

## Austin: What is happening to your recycling program?

The citizens of Austin deserve better from their recycling partner - TDS. In the four months since TDS has taken over the recycling program, the citizens of Austin have lost hundreds of thousands of dollars that could have been earned with other partners including Greenstar. In an **APPLES TO APPLES** comparison, Greenstar's 2009 offer to the City is nearly \$350,000 better than TDS in the first 4 months of its contract. Greenstar's 2010 bid offer is just over \$225,000 better than TDS. The citizens of Austin are losing and they are receiving inaccurate commentary about the TDS contract. In order to inform the citizens, we will address recent erroneous quotes and reports from representatives of TDS and others.

### Quote:

A recent comment in *In Fact Daily* stated that the comparison published by Greenstar was "Apples to Oranges".

### FACT:

It is an Apples to Apples comparison with data that is open to all citizens to request and view, under the *Freedom of Information Act (FOIA)*. We encourage the citizens to view it themselves, but Greenstar has also published its backup in detail here on our website.

### Quote:

Greenstar's ad is a "gross misrepresentation of the truth".

### FACT:

As noted above, Greenstar is working on data specifically supplied by the City under FOIA - much of it performance data originally reported by TDS to the City. Greenstar simply compared the performance of the TDS program to its own offers to the City in 2009 and 2010. The confusion here lies in the apparent lack of understanding in regards to the TOTAL cost of a recycling program to the City. We calculated based on information from the City, as well as conservative transportation estimates, the TOTAL cost of the program. Simply stating publically what you paid in a rebate as the "profit" of a program is actually a **gross misrepresentation of the truth**. A program requires a hauling component, that some have conveniently left out of their calculation while bringing light of it under the Greenstar program - in error. What those individuals also fail to realize is that Greenstar's offers in 2009 and 2010 forgave transportation costs for the City. In other words, Greenstar was going to haul at our expense and not charge the City for those costs.

### Quote:

In support of an argument around transportation related to the program, it was recently stated that "use of the transfer station far outweighed the cost of hauling" to TDS.

### FACT:

As stated above, Greenstar's two most recent offers provided the hauling services to the City for **free**. The City would not be required to pay any hauling costs. This comment by representatives of TDS is again a gross misrepresentation of the truth. The estimated hauling costs are about \$31,000 per month by our conservative calculation. The cost to have operated the transfer station properly with Greenstar hauling for free would be 1/3 that cost. This means that even if Greenstar had given the TDS program credit for the transfer station not being used, TDS's program is still costing the citizens of Austin hundreds of thousands in lost revenue that could have been earned with Greenstar.

### Quote:

It has been stated that it is "extremely difficult to generate a fair price comparison".

### FACT:

It is extremely easy to generate a DIRECT comparison, as the program is priced the same for all suppliers. It is a program that has a base fee charge and a revenue share. It is then a simple mathematical calculation based on composition of the recycling stream and yield. These items must be reported to the City each month so they are known. For transportation the cost is known for both programs. Zero under the Greenstar offers and the City's known cost under the TDS program. Greenstar finds this commentary confusing. Confusing because we know the data is open to view and a relatively simple calculation.

**Quote:**

Claims that the City had netted \$56,000 in profits from October - December 2010.

**FACT:**

***The City lost approximately \$37,000*** during that period when the total cost of the program is calculated. It still loses money if credit is given for the transfer station argument, which as explained above is an empty argument. We don't understand why TDS would attempt to mislead the citizens by not painting the entire picture. What we do understand is that the citizens of Austin deserve honest transparent communication as it relates to the recycling program, and Greenstar intends to provide it. And the fact here is that the **2009 Greenstar option would have produced \$220,000 in profit to Austin. A difference of over a quarter million dollars in one quarter.**

**Quote:**

Recent claim the City has made "over \$142,000" on the TDS contract in the first four months.

**FACT:**

***The City has only made approximately \$17,000*** on the contract in the first four months (in a good commodity market), **in comparison to the \$365,000 it could have made with Greenstar.** The continued attempts by TDS and others to confuse the facts for the citizens of Austin are failing. The poor performance of TDS's program speaks for itself, and every citizen of Austin can see for themselves by requesting the data from the City and by viewing the detailed comparison on our website. Why the poor performance? Another competitor who actually won the original RFP said it best in an ad in the June 22, 2010 Statesman, "Success in this endeavor depends highly on actual MRF recycling experience, specification of correct equipment, trained employees, and proficient operation. The mere presence of a building, conveyors, and recycling equipment alone are insufficient. The proven experience to properly operate, maintain, and manage these facilities is fundamental to succeed in this business." Other organizations like Greenstar had been recycling in Austin and around the country for many years while TDS was building a landfill business.

**Questions the citizens of Austin should be asking:**

- Why are you barely breaking even on a recycling program at a time of good commodity prices?
- How much will the citizens be losing when the market turns downward?
- Why has volume dropped significantly since the transfer of the program to TDS?
- Why is OCC (highest priced fiber commodity) down 7% by volume since TDS took over?
- Why are experience recyclers with national footprints and years of recycling experience excluded from current bidding? This includes a company recycling in Austin for decades and in business longer in Austin than either current bidder.
- Why is someone with no single stream recycling experience awarded the contract for your program?
- What will happen to the recycling program you worked hard to build if this continues?

**PLEASE SEEK THE FACTS AUSTIN. YOUR RECYCLING FUTURE DEPENDS ON IT.**