

INFACT DAILY

February 8, 2011

Former city recycler disputes Austin's positive recycling numbers

By Mike Kanin

The battle over the cost of single stream recycling in the City of Austin refuses to die.

The latest chapter of this saga finds the company that previously handled that program disputing the viability of the city's current residential recycling agreement. In a half-page ad that ran in Sunday's edition of the *Austin American-Statesman*, **Greenstar Recycling** suggests that "the city lost approximately \$37,000 on its contract ... in the fourth quarter of 2010, but would have made \$125,000 or \$220,000 with Greenstar's previous offers."

The ad also suggests that the volume of goods collected by the city has declined since the start of the new agreement, with Buda-based **Texas Disposal Systems**.

Both **Texas Disposal CEO Bob Gregory** and the city's **Director of Solid Waste Services Bob Gedert** dispute Greenstar's numbers. "It's an apples-to-oranges comparison," Gedert told *In Fact Daily*.

Greenstar CEO Matt Delnick told *In Fact Daily* that the ad looks "at the full value of the program, when you include transportation costs."

"The citizens of Austin spent two-and-a-half, three years building an outstanding recycling program," he said. "What we hate to see is that program go to someone ... who has absolutely no recycling experience."

Gregory called Greenstar's ad "a gross misrepresentation of the truth" and suggests that the city's arrangement with Greenstar – which included the use of a transfer facility – far outweighed the cost of hauling the goods to his Buda facility.

"Whatever it costs them to haul that added distance to (our facility) is far, far, far less than the cost to wait in line, drop it at that transfer station, and run (the station) ... and then pay Greenstar to haul it to (their facility) in San Antonio," he said.

Gedert said that it was "extremely difficult to generate a fair price comparison between" the two firms. He added that Greenstar's method was an "inaccurate view of the transportation costs."

Gregory's firm and Greenstar were part of a bitter fight over a contract to build and maintain a new single stream recycling facility for the City of Austin. That deal came with the right to handle the goods derived from the city's single stream program.

Questions about Greenstar's contract with the city arose after Austin found itself paying the company for recycled goods that it might otherwise have profited on. Last week, *In Fact Daily* reported that the effort had returned to profitability (See *In Fact Daily*, Jan. 27).

In the ad, Greenstar suggests that its agreement with the city “began in October 2008, just as commodity values were plummeting; in line with the overall economy.” Austin, it suggests, “initially lost money on the new program solely due to the collapse in commodity values.”

The ad then claims that “the city lost approximately \$37,000 on its contract with TDS in the fourth quarter of 2010, but would have made \$125,000 or \$220,000 with Greenstar's previous efforts.”

Gedert told *In Fact Daily* last week that the city had netted over \$56,000 in profits from October through December 2010 with Texas Disposal. Gregory told *In Fact Daily* yesterday that his company would pay the city just under \$86,000 for the month of January.

According to Gregory, those figures bring the city's total profit to over \$142,000 over the now four-month life of the contract.

Texas Disposal's current short-term contract is set to be replaced with a long-term deal in early March. Gregory is competing for that agreement along with **Balcones Recycling**. The city could decide to split the work between the two companies.

Greenstar, which is not involved in that process, stands by its math. “Unfortunately for the city, the numbers are indeed accurate and Greenstar has full support for all numbers represented, as we always have in the past,” Delnick wrote in an email.