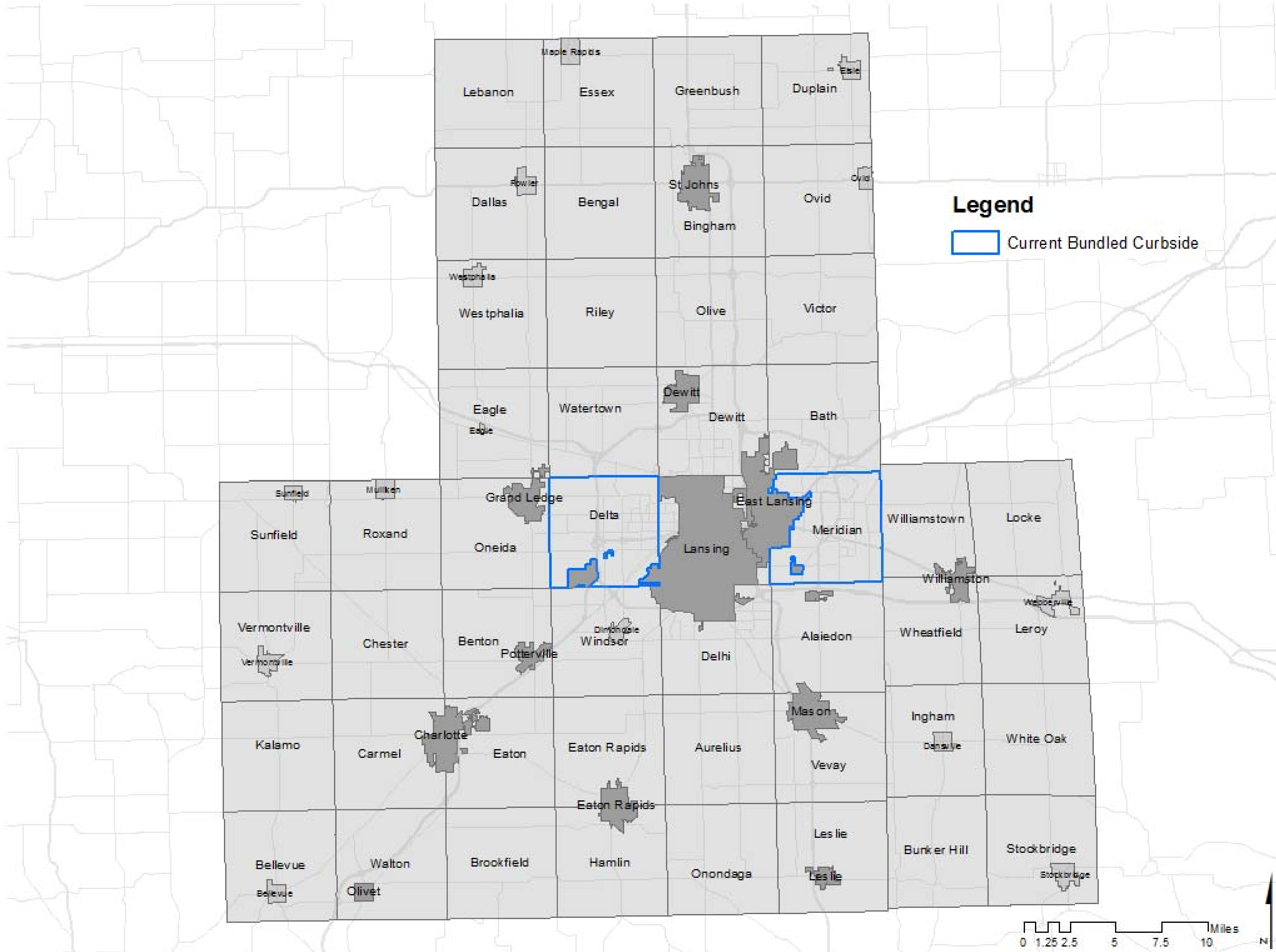
RRS

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



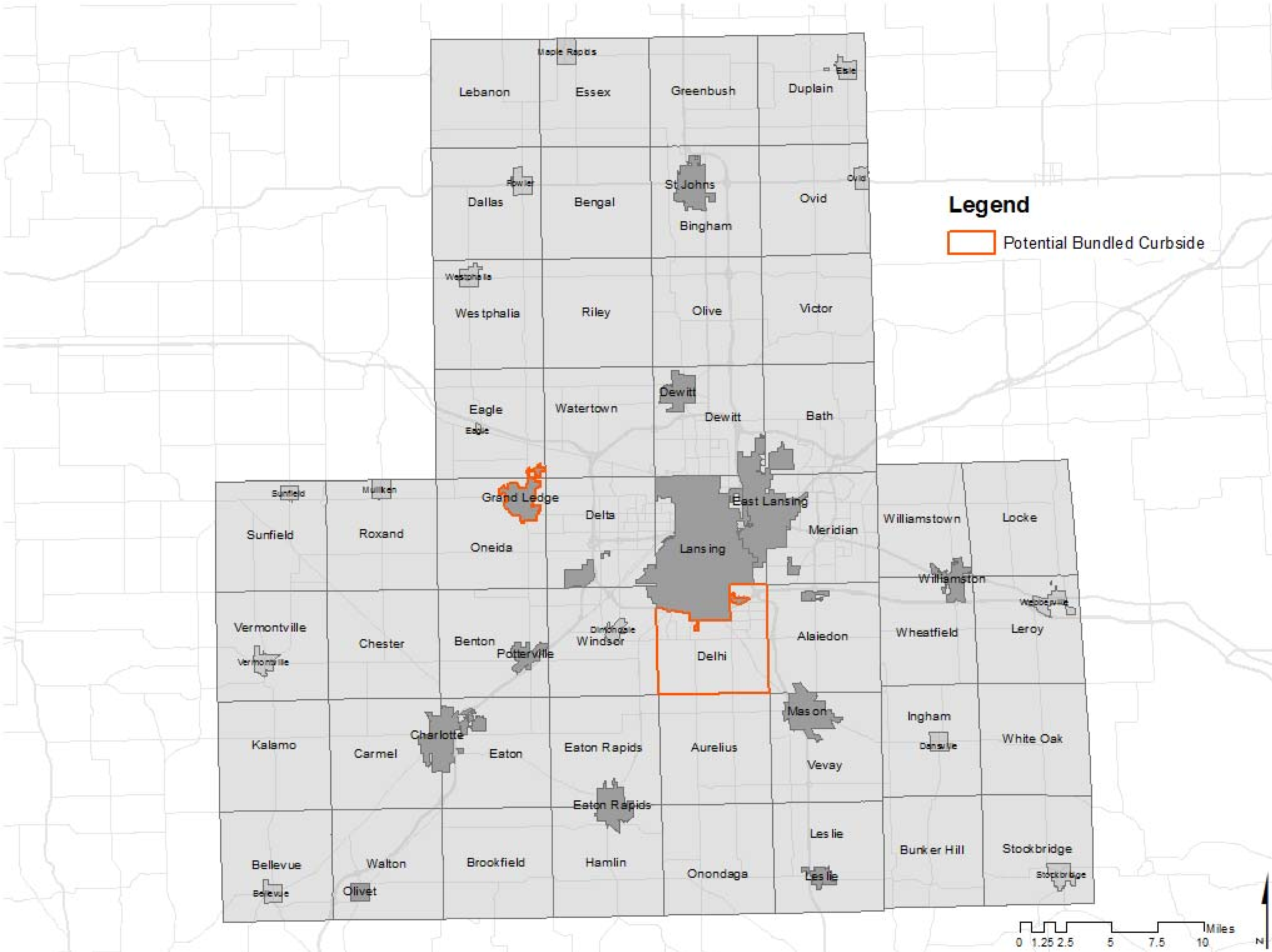
RRS

Haulers have offered bundled recycling with subscription waste collection



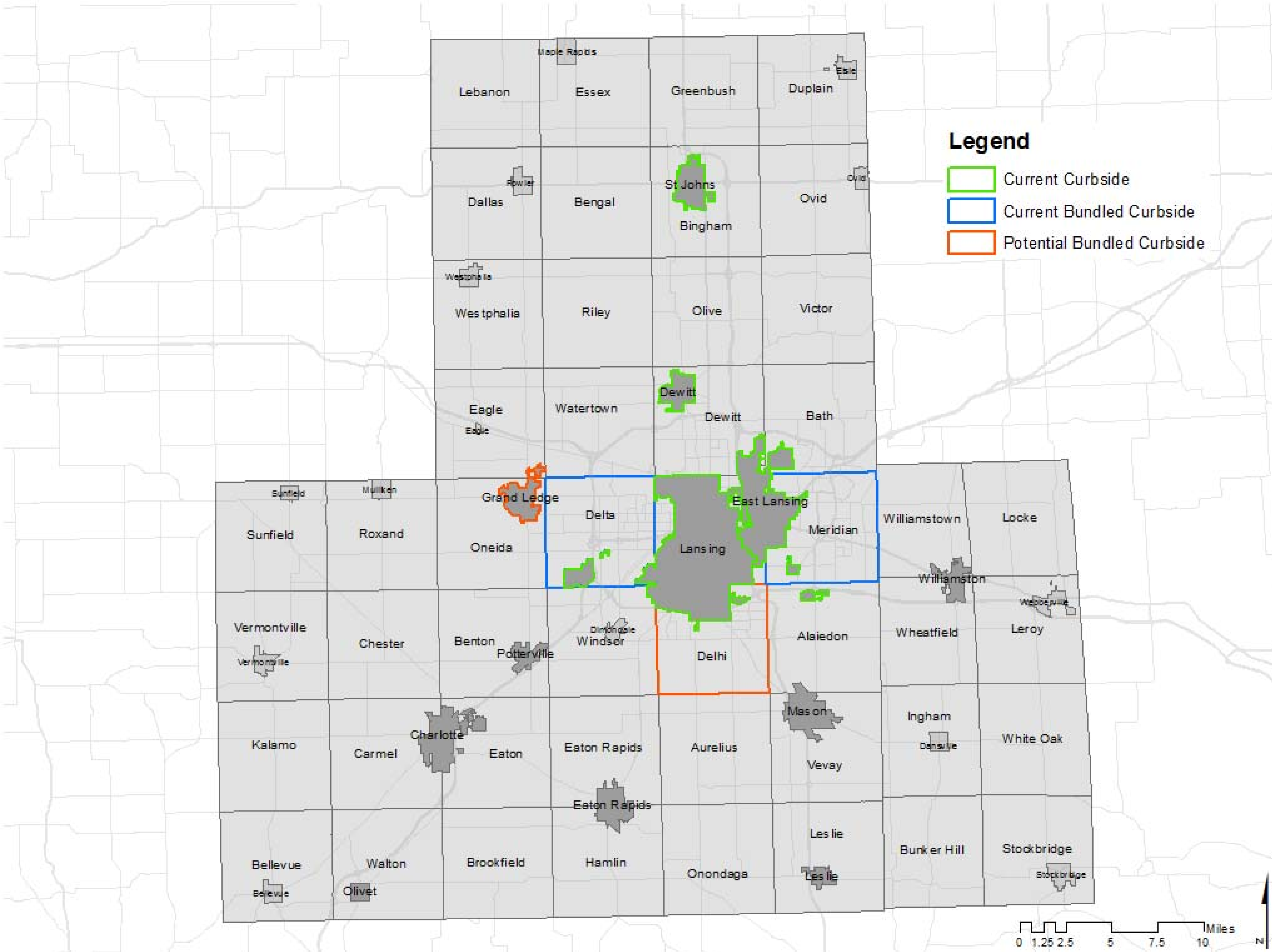
RRS

A few more *might* have bundled access soon.



RRS

We think we can do better.



RRS

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

RRS

The current system is not cheap either

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Municipal - Trash	$	700,189
Residential - Trash	$	29,868,274
Total - Recycling	$	4,731,075
Total - Trash	$	30,568,463
Total	$	35,299,538

RRS

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

RRS

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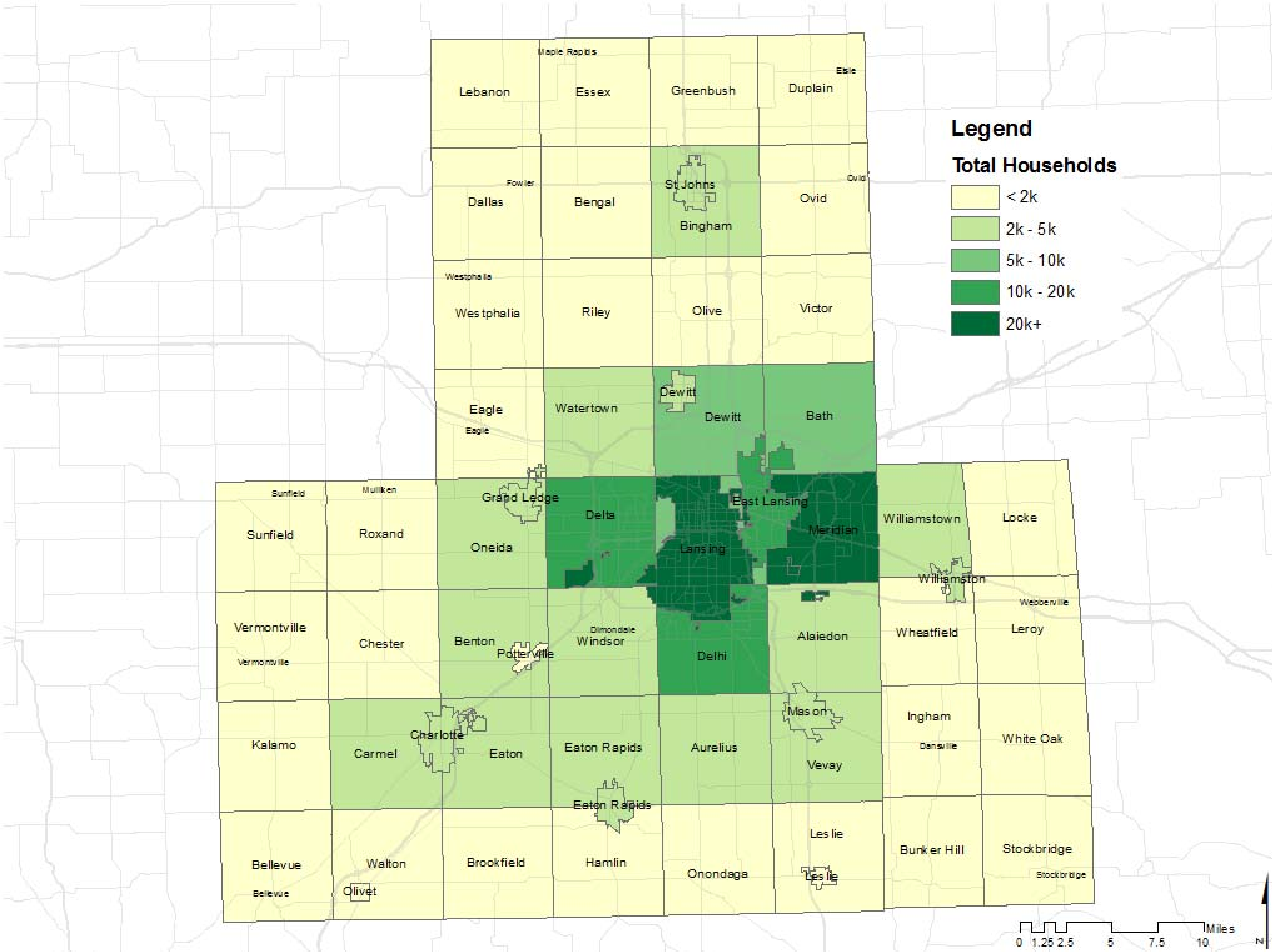
Residential - Trash	$	29,868,274
Total - Recycling	$	4,731,075
Total - Trash	$	30,568,463
Total	$	35,299,538

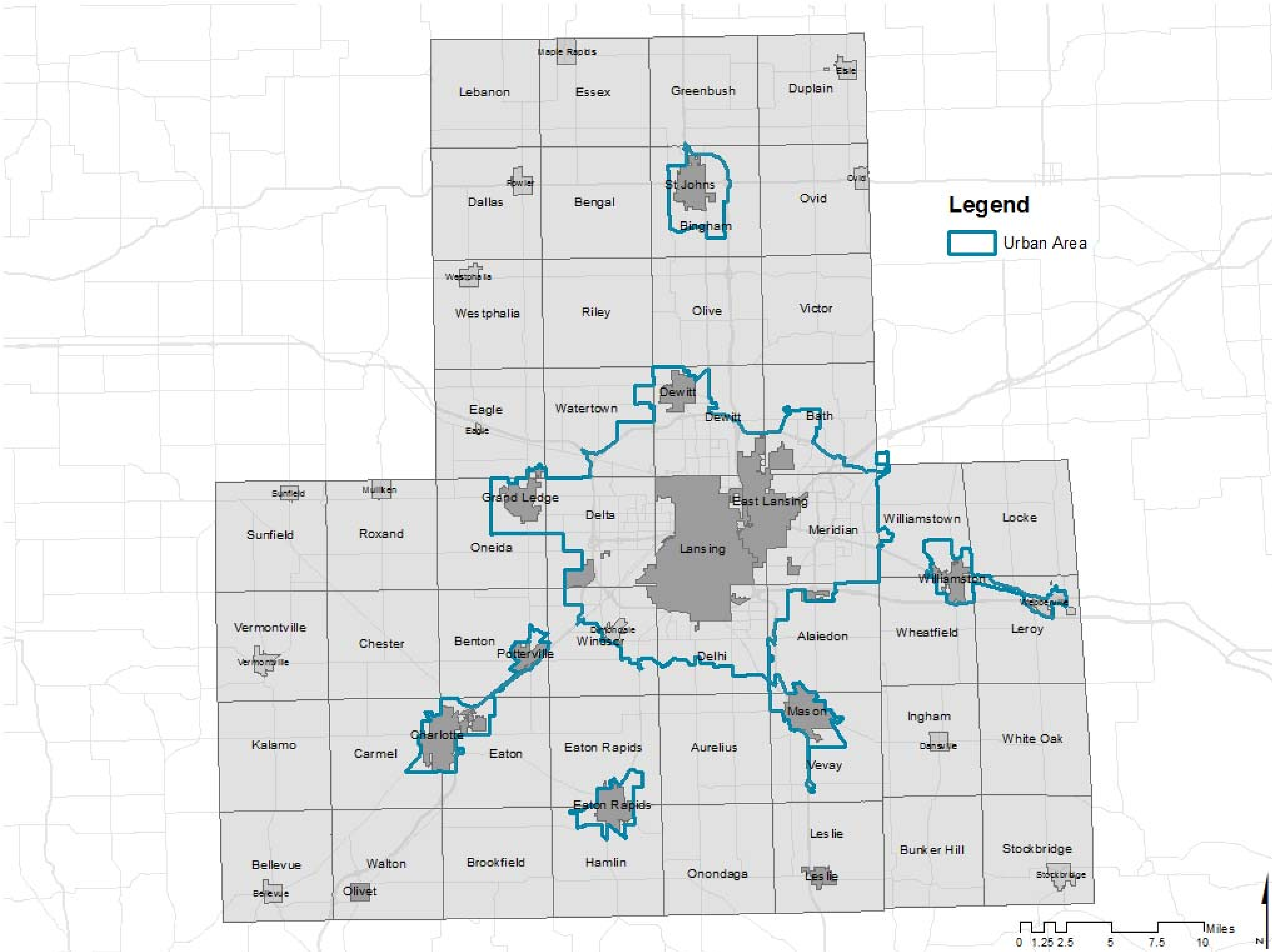
RRS

RRS looked at the household counts…



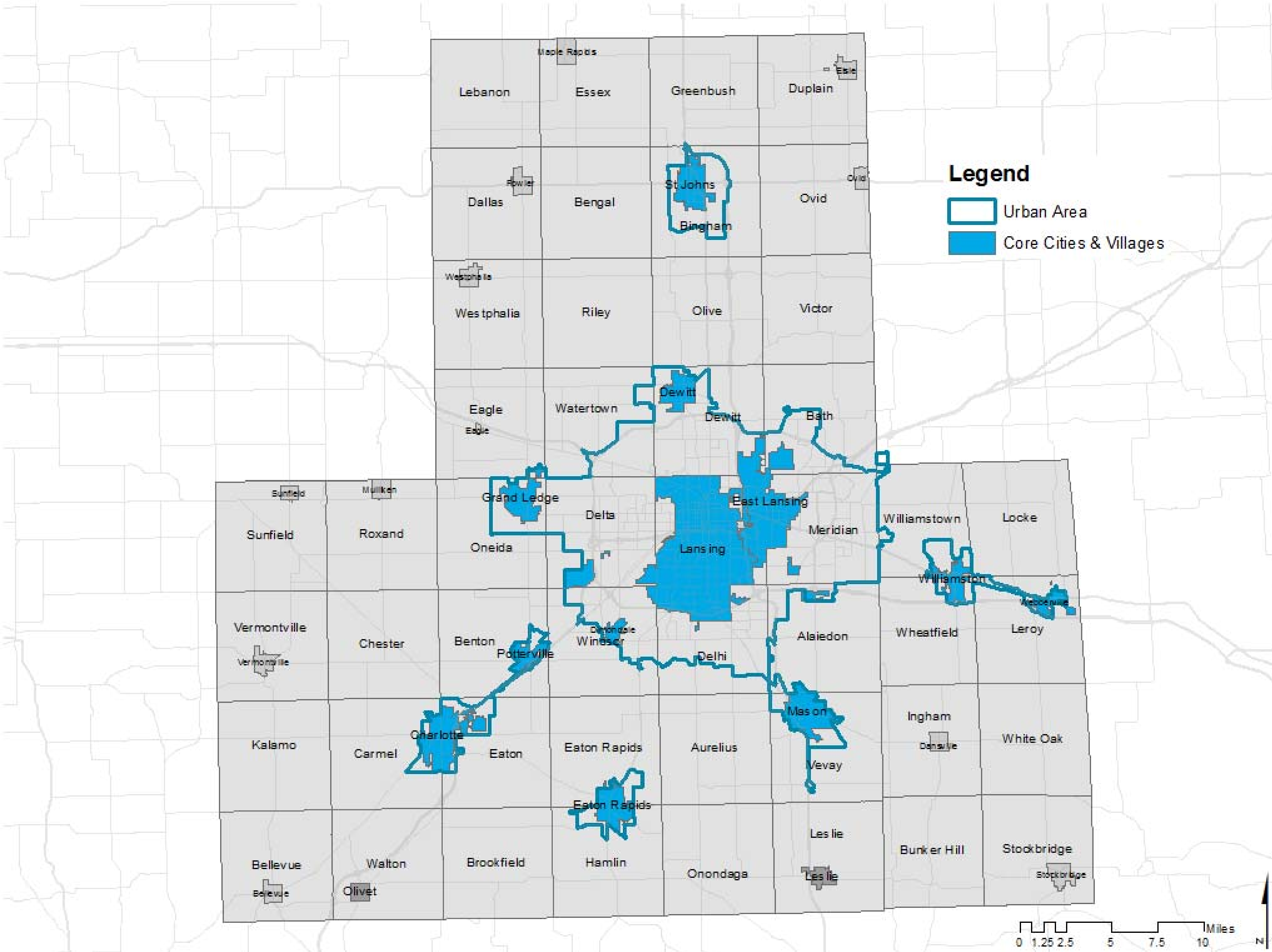
RRS

… and at the urban boundaries.



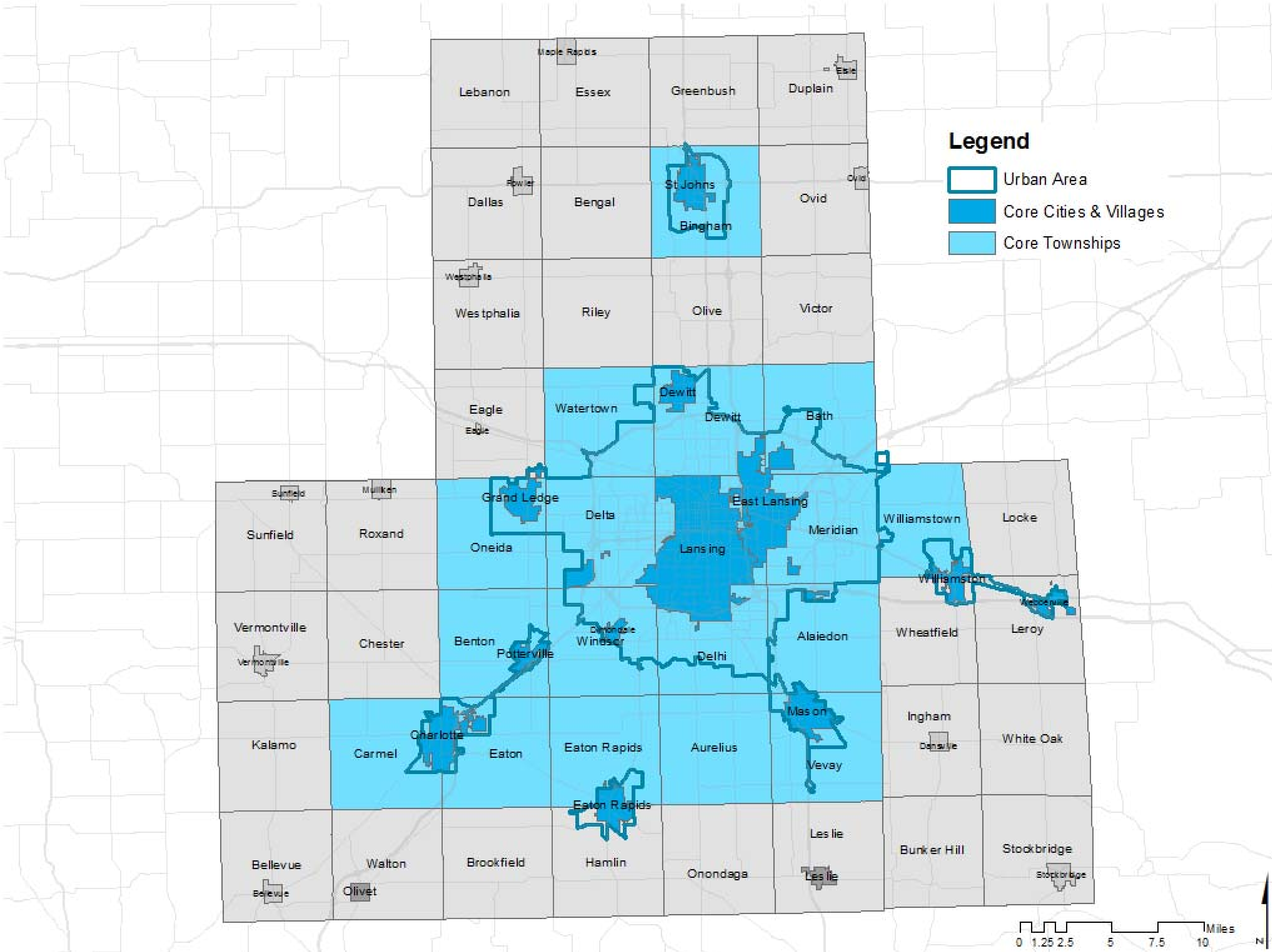
RRS

Core cities should have curbside access.



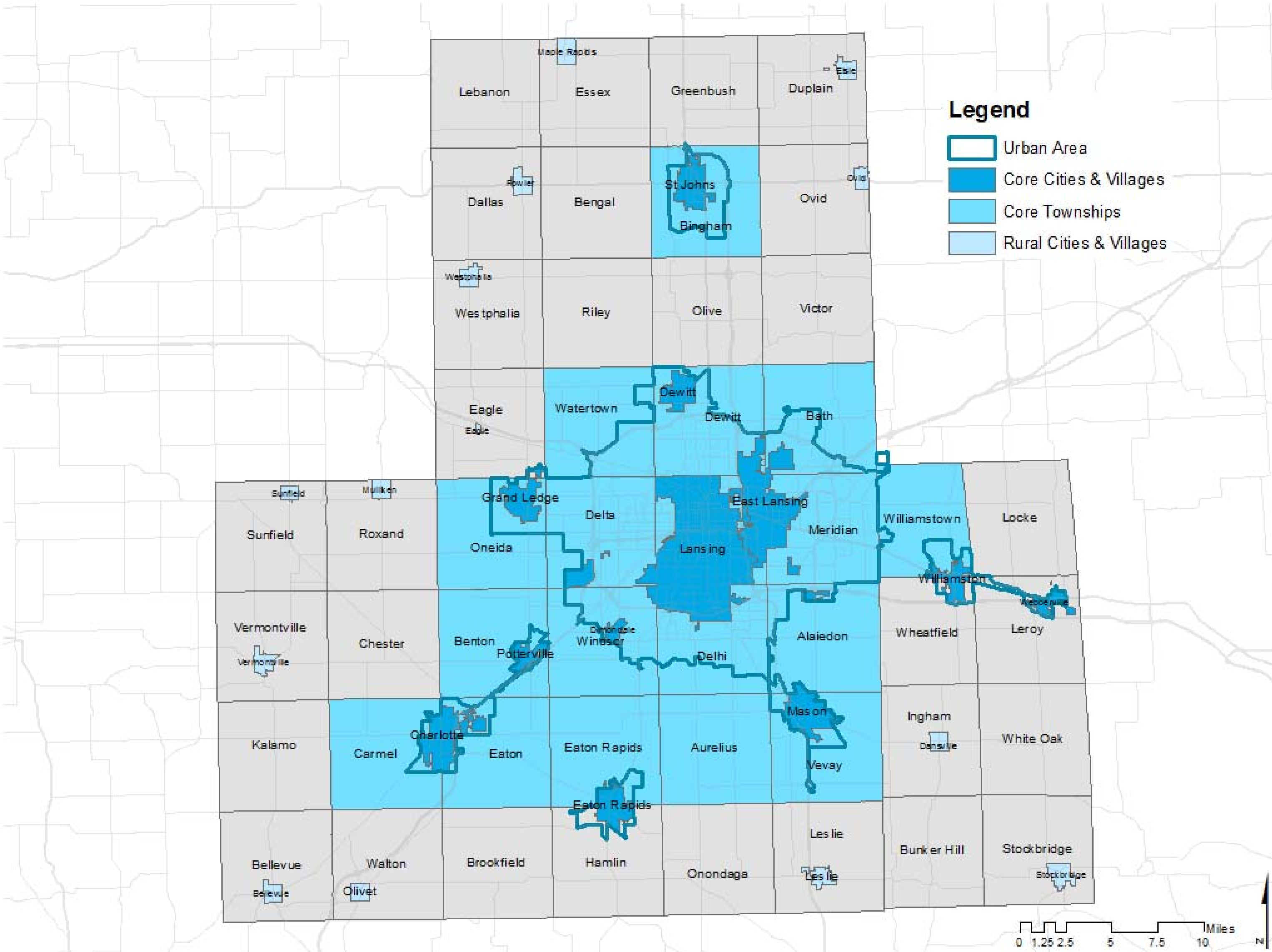
RRS

As well as the surrounding core townships.



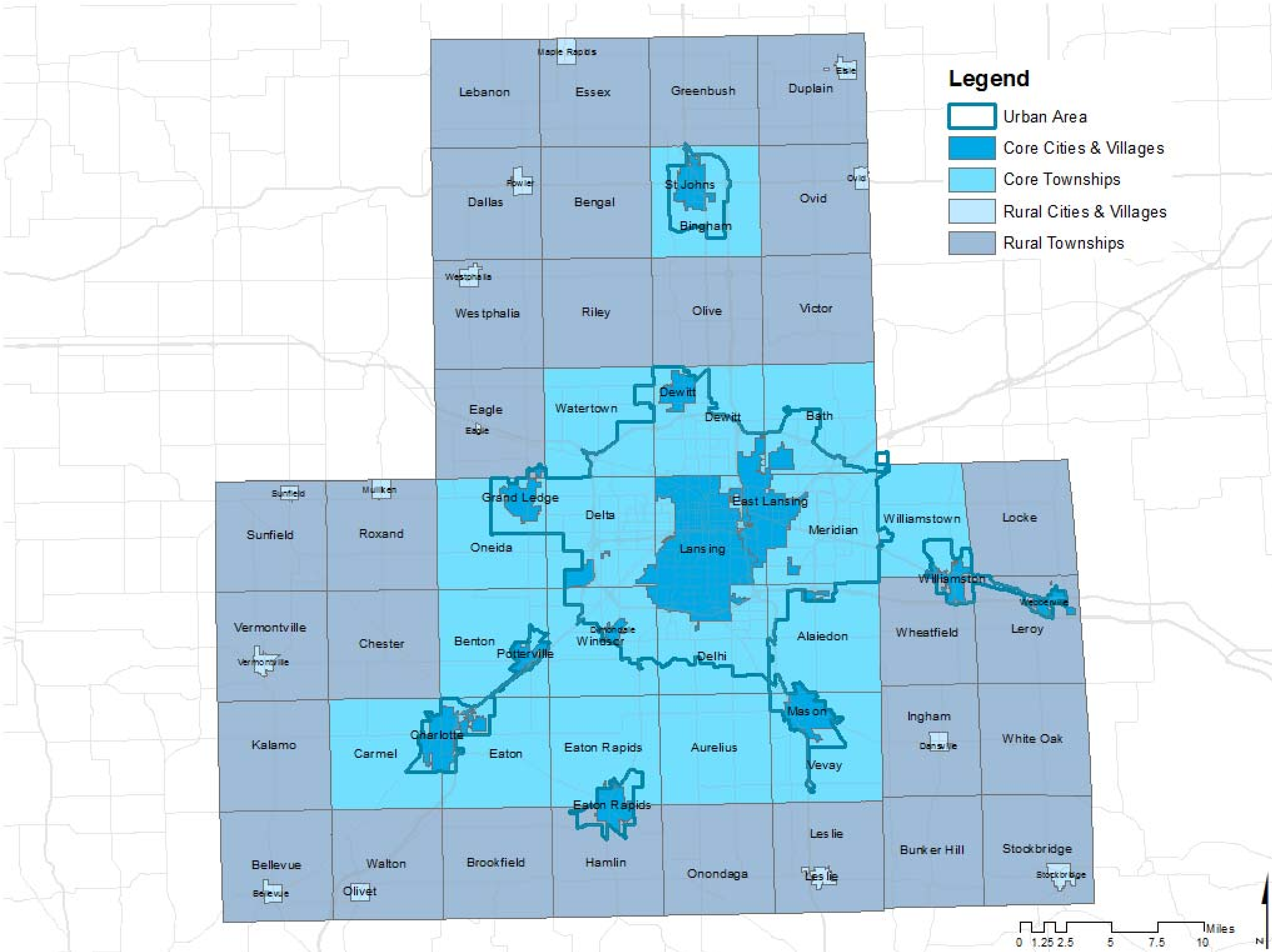
RRS

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



RRS

The rural townships keep drop-off access.



RRS

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)

RRS

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

RRS

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

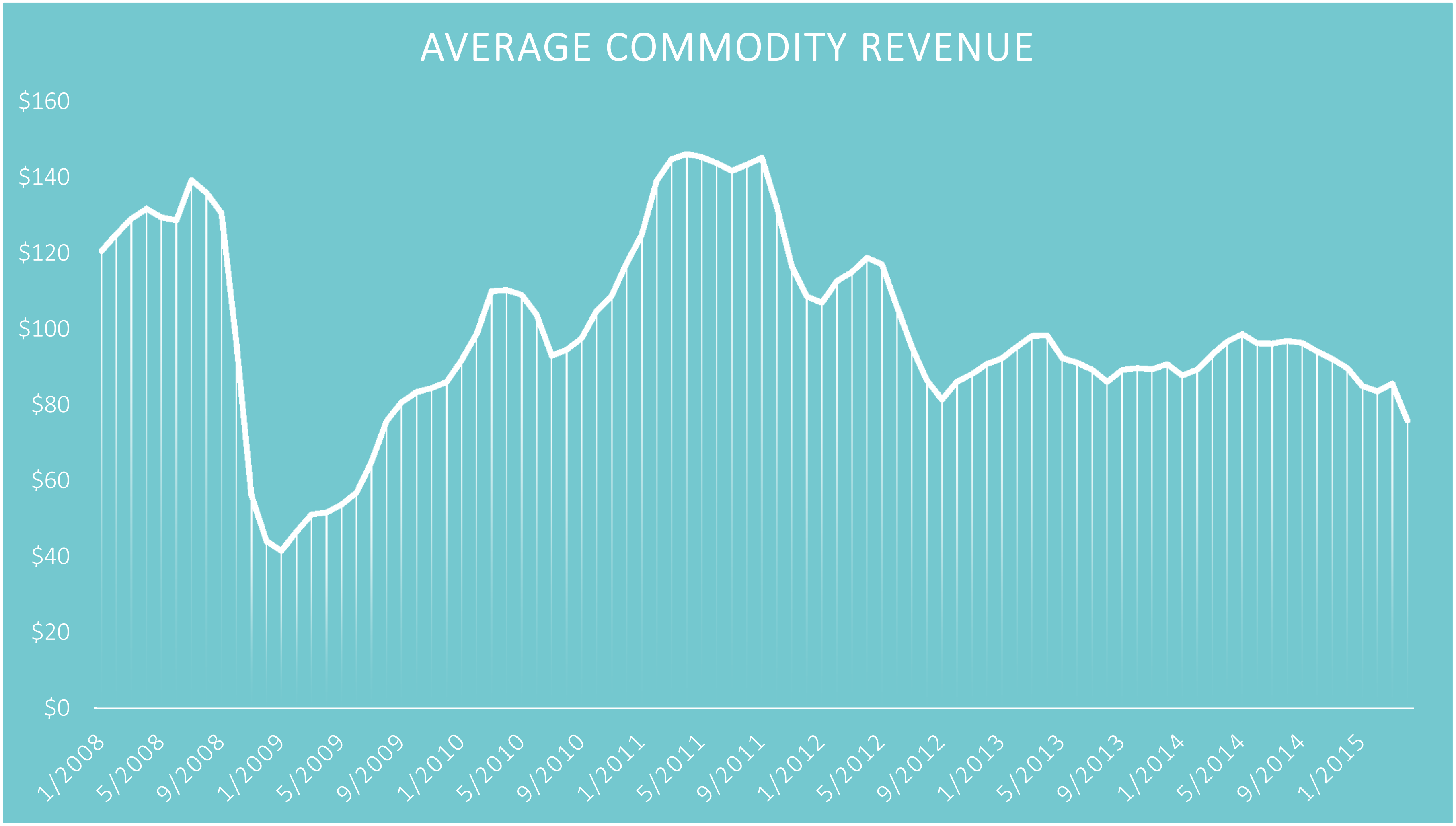
RRS

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

RRS

What is the material worth?



RRS

Presentation Outline

1. Project Overview
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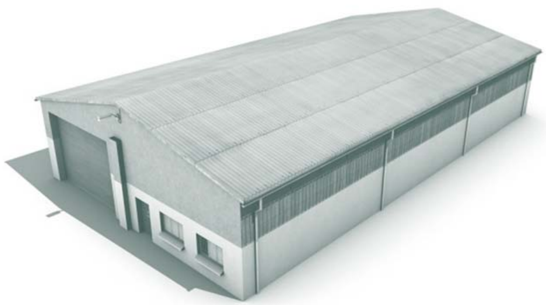
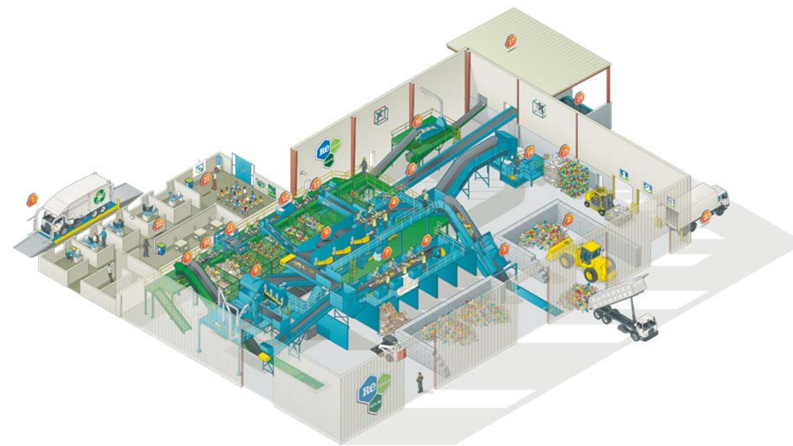
3. Processing – MRF vs. TS
4. Collaboration Options
5. Discussion

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

RRS

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

RRS

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)

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

RRS

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

RRS

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.

RRS

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RRS

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

RRS

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.)

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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

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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

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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

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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.)

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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.

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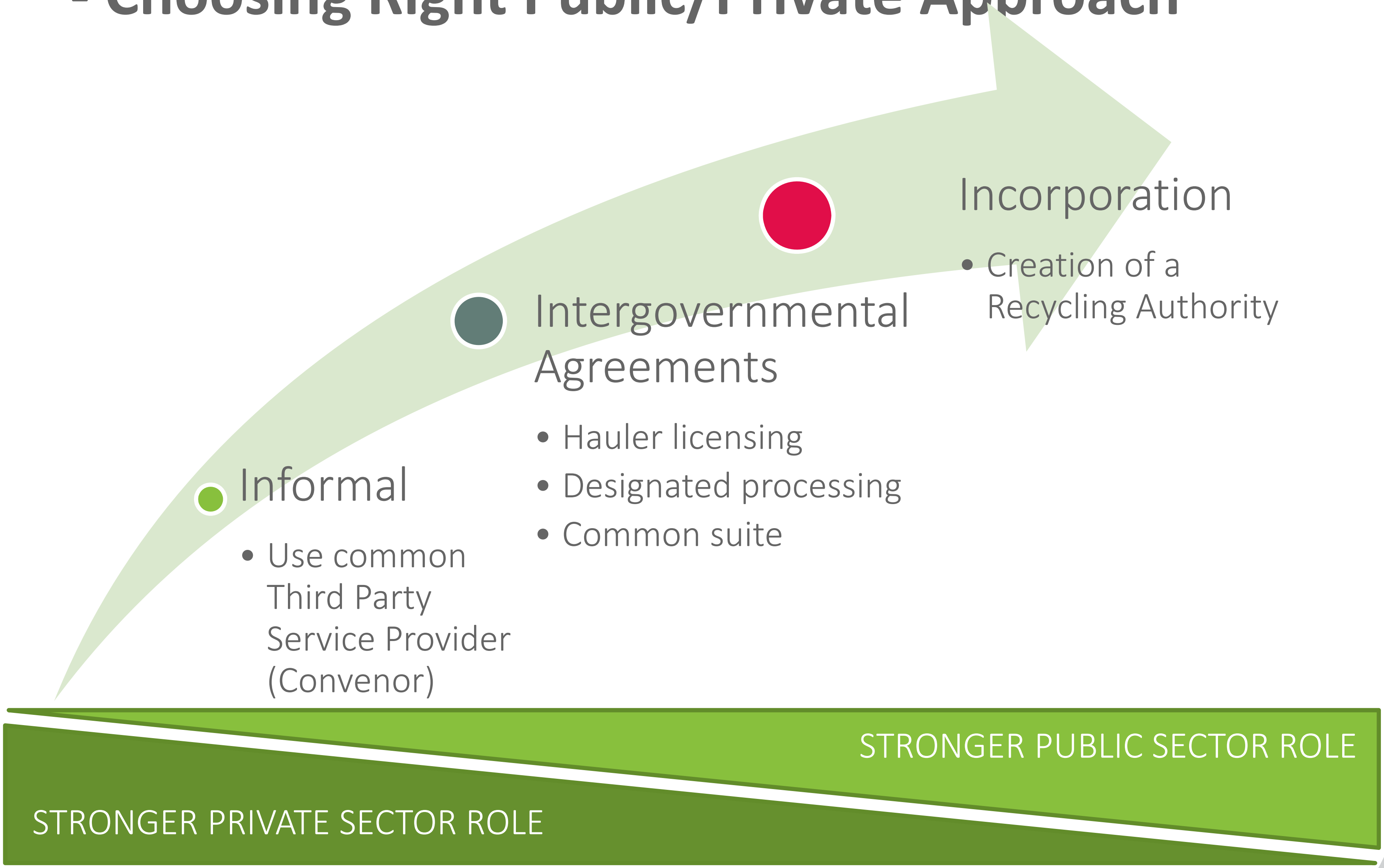
How could this be accomplished?
- Choosing Right Public/Private Approach



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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

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773.255.7909

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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
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
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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
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/ton

RRS

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)	$ 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)**

RRS

Annual Recycling Data

Month	2006	2007	2008	2009	2010	Revenue Share	2011	Revenue Share	2012	Transportation	Revenue Share
January	186.72	167.68	171.74	136.61	141.98		211.69	$ 2,810.31	305.81	$ (2,659.64)	
February	248.53	138.33	110.02	121.66	105.1		180.21	$ 2,773.15	218.66	$ 897.42	
March	185.12	173.84	205.11	220.83	148.19		171.34	$ 3,557.12	297.39	$ (1,787.70)	
April	163.92	222.53	168.61	147.43	204.26		218.11	$ 5,545.67	315.68	$ (781.05)	
May	187.73	227	166.3	151.34	141.32		238.52	$ 5,501.73	293.59	$ (237.94)	
June	163.92	167.72	186.36	149	151.3		246.33	$ 4,105.16	284.94	$ (2,375.18)	
July	188.2	160.79	204.22	168.31	110.44	$(1,820.82)	179.72	$ 1,020.71	299.48	$ (6,233.01)	
August	192.45	155.56	147.17	138.07	160.91	$(1,413.70)	260.5	$ 3,753.79	271.54	$ (8,634.25)	
September	236.4	200	157.45	164.27	156.21	$(2,030.60)	241.82	$ 2,440.59	260.03	$ (8,912.65)	$ 728.60
October	191.93	197.44	171.64	145.95	197.44	$ (845.95)	230.82	$ (380.36)	301.2	$(10,504.20)	$2,703.57
November	197	182.28	141.37	170.24	259.98	$ (913.13)	254.47	$ 1,286.67	327.49	$(11,140.82)	$3,845.39
December	208.11	175.58	182.42		188.52	$ 2,088.30	265.98	$ (4,048.19)	238.7	$ (7,957.73)	$2,121.09
Total	**2350.03**	**2168.75**	**2012.41**	**1713.71**	**1965.65**		**2699.51**	$28,366.35	**3414.51**	$(60,326.75)	

Month	2013 tons	Price Per Ton	Transportation	Revenue Share	Hauls	2014 Tons	Price Per Ton	Transportation	Revenue Share	Hauls	2015 Tons	East Lar
January	318.31	$ 5.07	($12,414.05)	$ 1,636.80		445.2	$ -	$ (9,100.00)	$ -	20	477.36	
February	211.21	$ 12.64	($7,321.11)	$ 2,670.12		347.42	$ (0.55)	$ (9,100.00)	$ (192.48)	20	331.6	
March	254.75	$ 7.79	($8,594.34)	$ 1,985.52		380.9	$ (3.45)	$ (8,190.00)	$(1,313.22)	18	462.24	
April	343.63	$ 5.64	($10,504.20)	$ 1,938.07		564.19	$ (3.24)	$ (10,920.00)	$(1,828.35)	24	495.03	
May	317.69	$ 15.97	($9,549.27)	$ 5,074.54		432.99	$ (5.33)	$ (8,190.00)	$(2,309.11)	18	454.42	
June	260.29	$ 1.92	($11,375)	$ 500.08	25	755.62	$ 1.00	$ (10,920.00)	$ 756.37	24	562.62	
July	331.7	$ 4.54	($15,015)	$ 1,506.99	33	579.05	$ 1.64	$ (10,920.00)	$ 948.87	24	454.67	
August	276.51	$ 5.58	($5,005)	$ 1,541.61	11	403.7	$ 2.93	$ (7,280.00)	$ 1,183.53	16	477.27	
September	293.56	$ 1.00	($5,005)	$ 292.75	11	543.64	$ 3.00	$ (10,465.00)	$ 1,633.18	23	493.11	40.93
October	376.58	$ 1.00	($8,645.00)	$ 375.54	19	432.74	$ 2.33	$ (8,645.00)	$ 1,009.65	19	502.63	83.84
November	455.13	$ 6.28	$ (5,915.00)	$ 2,859.69	13	423.6	$ (4.06)	$ (8,645.00)	-	19	475.63	103.81
December	415.15	$ -	$ (8,645.00)	$ -	19	525.43	$ (2.90)	$ (8,645.00)	-	19	604.94	136.95
Total	**3854.51**		($107,987.97)	$20,381.71		**5834.48**		$ (111,020.00)			**5791.52**	**365.53**

sing	Good Earth	Total	Price Per Ton	Transportation	Processing	Hauls	2016 Tons	East Lansing	Good Earth	Total	Price Per Ton	Transportation	Processing	Hauls
			$ (5.61)	$ (10,465.00)	$ (2,678.69)	23	449.03	112.99	3.37	565.39	($17)	$11,375.00	$ 9,611.63	25
			$ (17.00)	$ (7,735.00)	$ (5,637.20)	17	453.23	100.47	2.5	556.2	($17.00)	$10,920.00	$ 9,455.40	24
			$ (14.62)	$ (10,010.00)	$ (6,760.05)	22	506.95	116.01	4.5	624.46	$ (17.00)	$11,830.00	$10,615.82	26
			$ (11.09)	$ (10,465.00)	$ (5,491.98)	23								
			$ (16.45)	$ (9,100.00)	$ (7,474.21)	20								
			$ (16.33)	$ (10,920.00)	$ (9,189.78)	24								
			$ (14.67)	$ (9,555.00)	$ (6,672.63)	21								
			$ (12.67)	$ (9,555.00)	$ (6,046.04)	21								
		534.04	$ (17.00)	$ (10,920.00)	$ (9,078.68)	24								
	5.02	586.47	$ (17.00)	$ (11,830.00)	$ (9,969.99)	26								
	4.64	575.24	$ (17.00)	$ (11,375.00)	$ (9,779.08)	24								
		741.89	$ (17.00)	$ (13,650.00)	$(12,612.13)	31								
	9.66	**6166.71**		**$(125,580.00)**	**$(91,390.46)**	**276**								

ADDENDUM
TO
RECYCLING SERVICES AGREEMENT
(the "Agreement")

Between
The City of Lansing (the "Generator")
And
Resource Recovery Systems, LLC ("Processor")
dated December 31, 2010

THE PARTIES AGREE THAT THE FOLLOWING PROVISIONS SHALL BE BINDING UPON THE PARTIES AND SHALL SUPERSEDE ANY PROVISIONS IN THE AGREEMENT WHICH CONFLICT WITH THIS ADDENDUM. ALL PROVISIONS IN THE AGREEMENT THAT DO NOT CONFLICT WITH THIS ADDENDUM SHALL REMAIN VALID, BINDING AND ENFORCEABLE.

1. Section 2.3 is deleted and substituted with the following:
   "The Generator is responsible for compliance with the Materials Acceptance Protocol. Processor shall have the right to inspect all inbound loads from the Generator. Processor shall have the right to reject any delivery from the Generator which contains or appears to contain by volume or weight more than six percent (6%) Unacceptable Material, 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 resulting from Generator's delivery of any Unacceptable Load or Unacceptable Material (including without limitation transportation, re-loading, clean-up, alternate disposal and the like), which at a minimum shall include an Unacceptable Material Fee in the amount of $200, shall be the sole responsibility of the Generator, and Generator shall reimburse Processor for any such costs incurred by Processor. Title to Unacceptable Material shall not pass from Generator to Processor."

2. Section 4.1 is modified to extend the Term to expire on December 31, 2018.

3. Section 7 is modified to deleted Processor contacts and substitute the following:

If to Processor:	with a copy to:
Resource Recovery Systems, LLC 809 West Hill Street Charlotte, NC 28208 Attn: Sean Duffy, President and COO	Michael J. Brennan, General Counsel Re Community Holdings II, Inc. 809 West Hill Street Charlotte, NC 28208

4. Schedule A, Definition of Average Commodity Revenue ('ACR") is deleted and substituted with the following:
   Average Commodity Revenue "(ACR)" - means for the Facility the current month Net Revenue for each Recyclable commodity used (unless the current month ACR has an excessive shift in value that would require a mid-month ACR adjustment to reflect the actual value for that month) in conjunction with

the relative mix of commodities, established pursuant to either (i) a 12-month facility average composition (subject to adjustment as necessary by Processor where actual deliveries of pre-sorted Recyclables or the lack of shipment of any products such as glass would materially distort the ACR,) or (ii) a composition audit or an average of audits over a 12 month period (if any), to determine the aggregate per ton value for each recyclable stream.

5. Schedule A, Definition of Tip Fee is deleted and substituted with the following:
Tip Fee mean the amount by which the Threshold Price exceeds the ACR, to be paid by the Generator to the Processor.

6. Schedule A, Definition of Threshold Price Section is deleted and substituted with the following:
Threshold Price means a deemed base cost per ton to process Recyclables, and which on the date of this Addendum is **$71.00**. The Threshold will be adjusted (but never downward) on each anniversary of the Effective Date the greater of (i) three percent (3%); or (ii) the same proportion that the CPI changed from the previous year, and shall remain at the adjusted figure unless and until further adjusted as set forth in this sentence in future years. CPI shall mean the Consumer Price Index – All Urban Consumers in the BLS CPI-U for Detroit-Ann Arbor-Flint, MI MSA.

7. Schedule A, Price is deleted and substituted with the following:
Single Stream Pricing Formula: The Processor has developed a Revenue Share on market value to reflect Single Stream Value in today's recyclables market environment.

If the ACR exceeds the Threshold Price, there is no Tip Fee, and the Processor will pay the Generator a Revenue Share payment. If the Threshold Price exceeds the ACR, there is no Revenue Share and the Generator will pay the Processor a Tip Fee. Through December 31, 2015, the Threshold Price is $71 per ton. For the remainder of the Term, the Revenue Share is 55%. Thus, through December 31, 2015, when the ACR is greater than $71 per ton, the Processor will pay the Generator 55% of the amount the ACR exceeds $71 per ton; if the ACR is less than $71 per ton, the Generator will pay the Processor the difference between the ACR and $71 per ton.

8. Schedule A Examples are deleted and substituted with the following:

EXAMPLES
Threshold Price: $71/ton
Revenue Share: 55%
Tip Fee: difference between ACR and $71/ton

ACR:$100	ACR: $50
Difference between ACR and Threshold Price: +$29 ($100 - $71)	Difference between ACR and Threshold Price: -$21 ($50 - $71)
Net Payment to Generator is $15.95 ($29 x .55)	Net Payment to Processor is $21.00

9. Schedule D, Section 6 Force Majeure: add subsection (d) as follows:
   (d) In the event a Force Majeure event materially or adversely affects Processor's cost of operation Processor may increase the applicable Tip Fee, or Threshold Price under this Agreement to the extent necessary to help offset, directly or indirectly, the increase in such costs.

SIGNATURES. The parties have read and agree to this Addendum.

City of Lansing	Resource Recovery Systems, LLC
By: CHAD A. GAMBLE, COO	By: SEAN P. DUFFY
Date: 8/18/15	Date: 9-5-15

Monthly Revenue Share Calculation

City of Lansing

For the Month of:	**January-16**

Revenue Share

ACR	$42.52
Threshold:	$71.00
Revenue Share Available	($28.48)
Floor:	($17.00)
Lesser of Difference/Floor:	($17.00)
Rev Share %	100%
Total Revenue Share (Tip Fee)/Ton:	($17.00)
Program Tons	565.39
Total Revenue Share	**$ (9,611.63)**

(If Neg.. They pay us.)

RECYCLING SERVICES AGREEMENT

This Recycling Services Agreement ("this Agreement") is made and entered into this thirty-first day of December, 2010 (the "Effective Date"), by and between The City of Lansing ("Generator") and Resource Recovery Systems, LLC ("Processor").

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:

1. DEFINITIONS

"Acceptable materials" means those materials listed as acceptable materials in Schedule B – Materials Acceptance Protocol.

"Facility" means the Processor's processing facility located at 4150 Platt Rd Ann Arbor, MI 48108.

"Single Stream Residential Mix" means recyclable fibers and containers collected by the Generator in a single collection container or vehicle and composed of no more than 6% unacceptable materials.

"Recyclables" means the acceptable materials contained in the Single Stream Residential Mix received from the Generator.

"Unacceptable materials" means those materials listed as unacceptable materials in Schedule B – Materials Acceptance Protocol.

2. RESPONSIBILITIES OF GENERATOR

2.1 Generator shall deliver or cause to be delivered to the Facility all Single Stream Residential Mix it collects. However, Generator reserves the right to collect source-separated material and market it independently of this Agreement. Title to the Recyclables shall pass from Generator to Processor upon acceptance at the Facility.

2.2 The parties expect approximately 200 tons per month of Single Stream Residential Mix 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 six percent (6%) Unacceptable Material, 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.

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

2.5 Generator will make reasonable 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 Hauler's Rules, attached hereto as Schedule C.

3. RESPONSIBILITIES OF PROCESSOR

3.1 Processor will receive, process, and market all Single Stream Residential Mix 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.

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

Monday through Friday 7:00 AM to 4:00 PM

Holiday Closings: LIST

New Years Day

Memorial Day

July Fourth

Labor Day

Thanksgiving Day

Christmas Day

3.3 The parties may arrange for deliveries outside of the operating hours specified in paragraph 3.2 by mutual agreement.

4. TERM

4.1 Initial Term. The initial term of this Agreement shall commence on the Effective Date and shall expire on December 31, 2013 (the "Initial Term"), with the threshold price adjusted annually pursuant to Schedule A.

4.2 Extensions and Renewals. Subject to paragraph 4.3, this Agreement shall automatically extend for additional consecutive one-year terms, 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.

4.3 Term Coterminous with Transfer and Transportation Agreement. In the event that the parties enter into an agreement for transfer and transportation of the Single Stream Residential Mix covered by this Agreement, this Agreement and any such transfer and transportation agreement shall become coterminous, such that the shorter of the terms otherwise established by either agreement is extended for the duration of the longer of the terms established by either agreement. The threshold price for any such extensions shall be adjusted pursuant to Schedule A.

5. PRICE

5.1 A Price Schedule is attached as Schedule A.

5.2 All 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.

6. STANDARD TERMS & CONDITIONS

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

7. 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	FCR Recycling 809 West Hill St. Charlotte, NC 28208 Attn: President Sean Duffy
With a copy to	Casella Waste Systems, Inc 25 Greens Hill Lane Rutland, VT 05701 Attn: General Counsel
Generator	City of Lansing Department of Public Service Operations & Maintenance 601 E. South St. Lansing, MI 48910 Attn: Scott E. House, P.E.

8. 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 HEREOF, the parties have executed this agreement as of the Effective Date.

PROCESSOR **Resource Recovery Systems, LLC**	**GENERATOR** **City of Lansing**
By: [signature]	By: [signature]
Name: SEAN P. DUFFY	Name: Jerry Ambrose
Title: Vice President	Title: Finance Director
Date: 12-20-10	Date: 12-1-11

I hereby certify that funds are available
Acct. No. 547.453688.741000.0
[signature]
Tom Korkoske Accounting Manager

APPROVED AS TO FORM ONLY
[signature]
...ATURE
...ORNEY

Schedule A
Price Schedule

DEFINITIONS

Average Commodity Revenue "(ACR)" means the Facility's prior month's Net Revenue for all Recyclables (including Residue tons) divided by the total tons of Recyclables shipped (including residue and unaccounted for tons) over the same month. Exceptions to this are pre-sorted recyclables received that would materially distort the ACR.

Net Revenue means gross revenue earned minus any direct costs of Processor related to transportation or marketing of Recyclables.

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

Tip Fee means the amount by which the threshold price exceeds the ACR or $17/ ton, whichever is less, to be paid by the Generator to the Processor.

Threshold Price means the cost per ton to process Recyclables, adjusted annually based on the change over the previous twelve (12) month period in the Consumer Price Index – All Urban Consumers in the BLS CPI-U for Detroit-Ann Arbor-Flint, MI MSA.

PRICE

Single Stream Pricing Formula: The processor has developed a revenue share on market value to reflect Single Stream Value in today's recyclables market environment.

If the ACR exceeds the threshold price, there is no tip fee, and the Processor will pay the Generator a Revenue Share payment. If the threshold price exceeds the ACR, there is no Revenue Share and the Generator will pay the Processor a Tip Fee. For the first twelve months of the Agreement, the threshold price is **$58.50 per ton**. For the entire duration of the Agreement, the Revenue Share is **60%**. Thus, during the first twelve months of the agreement, when the ACR is greater than $58.50 per ton, the Processor will pay the Generator 60% of the amount the ACR exceeds $58.50; if the ACR is less than $58.50 per ton, the Generator will pay the Processor the lesser of: (1) the difference between the ACR and $58.50; or (2) $17.00/ ton.

Examples

Threshold Price: $58.50/ ton
Revenue Share: 60%
Maximum Tip Fee: $17/ ton

ACR: $100	**ACR: $50**
Difference between ACR and Threshold Price: +$41.50/ ton ($100.00 - $58.50)	Difference between ACR and Threshold Price: -$8.50/ ton ($50.00 - $58.50)
Net Payment to Generator is $24.90 per ton. ($41.50 * 60%)	Tip fee is $8.50 per ton.

Schedule B
Materials Acceptance Protocol

1. 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, trays, 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 aseptic 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.

2. The following are unacceptable materials:

- Plastic bagging material and film except as detailed above.
- Mirrors, window or auto glass, light bulbs, ceramics, Styrofoam, any plastic containers with #3, on them or no # at all, oil or antifreeze containers, plastic bags, coat hangers, food waste, paint cans,
- Hard cover books

Schedule C
Hauler's Rules

Scale House:

1. Driver shall approach Scale SLOWLY.
2. Driver shall report to scale house operator and identify Commercial Location.
3. Weigh inbound.
4. Weigh outbound and pick up scale ticket.

Tip Floor Rules:

1. Wait for operator's OK to enter tip floor for dumping.
2. Safety gear shall be worn when driver exits cab.

Yard Rules:

1. Driver shall maintain safe speeds while traveling within the yard.
2. Driver shall not allow litter to be discharged from the body or cab.
3. Driver shall not loiter in the yard.

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. Limitation of Liability. Neither party shall be liable to the other for special, incidental, exemplary, punitive or consequential damages including without limitation loss of use, loss of profits or revenues, or cost of substitute or re-performed services, suffered, asserted or alleged by either party or any third party arising from or relating to this Agreement, regardless of whether those damages are claimed under contract, warranty, indemnity, tort or any other theory at law or in equity.

5. 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.

6. 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.

c. In the event of a delay in either party's performance of its obligation hereunder for more than sixty (60) days due to a Force Majeure, the other party may, at any time thereafter, terminate this Agreement.

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.

Termination. This Agreement may be terminated pursuant to Section 4 of the Agreement or:

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 thirty (30) days from receipt of notice from the non-defaulting party, the non-defaulting party may (i) terminate this Agreement immediately upon notice, or (ii) agree in writing that the defaulting party is diligently pursuing a cure, and extend the cure period at its sole discretion, subject to immediate termination upon notice.

8. 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.

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

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. No Brokers. Generator agrees that it has entered into this Agreement without the benefit or assistance of any brokers.

18. 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.

19. 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.

20. Dispute Resolution. The parties agree to make reasonable efforts to resolve disputes through negotiation or other alternative dispute resolution processes prior to commencing litigation.

21. 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

PUBLIC WORKS AND ENVIRONMENTAL SERVICES

Quality Services for a Quality Community

MEMORANDUM

TO: **George Lahanas, City Manager**

FROM: **Scott House, P.E., Director of Public Works**

DATE: **September 1, 2015**

SUBJECT: **Recommendation for RFP 003-15 Single Stream and Source Separated Recycling Processing**

City of East Lansing
PUBLIC WORKS AND ENVIRONMENTAL SERVICES
1800 E. State Road
East Lansing, MI 48823

Mailing Address:
410 Abbot Road
East Lansing, MI 48823

(517) 337-9459
www.cityofeastlansing.com

On June 4, 2015, the City of East Lansing issued a Request for Proposal (RFP/003/15) to invite interested firms to submit proposals for the Receive, Transfer, Haul, Process, and Market Single Stream Commingled Recyclables and Source Separated Recyclables. Notice of the request for proposal was distributed to qualified firms.

Proposals were received from two firms:

1. Granger Container Services
2. ReCommunity (partnering with City of Lansing)

Following the return of the RFP where the results were higher than anticipated discussions regarding an municipal recycling agreement were started with the City of Lansing. On August 18, 2015 the City of Lansing provided the basis for an intergovernmental agreement. A verbal update was provided during the August 18th City Council work session. Since the work session the municipal recycling agreement has been developed and is ready for consideration.

Below is a summary of the RFP review process and that of the municipal recycling agreement.

RFP Evaluation:

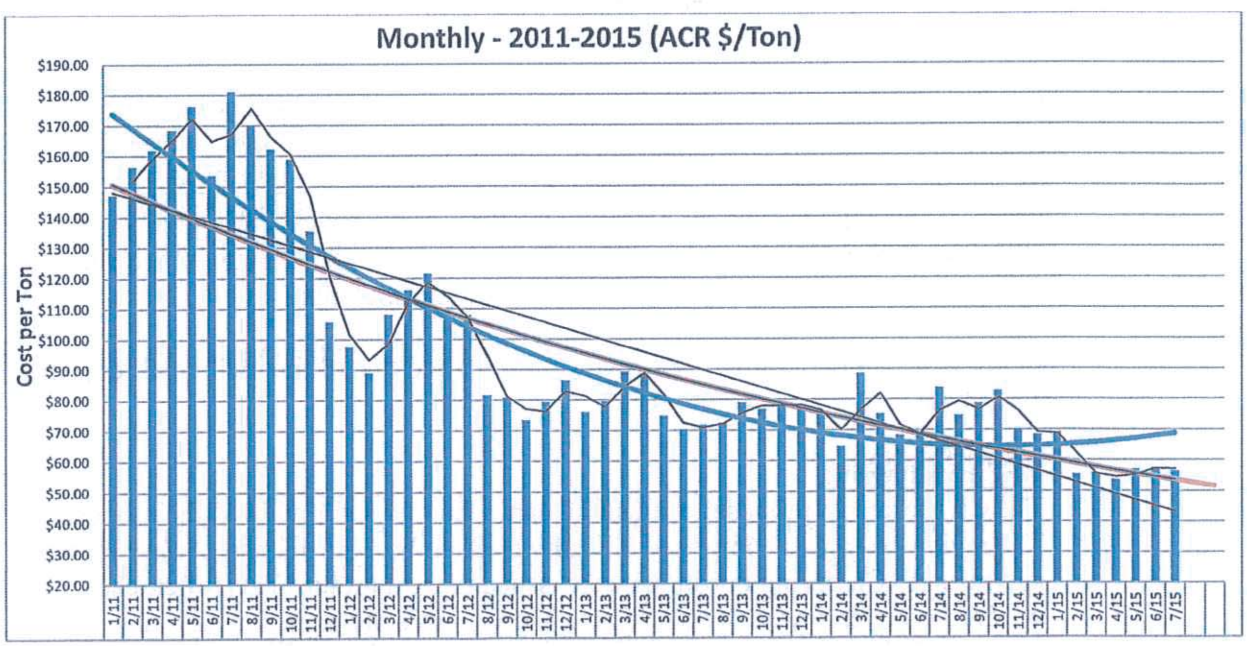
The City formed a proposal evaluation team who met and reviewed the proposals. The review team was comprised of Cathy DeShambo, Ken Johnson, Mary Haskell and myself. Clarifying questions were issued to each group. Thereafter, each vendor was interviewed. In addition, a site visit was performed at material recovery facility (MRF) where single stream material is processed and separated and prepared for market and or reuse. The review team then evaluated the proposals in totality.

The proposals were reviewed based on the following factors:

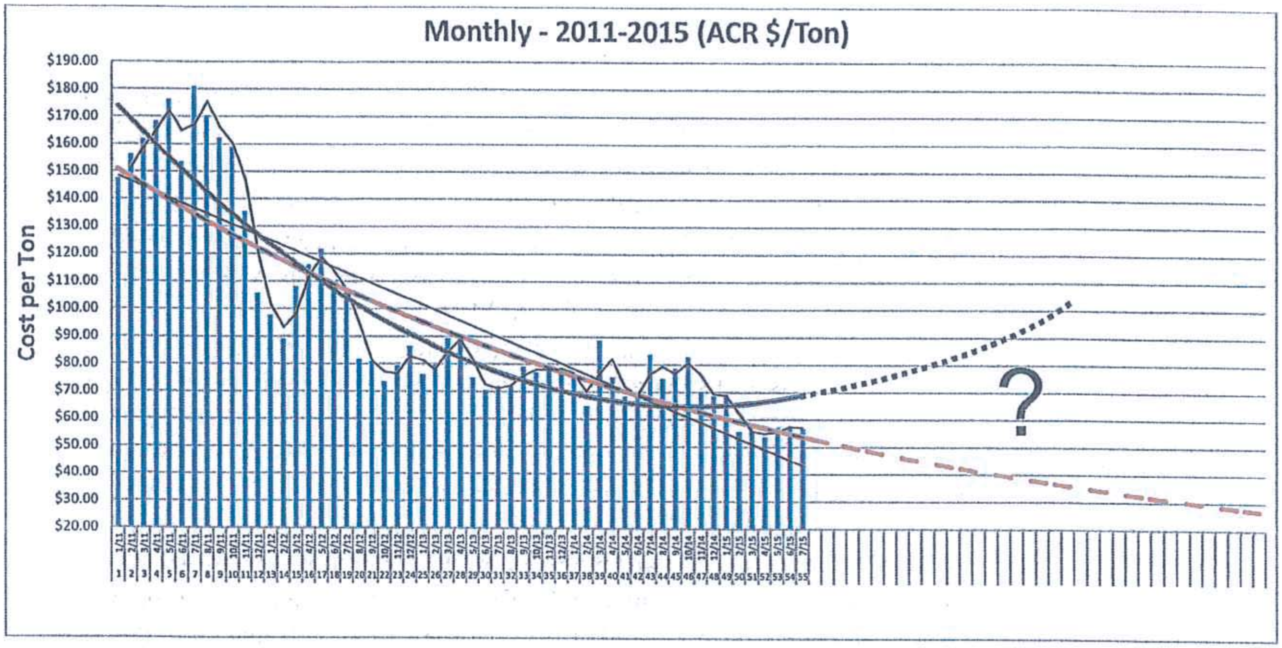
1. 30 % -Recycling Experience: Demonstrated strength and experience in processing and marketing recyclables dual and/or single stream;
2. 30 % - Cost Proposal: Revenue sharing arrangements and cost;
3. 20 %- Proposal: Completeness of proposal in addressing and meeting the needs of the City of East Lansing providing the greatest opportunity for material recovery;
4. 20 % -Location: Efficient access to major transportation routes (The closer to East Lansing the better)

The proposals were reviewed using a joint scoring of the proposals, out of a maximum of 1000 points. Both proposals were reviewed for compliance with city purchasing policy. Granger is a regional and locally owned business. All proposers limit the extension of benefits to legally married couples. Before reviewing proposals, I would like to first discuss recycling markets.

Market Conditions: The average commodity revenue (ACR) for single stream recycling materials has been trending downwards since August of 2011, correcting to new normal in August of 2012, were they have been experiencing a slight steady slide until January of 2015. The January correction saw a sharp drop from $69.20 to $55.60, with a slight upward movement reaching $55.70 in June of 2015, ending at $56.63 in July of 2015.



At our current point in time we do not know if the market will continue to drop or if we are at the bottom of the curve with the potential for growth.



The decrease in ACR can be associated to several causes. First, the decrease in oil prices which reduces the demand for and value of plastics. Second, the "greenwall" of China that has limited many recyclables from being exported for reuse, with an increase demand on quality for material allowed. Last, changes to packaging where less expensive material is used. Further, the recent devaluation of the Chinese yuan with a slowing Chinese economy makes American exports more expensive and reduces demand for commodities, potentially having a negative impact on domestic recyclable commodities in the near term. The preceding changes in the industry have changed revenue sharing agreements, and we have seen tip fees rise for single stream recycling. Of note, the Kent County MRF raised their tip fee from $10/ton to $25/ton. A further indication of the weakness of the recycling market is that no one offered a 5 year proposal to capture material flow. When this was discussed during the budget process the planning factor was $45 a ton based on then existing pricing and the assumption was that revenue would be received for drop off materials. However, even at the increased costs, and despite recent negative press regarding single stream recycling, the benefits far outweigh the negatives.

Collection Projections: The City currently collects approximately 1,200 tons of recyclables a year, 660 tons curbside and 540 drop off. It is projected that drop-off material will decrease by 40% to 324 tons and curbside materials will increase to 150% (2.5X) to 1,650 tons, for a projected program total of 1,974 tons.

Proposals:

Granger: Granger is a private company that is locally owned and operated that has been a partner with the city for over 15 years in recycling. They provide regional recycling services to the vast majority of the surrounding communities. Granger has partnered with American Waste in Traverse City to provide processing services. Granger would manage the receiving, baling and hauling of the materials to the American Waste material recovery facility (MRF). Granger's tip point is located on Wood Street, 1.7 miles from the City of East Lansing's Department of Public Works. The tipping facility is in an easily accessible area that is secure and well maintained, with no flood threats, with alternate arrangements for transfer available through regional partners. Collection trucks would weigh in, unload and weigh out. The loose material is bailed and loaded into shipping trailers and transported to the American Waste MRF in Traverse City. The empty freight truck receives a load and back hauls material and goods to the mid-Michigan area. American Waste would in turn process and separate the recyclable material for market and reuse, and would dispose of residue at a landfill. American Waste has two locations in Michigan, the primary in Traverse City and the secondary in Kalkaska. All material delivered to Granger, curbside and drop-off, would be processed in the single stream system, with a price break for drop off material. The Granger proposal includes material above and beyond the required list, to include film (i.e. grocery bags, boat tarps, etc..) and Styrofoam. Recovered materials are sold in regional and national markets. These additional materials (films, styrofoam, etc..) are typically extremely difficult to recycle, and are usually excluded from single stream systems, here they are reused as engineered fuels at approved facilities.

The proposal included two fixed fee structures, with an annual inflation rate up to 4%, with limited revenue share for card board. However, they will provide the city a starter tree valued at $70 for every 100 tons of recycling processed, a projected value of 20 trees or $1,400. The single stream cost per ton is $55 a ton and the drop off material is $35 a ton. The cost for single stream is 24% higher than the existing contract with Granger. In discussions with Granger they said the increase in cost was due to an internal review of their operating costs and adjusted their price accordingly to cover recycling operating costs, exaggerated due to the slump in the recycling market. The drop-off pricing differs as well from the prior contract, where we currently receive revenue of 75% for material less the processing, Granger proposed a fixed fee per ton, with the exception of cardboard with a $55/ton processing cost. In discussion with Granger it was pointed out that our drop-off tonnage is delivered loose and is anticipated to greatly decrease, while the processing costs compete with loading and bailing of single stream materials, and that our drop-off containers are often contaminated (i.e. plastic mixed with card board), all leading the reasoning behind their proposal, with the exception of cardboard. Overall, the Granger proposal is predictable and has limited risk, and there may be regional opportunities to obtain revenue from the high value drop-off program while using the arrangement provided by Granger to divert low value material.

The travel distance from the Department of Public Works to Granger is a distance of 1.7 miles, or 3.4 miles round trip, with the assumption of 2 minutes per mile at a cost for labor and equipment of $100/hour for curbside and $77/hour for drop-off, increases indirect costs by:

Curbside:
$100/hour x 1 hour/60 minutes x 1.7 miles x 2 x 2 minutes/mile = $11.33/day
Curbside Ton Cost: $11.33/10 Ton x 1/2 = $0.57/Ton Haul Cost Differential

Drop-off:
$77/hour x 1 hour/60 minutes x 1.7 miles x 2 x 2 minutes/mile= $8.72/trip
Drop-off Ton Cost: $8.72/5 Ton = $1.74/Ton

Prospective Cost for Granger using the maximum rate of inflation and passing all drop off material through the single stream system. Includes a haul cost differential per ton ($0.57 curbside, $1.74 drop-off).

	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Granger	Curbside $/ton	Curbside Total	Drop Off $/ton	Drop-off Total	Total Cost
Year 1	$55.57	$91,690.50	$36.74	$11,904.02	$103,594.52
Year 2	$57.79	$95,358.12	$38.21	$12,380.18	$107,738.30
Year 3	$60.10	$99,172.44	$39.74	$12,875.39	$112,047.83

The strength of the proposal is that Granger is locally owned and operated company, the expanded material list, predictable costs, and proximity to the Department of Public Works. The weakness is a lack of revenue sharing, and the price increase from base agreement. In addition, another weakness is the unknown longevity of using hard to recycle items as engineered fuels and the divergence from traditional recycling practices that material placed in a recycling cart will be reused in a more orthodox manner, i.e. repurposed in the supply chain. Score: 714.93

ReCommunity: ReCommunity is privately owned national recycling processing firm with extensive experience and presence in the mid-west and Michigan. They partnered with the City of Lansing (hereinafter "COL") in submitting their proposal. The COL would manage the receiving, loading and hauling of the materials to a ReCommunity material recovery facility (MRF). ReCommunity has five (5) Michigan locations: Ann Arbor, Roseville, Detroit, Huron and Saginaw, with three of them operating as MRFs. The COL tip point is located at 601 East State Street, in the heart of Lansing, 6.6 miles from the City of East Lansing's Department of Public Works. The tipping facility is accessible and secure; however, access could be limited during a flood, with an alternate location in the city. Collection trucks would weigh in, unload and weigh out. The loose material would be loaded into 120 cubic yard transfer trailer loaded with a compactor fed by COL employees. The hauling would be performed by a contractor hired by the COL, and hauled to ReCommunity processing facility. ReCommunity would in turn process and separate the recyclable material for market and reuse, and would dispose of residue at a landfill. Recovered materials are sold in national and international markets. All material, curbside and drop-off, would be treated the same, with the same cost for processing and transporting.
The proposal, which ReCommunity provided different conditions from that offered to Lansing, included a three part fee and revenue sharing agreement. The components include a fixed fee per

ton from Lansing, consisting of $45/ton, (subject to change), a $3.44 ReCommunity environmental fee (subject to change-not charged to Lansing), and a revenue share based on the average commodity revenue (hereinafter "ACR"), a trigger price of $75/ton used to cover the costs of processing and marketing material (Lansing has $71/ton) and a revenue share of 45% (Lansing has a 55% revenue share). Under this pricing scheme if the ACR is below the trigger price we pay to process; when the ACR is above the trigger price we receive 45% of the revenue. The ACR for the past six months has averaged $56.12/ton.

Applying the pricing with the recent ACR, the cost per ton to East Lansing in year 1 is:

$75 (Trigger Price) - $56.12 (ACR) + $3.44 (Environmental Fee) + $45 (COL-RTH Fee) =
Cost to recycle= $67.32/ton

In 2011 the ACR was $147.20/ton, the revenue to East Lansing would be:

[$147.20 (ACR) - $75 (Trigger Price)] x 0.45 - $3.44 (Environmental Fee) - $45 (COL-RTH Fee) =
Cost to recycle = $16.25/ton

Using the same formula, if the ACR drops further to $50/ton, the cost per ton to East Lansing would be:

$75 (Trigger Price) - $50.00 (ACR) + $3.44 (Environmental Fee) + $45 (COL-RTH Fee) = Cost to recycle= $73.44/ton

What is missing from the proposal is a floor price, or a maximum liability that the city would face, typically $15-$20 a ton. Without a floor price, the city assumes risk with market variations, especially as the revenue has decreased over the past few years, making budgeting extremely difficult.

There are additional costs not included in the above, consisting of transport time to Lansing. The distance is 6.6 miles, or 13.2 miles round trip, with the assumption of 2 minutes per mile at a cost for labor and equipment of $100/hour for curbside and $77/hour for drop-off, increases indirect costs by:

$100/hour x 1 hour/60 minutes x 6.6 miles x 2 x 2 minutes/mile = $44.00/day to tip
Curbside Ton Cost: $44.00/10 Ton x 1/2= $2.20/Ton

Drop-off:
$77/hour x 1 hour/60 minutes x 6.6 miles x 2 x 2 minutes/mile= $33.88/trip
Drop-off Ton Cost: $33.88/5 Ton = $6.77/Ton

PUBLIC WORKS AND ENVIRONMENTAL SERVICES

Quality Services for a Quality Community

Prospective Cost for ReCommunity using 6 month ACR average with total costs = $56.12/ton and passing all drop off material through the single stream system. Includes a haul cost differential per ton ($2.20 curbside, $6.80 drop-off).

	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Year 1	$69.52	$114,712.51	$74.11	$24,012.84	$138,725.35
Year 2	$71.61	$118,153.89	$76.34	$24,733.22	$142,887.11
Year 3	$73.76	$121,698.50	$78.63	$25,475.22	$147,173.72

The strength of the proposal is the potential to partner with Lansing to develop a regional solution, and to work with a national firm like ReCommunity, who has redundancy in processing. However, the weakness of their proposal is the down market, risk of cost fluctuation, variable fees, lack or equity if proposed pricing between Lansing and East Lansing, and the distance from the Department of Public Works. Score: 501.17

Intergovernmental Agreement - City of Lansing: Another option was presented following the release of the RFP, consisting of an intergovernmental agreement with the City of Lansing. The agreement would allow East Lansing to use Lansing's terms and conditions for processing with ReCommunity with a direct pass through of costs, with associated fixed administrative cost of $500/month subject to yearly inflation of 4%. Under this scenario the pricing for processing would mirror Lansing's. The trigger would be $71/ton, with a 3% annual increase, a 55% revenue share for when the ACR is greater than the trigger. The receive, transfer and haul costs would be a direct pass through or pro-rata costs as well. The basic planning factor is that we would use current hauling costs divided by the average load. Using current prices the cost to haul material is $455 a trip with an average weight of 22 tons, equaling a unit cost of $20.68 a ton. Overall, the estimated cost per ton is $37.36 using the seven (7) month ACR value. This is a very appealing option for curbside materials, and is below budget estimates. However, this cost is subject to fluctuation based on the ACR and is not a complete solution for drop off materials other than single stream processing. In addition, the weakness remains of not having a floor price in the revenue share model, as mentioned above. The ACR for the past six months has averaged $56.12/ton.

Applying the pricing with the recent ACR, the cost per ton to East Lansing in year 1 is:

$71 (Trigger Price) - $56.12(ACR) + $20.68 (COL-RTH Fee)+$3.00 (Admin fee) = Cost to recycle= $38.56/ton

Using the same formula, if the ACR drops further to $50/ton, the cost per ton to East Lansing would be:

$71 (Trigger Price) - $50(ACR) + $20.68 (COL-RTH Fee)+$3.00 (Admin fee) = Cost to recycle= $44.68/ton

Previously mentioned indirect costs remain for the travel to and from Lansing, 6.6 miles away, one-way.

\$100/hour x 1 hour/60 minutes x 6.6 miles x 2 x 2 minutes/mile = \$44.00/day
Curbside Ton Cost: \$44.00/10 Ton x 1/2 = \$2.20/Ton Haul Cost Differential

Drop-off:
\$77/hour x 1 hour/60 minutes x 6.6 miles x 2 x 2 minutes/mile= \$33.88/trip
Drop-off Ton Cost: \$33.88/5 Ton = \$6.80/Ton

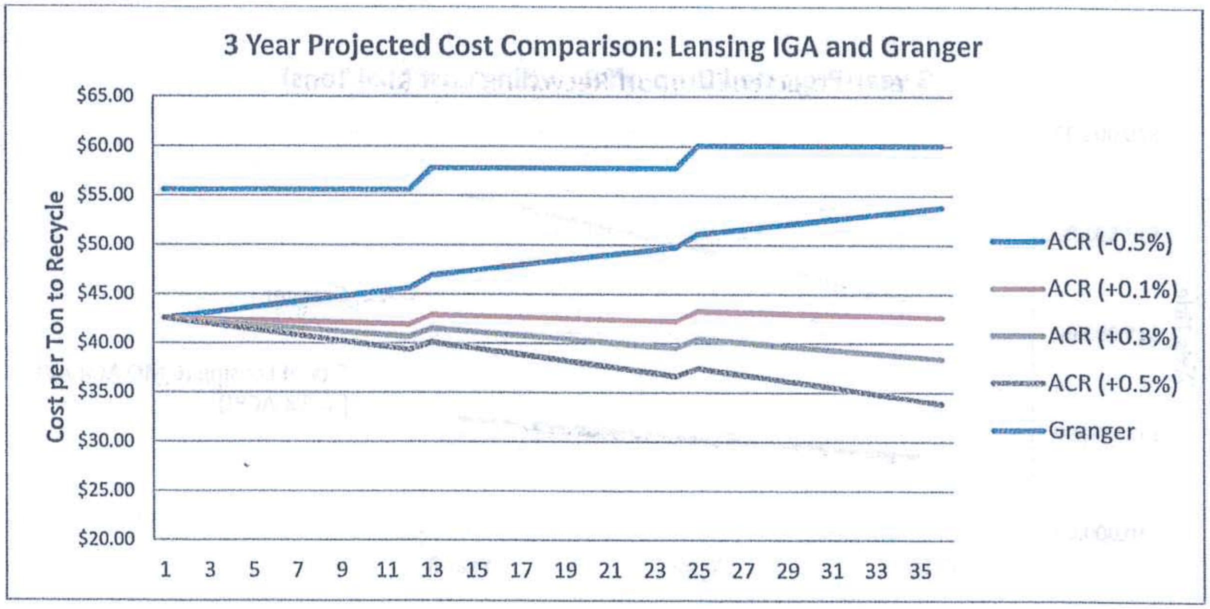
Prospective Cost for Intergovernmental Agreement using projected ACR average decreasing at -0.5% per month and passing all drop off material through the single stream system. Includes a haul cost differential per ton (\$2.20 curbside, \$6.80 drop-off).

	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
City of Lansing (6 MO ACR AVE, -0.5% Mo/ ACR)	Curbside \$/ton	Curbside Total	Drop Off \$/ton	Drop-off Total	Total Cost
Year 1 (Ave)	\$44.09	\$72,747.74	\$48.66	\$15,765.69	\$88,513.43
Year 2 (Ave)	\$48.35	\$79,770.14	\$52.92	\$17,144.63	\$96,914.78
Year 3 (Ave)	\$52.46	\$86,551.33	\$57.03	\$18,476.21	\$105,027.55

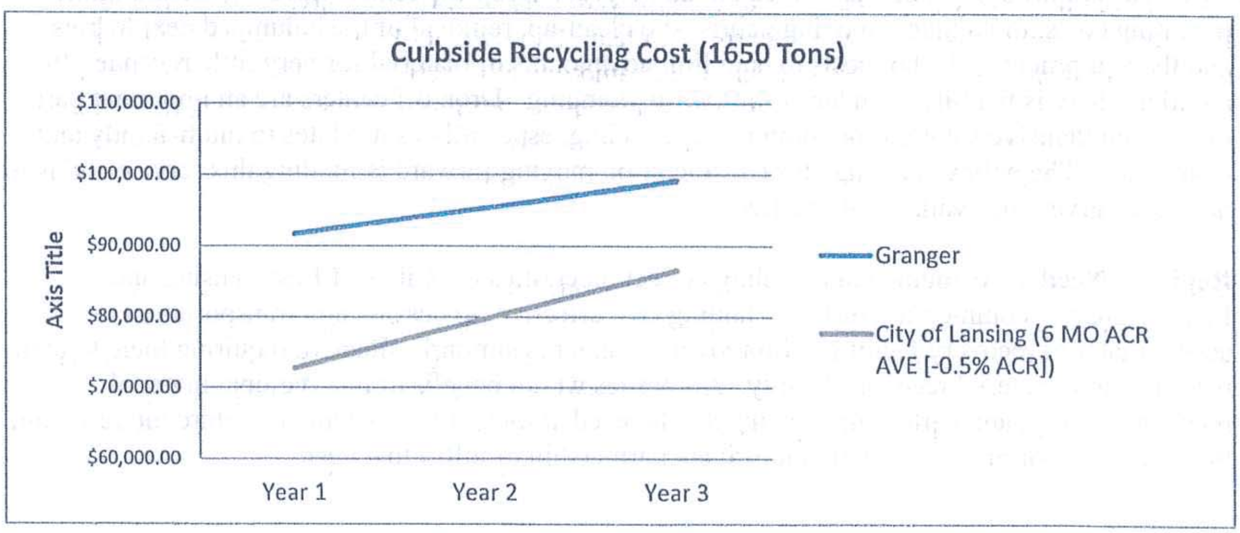
The strength of the proposal is the potential to partner with Lansing to develop a regional solution and to benefit from their agreement with ReCommunity who has redundancy in processing. In addition, by partnering with Lansing who we have common interests, we can benefit through joint purchasing. However, the weakness of their proposal is the down market, risk of cost fluctuation, and the distance from the Department of Public Works.

Analysis and Comparison:

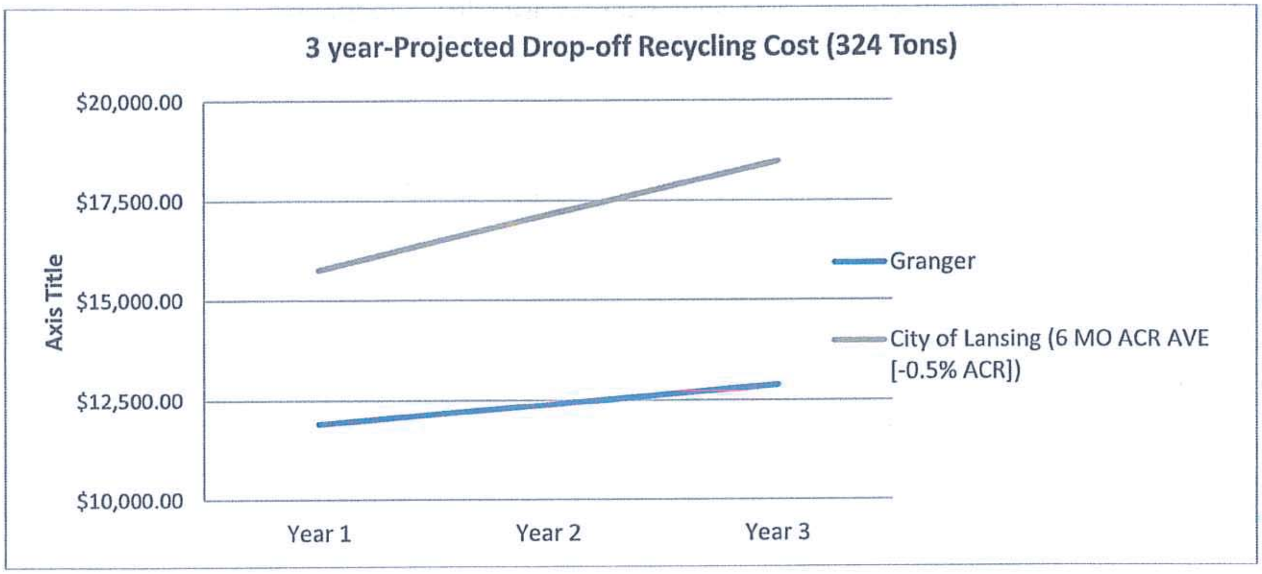
Curbside Material: Focusing solely on the Granger RFP proposal and the City of Lansing intergovernmental agreement, the Lansing proposal is superior for curbside material even with the haul differential adjustment per ton, providing a current cost per ton of $42.56 (July 2015 ACR $56.63) as compared to the Granger cost of $55.57 a ton.



If the recycling market were to continue to drop further we have significant room before the cost advantage of the intergovernmental agreement is diminished. Using a projected ACR decrease over the next three years of -0.5% per month, the City still comes out ahead, but there is no way to predict where the market will be in three years.



Drop-off Material: In both options the biggest surprise was found in proposals for drop off material handling. The intergovernmental agreement option treats drop off material like curbside material. The Granger proposal is the best price during the current market, however, the departure from the revenue sharing agreement for materials other than cardboard is not attractive, but is convenient due to the location and for material providing minimal revenue. However, we will seek to find a better option for source separated materials of value, and will seek pricing from additional vendors.



With the deployment of carts we are meeting the needs of the recycling millage rate payers, and the question arises - who does the drop off center serve and how is it funded? MSU Surplus provides a comprehensive service in the core of the city and Granger has a full service drop off center 1.7 miles from our current location that could serve the users of our current center. The City's current drop-off center is an area already served. Drop-off centers have significant indirect operating costs, to include removing debris, site clean-up, removal of trash dumped next to bins and the equipment and labor costs to haul limited amounts of material for very little revenue. In addition, there is liability from hazardous waste dumping. Drop off centers are an important part of a comprehensive solution for community recycling, especially as it relates to multi-family and businesses. The policy challenge for consideration moving forward is funding this service and is it necessary given the available alternatives.

Regional Needs: As municipal recycling collection entities the Cities of East Lansing and Lansing share a common interest in obtaining cost effective processing and transportation to access material recovery facilities. Moreover, Granger is similarly situated, requiring them to haul materials to a material recovery facility. All parties would benefit from a regional material recovery facility, and partnering now maybe the needed foundation to generate future interest from the private sector or a possible public-private partnership to fulfill that need.

Below is summary of costs over the next three years. Focusing solely on Granger and the City of Lansing, we see that the Granger costs are predictable and fixed, whereas the City of Lansing's are more competitive, but are subject to variation and may increase or decrease over time.

Projected Cost per Ton to Recycle with Haul Differential Included					
	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Granger	Curbside $/ton	Curbside Total	Drop Off $/ton	Drop-off Total	Total Cost
Year 1	$55.57	$91,690.50	$36.74	$11,904.02	$103,594.52
Year 2	$57.79	$95,358.12	$38.21	$12,380.18	$107,738.30
Year 3	$60.10	$99,172.44	$39.74	$12,875.39	$112,047.83
City of Lansing (6 MO ACR AVE, -0.5% Mo/ ACR)	Curbside $/ton	Curbside Total	Drop Off $/ton	Drop-off Total	Total Cost
Year 1 (Ave)	$44.09	$72,747.74	$48.66	$15,765.69	$88,513.43
Year 2 (Ave)	$48.35	$79,770.14	$52.92	$17,144.63	$96,914.78
Year 3 (Ave)	$52.46	$86,551.33	$57.03	$18,476.21	$105,027.55

Projected Cost per Ton to Recycle					
	Curbside (Tons)		Drop-off (Tons)		Total (Tons)
Baseline tonnage	660		540		1200
Effects of Carts (150% Increase curbside (2.5X), 40% reduction drop-off)	1650		324		1974
Granger	Curbside $/ton	Curbside Total	Drop Off $/ton	Drop-off Total	Total Cost
Year 1	$55.00	$90,750.00	$35.00	$11,340.00	$102,090.00
Year 2	$57.20	$94,380.00	$36.40	$11,793.60	$106,173.60
Year 3	$59.49	$98,155.20	$37.86	$12,265.34	$110,420.54
City of Lansing (6 MO ACR AVE, -0.5% Mo/ ACR)	Curbside $/ton	Curbside Total	Drop Off $/ton	Drop-off Total	Total Cost
Year 1 (Ave)	$41.89	$69,117.74	$41.89	$13,572.21	$82,689.95
Year 2 (Ave)	$46.15	$76,140.14	$46.15	$14,951.15	$91,091.30
Year 3 (Ave)	$50.26	$82,921.33	$50.26	$16,282.73	$99,204.07

There are two options available here for the consideration of Council:

1. Contract with Granger: Authorize the City Manager to enter into or extend the current recycling contract with Granger Container Services for three (3) years. This has low risk and fixed prices.

2. Municipal Recycling Agreement: Enter into an municipal recycling agreement with the City of Lansing. This has competitive costs and regional benefit, but is subject to risk from fluctuating market conditions, and costs may increase or decrease in the future.

The staff recommendation is option two, the municipal recycling agreement with the City of Lansing.

AGENDA ITEM INFORMATION

FILE TOO LARGE FOR PACKET

Document can be viewed at:

http://www.lansingmi.gov/Documents_Placed_on_File

<u>AGENDA ITEM</u>

INFORMATION
NOT AVAILABLE
AT THE TIME
PACKET WAS
DISTRIBUTED

As Adopted in 2015, under Resolution 2015-264 10/1/2015
1st Draft Working Copy for the FY2017/2018 Budget
Must be adopted by 10/1/2016 (Council Meeting 9/26/2016)

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the Charter of the City of Lansing requires the Council to adopt an annual statement of Budget Policies and Priorities serving to guide the Administration in developing and presenting the Fiscal Year 2017-2018 budget; and

WHEREAS, the City Council, with joint efforts from the Administration and the Financial Health Team, established the following Mission/Vision and goals; and

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
   a. The City's diverse economy generates and retains (sustains) high quality stable jobs that strengthen the sales and property tax base and contribute to an exceptional quality of life.
   b. The City is governed in a transparent, efficient, accountable and responsive manner on behalf of all citizens.
   c. The City's neighborhoods have various resources that allow them to be on a long term viable and appealing basis.
   d. Support economic development initiatives that promote and retain new industries and markets.

II. Securing short and long term financial stability through prudent management of city resources.
   a. Wise stewardship of financial resources results in the City's ability to meet and exceed service demands and obligations without compromising the ability of future generations to do the same.
   b. Pursue and facilitate shared services regionally that allow for cost savings and revenue enhancement.
   c. Support initiatives that build the City's property and income tax base.

III. Providing reliable, efficient and quality services that are responsive to the needs of residents and businesses.
   a. The City's core services and infrastructure are efficiently, effectively and strategically delivered to enable economic development and to maintain citizen's health, safety and general welfare.

IV. Adopting sustainable practices that protect and enhance our cultural, natural and historical resources.
   a. Seek partnership opportunities with educational and corporate institutions and to maintain and expand our talent base.
   b. Create vibrant places, support events and activities that showcase our waterfront and green spaces.
   c. Raise the level of support for projects and initiatives that showcase local and state history.

V. Facilitating regional collaboration and connecting communities.
   a. The City has a safe efficient and well connected multimodal transportation system that contributes to a high quality of life and is sensitive to surrounding uses.
   b. Seek a balanced distribution of affordable housing in the tri-county region.

WHEREAS, the City Council would like to continue its commitment, if funding is available, to:

- Maintain and improve the City's infrastructure;
- Preserve and ensure clean, safe, well-maintained housing and neighborhoods;
- Provide comprehensive and affordable recreational programs and youth and family services;
- Explore alternatives for improved efficiency in service and delivery; and

WHEREAS, in considering these Fiscal Year 2017-2018 Budget priorities, the Administration is encouraged to ascertain the feasibility of funding any new programs through either the reduction of spending in existing program areas or the exploration of new funding sources that would assure the sustainability of the program; and

WHEREAS, the Administration is encouraged to supplement, not supplant any existing resources for police, fire and local roads with the General Fund revenues collected under this millage; and

WHEREAS, the Administration was requested to include in its Fiscal Year 2016-2017 Budget, the necessary funding to accomplish all requested plans, studies, evaluations, reviews, report submissions, program assessments, and analyses noted within this resolution below, or alternatively documentation as to why such activities are prohibitively costly; and

WHEREAS, the Lansing City Charter states that the budget proposal due on the fourth Monday in March of each year shall contain "the necessary information for understanding the budget" and how the proposal addresses the priorities proposed by the City Council.

NOW BE IT RESOLVED, that the Lansing City Council, hereby, acknowledges that the City will likely need to adopt, at best, a budget which recognizes the structural changes that are the result of lost revenues and future liabilities, encourages the Administration to prudently develop next year's budget with the following conditions:

- Protection of public and emergency services.

BE IT FURTHER RESOLVED, that the Administration review the attached statement of policies and priorities and implement those items that would boost efficiencies to increase productivity or reduce costs, that could replace existing programming, or if funding becomes available, that could be considered as new programming; and

BE IT FURTHER RESOLVED, that the Administration is requested to the extent practicable to include non-appropriations clauses and other similar out provisions in existing and future leases, and vendor contracts upon review of City Council; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Administration provide all requested plans, studies, evaluations, reviews, report submissions, program assessments, and analyses noted within this resolution below, or alternatively documentation as to why such activities were prohibitively costly, by the fourth Monday in March 2017.

I. Promoting a vibrant, safe, healthy and inclusive community that provides opportunity for personal and economic growth for residents, businesses and visitors.

   a) The City's diverse economy generates and retains (sustains) high quality stable jobs that strengthen the sales and property tax base and contribute to an exceptional quality of life

      (1) Economic Development The Administration should require a beautification standard/expectation and a storm water mitigation plan for all proposed development projects that receive incentives from the City. Such standards should serve as a planning and economic development tool that will enhance property values, create jobs, and revitalize neighborhoods and business areas. These standards and plan should be presented to the City Council.

   b) The City is governed in a transparent efficient accountable and responsive manner on behalf of all citizens.

      (1) Administration is to present to City Council a delineation of recommendations of the Financial Health Team, noting which recommendations have been implemented, which are in the FY 2017/2018 proposed Budget, which are planned to be implemented

at a future time, and which have been determined not to be implemented at any time. A timetable for future implementation is requested.

(2) Administration is to present to Council a Supplemental Accounting Level Detail. Administration is to develop a plan and timeline for the implementation of performance based budgeting.

(3) Develop and analyze a cost recovery schedule for City services.

(4) Develop a return on investment analysis for all proposed changes in City services.

(5) Identify and provide a complete and ongoing analysis of the City's structural deficits and the Administration's plan to eliminate the same.

(6) Incorporate into the proposed Budget a 5-Year projection of revenues and expenditures.

c) The City's neighborhoods have various resources that allow them to be long term viable and appealing.

(1) Administration research and issue a report on surrounding community models for neighborhood organization technical support structure within the City.

(2) Expedite Improving Abandoned Residential and Commercial Buildings: The City Attorney and the Planning and Neighborhood Development Department should continue expediting the forced improvements or closure of abandoned, neglected, and burned out houses and commercial buildings, and use the International Property Maintenance Code (IPMC).

(3) Grocery Stores: The Administration and the City of Lansing Economic Development Corporation should pursue grocery stores in the urban core using all State and Federal incentives, such as Public Act 231 of 2008 (Tax Incentive for the establishment of retail groceries promoting healthy foods), the Federal Community and Economic Development Healthy Food Financing Initiative and the issuance of a national request for proposals, to be shared with the Lansing City Council, to encourage the location of urban grocery stores.

(4) Code Compliance: The Administration shall ensure the Code Compliance Department is conducting the appropriate inspections and issuing appropriate fines to ensure the buildings in our City are safe and that we have quality neighborhoods. The Administration is to conduct a study of the Code Compliance needs for the City and report back to the City Council on the findings of the study.

d) Support economic development initiatives that promote and retain new industries and markets.

II. Securing short and long term financial stability through prudent management of City resources.

a) Wise stewardship of financial resources results in the City's ability to meet and exceed service demands and obligations without compromising the ability of future generations to do the same.

(1) Administration is requested to submit the following list of deliverables when they are due per City Charter and State Statue and adhere to them based on these priorities.

(a) Comprehensive Annual Financial Audit (CAFR)- annually, no later than December 31st of each year, in accordance with the State Statue.

(b) During the months of October, January and April of each fiscal year, the Director of Finance shall provide a written report showing the control of expenditures. (Charter- Article 7-110)

(c) By September 1st of each fiscal year, the Administration shall provide a written budget update report so that Council can review their standings on current budget items in preparation for the Council required creation of Budget Policies and Priorities that need to be adopted by October 1, 2016. (Charter- Article 7-102)

(d) No later than the last regular City Council meeting in January of each year, the Mayor shall present a state of the City report to the City Council and to the public. (Charter- Article 4 -102.4)

(e) The Mayor shall submit the Proposed Budget with annual estimate of all revenues and annual appropriation of expenditures no later than the 4th Monday in March of each year. (Charter – Article 7-101)

(f) Administration shall present to Council each department budget in preparation for Council to adopt the Budget Resolution no later than the 3rd Monday in May each year.

b) Pursue and facilitate shared services regionally that allow for cost savings and revenue enhancement.

(1) Administration pursue partnerships with stakeholders, (intra municipal and intergovernmental), to align services in relation to public services.

(2) Facilities Plan: The Administration is requested to submit to the City Council a five and ten year Master Facilities Plan including school and county facilities that are used for current and future City uses. City Council is also requesting that the Administration continue to work on any delayed maintenance issues with regard to all City Facilities.

c) Support initiatives that build City's property and income tax base

III. Providing reliable, efficient and quality services that are responsive to the needs of residents and businesses.

a) The City's core services and infrastructure are efficiently, effectively and strategically delivered to enable economic development and to maintain citizen's health, safety and general welfare.

(1) Establish and report to the Lansing City Council uniform procedures for staff and contractors pertaining to code compliance remediation and reporting.

(2) City-wide Emergency Preparedness: The Administration should allocate sufficient funding for the Emergency Management Division to prepare City Employees with appropriate emergency training, continue efforts to prepare the public and neighborhood groups to assist in emergencies, and provide basic search and rescue operations and necessary emergency equipment at key City facilities, and communicate the plan to the Lansing City Council and the public. Updated and continual training should be provided. The Administration shall assist residents in times of unforeseen disasters.

(3) Fire Facilities Maintenance: The Administration is to conduct a study of the maintenance needs of all fire stations and report to City

Council an update of the status of the study by the 4th Monday of March.

(4) Regionalism: The Administration should continue with the current regional efforts, and look into the possibility of expanding the efforts.

(5) Police-Community Relations: The Police Department should continue to ensure and work on improving police-community relations. Reaffirm the City's commitment to equality and freedom for all people regardless of actual or perceived race, sex, religion, ancestry, national origin, color, age, height, weight, student status, marital status, familiar status, housing status, military discharge status, sexual orientation, gender identification or express, mental or physical limitation, and legal source of income.

(6) Crime Prevention: The Administration is requested and encouraged to invest in programs for long-term crime prevention strategies.

(7) Allocate Overtime for Zero Tolerance Areas: The Administration should earmark sufficient overtime funds for patrol officers to address problem solving to help curtain crime in zero tolerance areas.

(8) Community Policing: Continue to develop programming and search for grant funds to increase COPs in neighborhoods with a goal not only to reduce crime but to stabilize the neighborhood over an extended period of time that will help to ensure its ability to rebound.

(9) Leadership vacancies: Develop and implement a plan and timeline to fill all funded vacancies and provide a report to City Council.

IV. Adopting sustainable practices that protect and enhance our cultural, natural and historical resources.

a) Seek partnership opportunities with educational and corporate institutions and to maintain and expand our talent base.

b) Create vibrant places, support events and activities that showcase our waterfront and green spaces.

(1) Trail/Greenways The Administration should encourage the Parks and Recreation Department to work collaboratively with the Tri-County Planning Commission to develop/expand our citywide/regional trail system and seek opportunities to reduce expenses in this effort. Additionally, look at the feasibility of

connecting the River Trail (through bike lanes/Greenways to Trails) where there is currently no access to the trail.

c) Raise the level of support for projects and initiatives that showcase local and state history.

V. Facilitating regional collaboration and connecting communities

a) The City has a safe efficient and well connected multimodal transportation system that contributes to a high quality of life and is sensitive to surrounding uses.

(1) Corridor: City Council encourages the Administration continue to develop a plan and report its status to the Lansing City Council that seeks to revitalize and enhance all major corridors that lead into the City.

b) Seek a balanced distribution of affordable housing in the tri-county region.

c) Administration shall encourage the Lansing School District Board to re-enact a functional Intergovernmental Relations Committee that is comparative to our Intergovernmental Relations Committee.