



SHORELINE CITY COUNCIL WORKSHOP DINNER MEETING

Monday, June 23, 2014
5:45 p.m.

Conference Room 104 · Shoreline City Hall
17500 Midvale Avenue North

1. Solid Waste Contract Options

The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk's Office at 801-2231 in advance for more information. For TTY service, call 546-0457. For up-to-date information on future agendas, call 801-2236 or see the web page at www.shorelinewa.gov. Council meetings are shown on Comcast Cable Services Channel 21 and Verizon Cable Services Channel 37 on Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m. Online Council meetings can also be viewed on the City's Web site at <http://shorelinewa.gov>.



Memorandum

DATE: June 18, 2014

TO: Shoreline City Council

FROM: Mark Relph, Public Works Director

RE: Solid Waste Contract Options

CC: Debbie Tarry, City Manager
John Norris, Assistant City Manager
Dan Repp, Public Works Utilities and Operations Manager
Brian Landau, Surface Water & Environmental Services Manager
Rika Cecil, Environmental Programs Coordinator

Background

In 2007, the City conducted a competitive Request for Proposal (RFP) process to select a solid waste collection contractor. Cleanscapes (now Recology Cleanscapes (RCS)) was the selected contractor based on price and service, and has served the City since March 1, 2008 under a seven-year contract. The initial term of the contract expires February 28, 2015.

The City and residents have been impressed with the service provided under this contract. Starting in 2008, the quality of Recology CleanScapes' solid waste collection service has been ranked the highest of all City maintenance services in the biennial citizen satisfaction survey conducted by the City.

Contracting Alternatives

The City has four alternatives for Council consideration regarding the solid waste collection contract:

1. Extend the existing RCS contract under the original terms for another two years, which is a current contract option;
2. Extend the current RCS contract with some expanded terms for 4-years;
3. Negotiate a new 7-year or 10-year contract with RCS to incorporate expanded service options and rates that are comparable to other regional cities that have recently awarded RCS contracts through competitive processes; and
4. Proceed with a new competitive RFP process to select a contractor for a new contract; contract term and service options would be identified in the RFP.

Service Enhancements and Rate Adjustments

The following information highlights the proposed residential service level changes in each alternative and how rates would be managed to pay for the service.

Alternative 1: 2-year extension of current RCS contract, no change in service

Effect to rates:

- *None*

Alternative 2: 4-year extension - *embedded yard debris; no mandatory collection*

This alternative would provide for some change in contract terms, which are identified below, but does not include mandatory collection. Thus, those households that currently self-haul their solid waste to the transfer station could continue to do so. It is currently estimated that between 3,000 and 4,000 Shoreline households self-haul. One of the most significant changes for this alternative is an embedded yard debris/food scraps collection service (see #9 below).

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| 1. Expanded Recyclables Collection | to include textiles, Styrofoam, large rigid plastics, car seats and bicycles |
| 2. Post-Storm Yard Debris Collection | at no charge after storms |
| 3. City-Wide Storm Debris Clean-Up | at a flat rate to the City |
| 4. Curbside Collection of Bulky Item | one time annually of specified amount with no charge to residents |
| 5. Updated Inclement Weather Requirements | to include option of drop boxes if sustained collection is disrupted |
| 6. Unlimited Commercial Recycling | to encourage recycling |
| 7. Shift in Admin Fee Calculation | from current fixed amount to a percentage that can be varied as City's budget changes |
| 8. Updated Labor Disruption Language | to protect the City from labor disruption |
| 9. Embedded yard debris/food scraps collection | at <u>additional rate increase</u> of \$4.54 per household per month for current non-subscribers of yard debris |

Effect to rates:

- *Approximately 10,500 households currently paying for yard debris collection would see their rates decrease an average of 21% per month;*
- *Approximately 4,000 households that do not pay for yard debris collection would see their rates increase an average of 26% per month.*

Alternative 3a: New 7-year contract - *embedded yard debris and mandatory collection*

This alternative provides the same service options as Alternative 2, with the enhancements noted below. This alternative (and alternative 3b) do however make solid waste collection mandatory. As is noted in the analysis section of this memo on the following page, mandatory, or universal, collection increases route densities and provides rate benefits to all rate payers in the system. This option would also require the City Manager to provide a waiver from our procurement policies that states an RFP would be required for the new contract. The Shoreline Municipal Code allows for this waiver process.

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| 1. New fleet of Compressed Natural Gas | for existing customers, new (CNG) trucks embedded yard debris customers, and new subscribers |
| 2. RCS Customer Service Center and Store in Shoreline | improved customer service delivery, resources, education center, drop-off station for some hard to recycle items |
| 3. Embedded Yard debris/Food scraps | at <u>additional rate increase</u> of \$2.13 per household per month for current non-subscribers of yard debris |

Effect to rates:

- *Approximately 10,500 households currently paying for yard debris collection would see their rates decrease by 29% per month;*
- *Approximately 4,000 households currently not paying for yard debris collection would see their rates increase by 12% per month.*

Alternative 3b: New 10-year contract, *embedded yard debris and mandatory collection*

Same service options as Alternative 3a, with mandatory collection and embedded yard debris/food scraps with no rate increase, i.e. the customers currently subscribing for yard debris service would have their monthly yard debris charge eliminated and all current non-subscribers would be offered the service at no additional cost. The elimination of the yard debris subscription charge in this alternative would save Shoreline ratepayers over \$1.24million per year.

Effect to Rates:

- *Approximately 10,500 households currently paying for yard debris collection would see their rates decrease by 36% per month;*
- *No change for households currently not paying for yard debris collection.*

Alternative 4: Proceed with a competitive process to select a contractor for a new contract

Since the City has already benefitted from this year's rate analysis of current cities that have found contractors through the competitive process, it's unlikely that the City could get the service package at a cost lower than RCS' 10-year offer. In addition, if the City were to proceed through the RFP process, current projects would need to be eliminated to provide sufficient staff time to conduct the RFP. However, an RFP could be completed if Council felt that staff should put this contract out to bid.

Analysis

The 2008 contract was procured during a high-inflation period with uncertain fuel prices and conservative proposals by proponents. Since then natural gas trucks have reduced hauler costs, and a more competitive environment has resulted in attractive rates under procurements for a number of cities in the region. In addition, the new carts purchased by RCS at the start of the current contract are now depreciated and thus the successive contract will gain the benefit of that asset.

Rate Study

The City retained SMRG, Inc. to build on a 2014 rate comparison funded by Mountlake Terrace analyzing rates under recent competitive procurements to evaluate the relative value of the proposed RCS rate package compared to those procurements. As a result of that analysis, staff believes that the City has received a service package and rate proposal from RCW that is consistent with what other cities have obtained through competitive processes. This result has been obtained without expending the staff and consultant costs associated with a year-long procurement process.

Universal Collection

The implementation of universal (“mandatory”) collection under the new contract will increase route densities and allow the overall customer base to gain the substantial benefits of the new service package. Since yard debris collection would now be included in the base service package, a residential customer that currently does not subscribe to garbage collection would be able to have combined garbage, yard debris/food scraps and recycling services for as little as \$5.58/month¹.

With mandatory service, it's anticipated that a portion of the self-haulers will resist signing up for service and will want to continue to self-haul. In that case, an exemption process for residents could be offered that allows them to self-haul, as long as they meet specific requirements related to waste diversion, storage containers, and disposal timeframes. In addition, inspection and enforcement code language would be added to the City's Municipal Code that would support CRT oversight. This process is currently and successfully being used in Whatcom County.

¹ Service level of one 32-gallon cart of garbage per month.

Staff Recommendation

Staff recommends that Council direct staff to complete negotiations and bring the new 10-year service and rate contract forward for Council review and approval.