



Austin's recycling contract

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The Austin-American Statesman

Today, as the Austin City Council considers extending the city's recycling contract with Greenstar, there are several important facts to consider.

Greenstar commends the City of Austin on its commitment to recycling and to significantly upgrading its recycling program last year with the introduction of single-stream recycling. We congratulate the residents of Austin on a 50 percent to 60 percent improvement in their recycling rate since the launch of the program just over a year ago.

The city signed its recycling contract just before the economy collapsed last October. Although the city had projected to make money on its recycling program, because of the reduced commodity prices, the city has had to pay for its services.

Greenstar's processing fees are a function of the capital investment that was required for us to service Austin, divided by the short term of the contract. Greenstar invested \$2.75 million to accommodate the city's recycling volume and expand our production capacity.

Greenstar's original suggestion was a minimum five-year agreement to provide an efficient recycling solution for Austin while the city planned for its long-term, local solution. A longer arrangement would have significantly reduced the processing fees for Austin with costs more in line with the 10-year arrangements Greenstar has in place with San Antonio and Dallas.

The cost to Austin is based on formula pricing that is similar to the competitively bid package for recycling in San Antonio and Dallas. The recyclables are sorted at Greenstar's new \$20 million state-of-the-art facility

in San Antonio and then sold as feedstock to consuming mills for the production of new products.

Greenstar does not have any competing landfill assets that would benefit from the disposal of recyclables. Greenstar's interests are directly in line with the Austin's goal to maximize the value for its recyclables.

Although Greenstar is not a hauling company, we consented to provide transportation services for the city's recyclables. At all of our other facilities in Texas, recyclables are delivered to us by local haulers.

We agreed to provide the transportation at cost to the city.

Greenstar has consistently told the city that we would discontinue the service at any time the city can find a more cost-effective hauler.

The existing recycling contract is set to expire in September 2010. Greenstar has offered the city three options to reduce its processing costs in exchange for an extension of the contract. The costs to the city would decrease by as much as \$1 million per year. This will allow the city to immediately reduce its recycling costs while planning and constructing a local recycling facility.

A new facility might take several years to complete. Greenstar believes the city should seriously consider the three-year extension option, which provides the maximum reduction in processing fees.

The Austin City Council is expected to vote on the Greenstar fee reductions today at its meeting.

Greenstar is committed to recycling in Austin and will continue to provide services to the city for the life of the contract and beyond.

