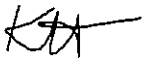


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INTEROFFICE MEMORANDUM

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**TO:** STEVE GEISBRECHT, BOROUGH MANAGER  
**FROM:** KARL HAGERMAN, PUBLIC WORKS DIRECTOR   
**SUBJECT:** WASTE MANAGEMENT SCRAP METAL AGREEMENT  
**DATE:** AUGUST 29, 2017  
**CC:** DEBBIE THOMPSON, BOROUGH CLERK

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SEASWA has been working on selecting a scrap metal vendor for its members for over a year. The pricing in the scrap metal world has been low for several years, so this resulted in an extended effort by the Authority to foster interest in our cause as the market rebounded. Currently, the scrap market is approaching the price of \$200/ton and this has resulted in some positive movement in the Authority's process.

Included with this memo is an Assembly resolution and a scrap metal recycling agreement with Waste Management (WM), SEASWA's selected vendor for our region. The agreement with WM is what SEASWA is terming the "Master Agreement" which contains all the general contractual details between WM and the contracting party, in this case the Borough. The Authority and WM are encouraging the SEASWA member communities to sign the Master Agreement in order to set up the legal arrangements in advance of a scrap metal removal effort. Due to the high volatility of the scrap markets right now, WM would like to be primed and ready to go once an advantageous price is reached in the market. Once WM can attain an offer of at least \$200/ton for our scrap, they will enter into an agreement with a scrap buyer in Seattle and will want to initiate a barge trip to SE AK as soon as possible. This agreement cannot be indefinite and will have a sunset in which pricing for scrap metals is at the mercy of market fluctuations. WM is planning on a 90 day window to receive any agreed pricing from their vendor.

By signing the Master Agreement, the Borough is not agreeing to an actual scrap recycling effort. Once the market achieves the value needed to make a scrap metal barge trip from Seattle financially feasible, WM will immediately provide an "Exhibit A" to each SEASWA community, which completes all portions of the Master Agreement. The Exhibit A will contain all of the details for metal collection and handling by WM as well as the financial proposal for doing so. WM will make it clear in the Exhibit A what costs or revenues will be involved in a scrap metal trip to our town. The Exhibit A must be approved by the Assembly for the Agreement to be finalized and for Petersburg to move forward – according to the draft resolution in the packet. This requirement for Assembly approval provides a high amount of transparency and also keeps the final financial decision to move forward with the overall agreement in the hands of the elected body.

Once the Exhibit A is provided to the communities, it is important to respond with an approval or disapproval as soon as possible, so that WM can organize and initiate the barge trip north to SE AK within the locked-in scrap price period – or not. For this reason, I am recommending the passage of the attached resolution, to cut down on the Assembly's consideration once the financial proposal is received by the Borough. It is important to note that the Borough Attorney has reviewed the Master Agreement with WM and is approving of its form and content – although she has not reviewed Exhibit A because one has not been produced yet.

Please let me know if there are any questions. This effort is also the reason that the sanitation department has waived metal and junk vehicle fees at the landfill until October 31 – to maximize the benefit to the community and provide additional weight to the overall scrap metal removal in the region. I will be available at the Assembly meeting to clarify any statements or address concerns with the agreements or proposed resolution. Thank you.