



City Council Report

Date: June 19, 2023
To: City Council
Through: Marc Heirshberg, Deputy City Manager
From: Sheri Collins, Solid Waste Director
Justin Stadt, Senior Fiscal Analyst
Subject: Intergovernmental Agreement (IGA) with the Town of Gilbert for 15% Design of a Material Recovery Facility (MRF) and Transfer Station

Purpose and Recommendation

The purpose of this report is to provide information and seek the approval of the Mesa City Council regarding an IGA with the Town of Gilbert which will jointly fund a fifteen percent (15%) design concept for a Material Recovery Facility (MRF) and transfer station (MRF/Transfer Station) at the northwest corner of Pecos and Sossaman roads in Mesa.

Background

A MRF is a facility used to sort and process recyclable materials for subsequent marketing. A Transfer Station can serve as an intermediary stop for solid waste between a customer and final disposal facility, thereby providing efficiencies to the solid waste collection system. The City of Mesa does not have access to a local, municipally-owned MRF/Transfer Station and therefore must rely exclusively on private sector partners for these services. Exclusively utilizing private sector partners exposes Mesa's recycling program to significant market risks. As such, the City of Mesa (Mesa) conducted a feasibility study in 2022 to investigate the future of recycling in Mesa. The feasibility study recommended that Mesa move forward with designing its own MRF/Transfer Station. The study further recommended the MRF/Transfer Station be located at Pecos and Sossaman roads to help Mesa meet its recycling goals. The initial phase of executing the study's recommendations requires completion of a 15% design concept for the MRF/Transfer Station (15% Design). The Town of Gilbert is interested in partnering with Mesa in the 15% Design to further its own recycling goals. The Pecos and Sossaman location is beneficial to both Mesa and the Town of Gilbert.

Discussion

Under the IGA, Mesa will be the lead agency, responsible for the procurement, negotiation, and management of the 15% Design. The Town of Gilbert will participate in the 15% Design by paying roughly one half of the costs for the 15% design, up to \$250,000. The total cost of the 15% Design is estimated at \$400,000.

Further agreements with The Town of Gilbert will be required to establish the additional steps and allocate rights and responsibilities for the full design and possible construction and use of the MRF/Transfer Station.

The 15% Design may lead to a full design and construction of a MRF/Transfer Station that will allow Mesa to own and operate its own facility and avoid the risks of relying exclusively on third-parties to supply these services.

Alternatives

Mesa could not sign the IGA and pay the full costs of the 15% Design. This alternative is not recommended as the Town of Gilbert is a willing and responsible partner capable of sharing the costs and thereby helping offset the design costs to Mesa.

Mesa could not proceed with the 15% Design. This alternative is not recommended because it would leave Mesa subject to the risks of relying exclusively on third parties for MRF/Transfer Station services and be exposed to market risks inherent therein.

Fiscal Impact

The estimated cost to Mesa for the 15% Design is \$200,000, after receipt of the Town of Gilbert's share of the costs, subject to future change orders.