
Council Meeting Date: November 19, 2001

Agenda Item: 7(a)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Solid Waste Collection Services Contract Amendment

DEPARTMENT: City Manager's Office

PRESENTED BY: Kristoff T. Bauer, Assistant to the City Manager

PROBLEM/ISSUE STATEMENT: In December of 2000, Council authorized the City Manager to execute a contract for the curbside collection and processing of solid waste, recyclables, and yard waste with Waste Management of Washington ("Waste Management"). That contract calls for an annual rate increase based upon 75% of the CPI (i.e. 2.97% for 2002) to be effective as of January 1, 2002. While this adjustment occurs without Council action, staff believed that this was an appropriate opportunity to discuss some refinements to the service contract.

ALTERNATIVES ANALYZED: Staff has prepared information to support a discussion of the following potential changes to the current service contract:

- Revision of rate schedule (Contract Appendix G) to add rates for special services
- Extension of the standard level of yard waste service through November
- Inclusion of the cost of recycling services into the solid waste collection rate for multi-family customers

FINANCIAL IMPACT: None of the amendments presented for discussion would impact the finances of the City. Impacts on service rates, if any, are discussed in reference to each potential amendment.

RECOMMENDATION

No action is required. Staff will return to Council in December with a proposed contract amendment consistent with the discussion on this item.

Approved By:

City Manager



INTRODUCTION

In March of 2001, the City became responsible for providing solid waste collection services. It fulfilled this responsibility by awarding a service contract to Waste Management. As the City learns more about the challenges of providing this new service and the needs of Shoreline residents, Council will have the opportunity to adjust service through agreed alterations to its service contract with Waste Management.

BACKGROUND

Prior to Council action in December 2000, solid waste collection services were provided by two separate haulers (Waste Management & Rabanco) authorized and regulated by the Washington Utilities and Transportation Commission (WUTC). These haulers operated as regulated monopolies and provided different levels and kinds of service and had very different rate structures. Rate and service changes were reviewed and authorized by the WUTC via processes that included public hearings in Olympia.

When Council considered assuming responsibility for providing this service, local control and uniform service were important objectives supporting the decision to move forward. Since the past service providers provided different levels of service, achieving uniform levels of service required changes to the service provided to all customers. This transition was uncomfortable for some, but complaint volume fell off quickly as customers became educated, questions were answered, problems solved, and call handling service from the contractor improved. Opportunities remain, however, to refine the level and kinds of service provided. Recognizing the benefits of local control will require the exercise of the City's ability to work within its existing contract and to seek amendments to that contract in response to organizational learning and changes in community needs.

The service contract with Waste Management provides for an annual rate increase effective January 1 of each year based upon 75% of the change in the Consumer Price Index and any increases in pass through costs, e.g. taxes, King County tipping fees. Staff will work to bring forward service evaluation and proposed adjustments on an annual basis in the fall in order to allow any resulting rate impacts to be incorporated into the annual January 1 rate change.

Waste Management began providing service under its contract with the City on March 1, 2001. The City's Environmental Educator, the position tasked with managing this contract, started on March 12, 2001. The City will have been in the business of providing this service for about nine months at the time of this discussion.

DISCUSSION

Staff has prepared a discussion regarding three issues that have arisen in the implementation of the service contract. There are also additional service transitions that will be occurring in the next few months. The annexation areas will be transitioned to contract service effective February 1, 2002. An update on these transitions is provided below with

additional information to be provided by a Waste Management representative during the presentation on this issue.

Revised Rate Schedule

The service contract with Waste Management includes a rate schedule as Appendix G (Attachment A). The intent of this rate schedule is to establish the rates to be charged for contracted services within Shoreline both for informational purposes and to allow the rate control provisions of the contract to have the desired effect. The Appendix G included in the Contract did not include a number of special service charges for commercial customers (e.g. a charge for the driver to open and close a gate in order to get to the service container(s)) or some unusual residential service options (e.g. recycling only service).

The service rates proposed for addition to Appendix G are highlighted in gray on the third page of Attachment A. It should be noted that all the rates disclosed on this proposed revised Appendix G have been adjusted to include the CPI adjusted¹ rates effective January 1, 2002. Waste Management has made these service options available since the contract went into effect. The proposed revision to Appendix G will memorialize that activity ensuring that contract provisions related to those services and service rates are effective.

Yard Waste Seasons

Under the terms of the service contract, yard waste collection service is provided every other week during the "summer" season (currently defined as March through October) and once a month during the "winter" season (currently defined as November through February). The winter yard waste service rate is about half that of the summer service rate (Attachment A).

Depending upon how the collection schedule works out, either the time between the last yard waste collection in October and the only collection in November is long (as much as four weeks) or the time between the November collection and that in December is longer (as much as six weeks). This can cause a problem dealing with tree leaf removal especially if the City experiences a mild fall. The City has received a number of complaints regarding the reduction of service in November. Staff analysis has indicated that most cities in the area do not begin their winter yard waste season until December.

Rate Impact: Extending the summer yard waste collection service level through November would only require the changing of the November service rate. That rate would be set equal to the rate for all other summer service months and no other rates would be impacted.

Multi-Family Recycling

In order to support increased recycling, the intent of the service contract was to bundle recycling and solid waste collection service. State law, however, restricts cities' ability to control commercial recycling. Commercial customers have to be left free to contract for recyclable collection service separate from solid waste collection service. Due to an unintended interplay of definitions in the contract, some multi-family residential customers

¹ Contract allows for an annual rate adjustment based upon 75% of the annual change in the CPI. In this case the calculation is as follows (3.96% CPI increase X .75 = 2.97% rate increase).

are considered "commercial" instead of "residential" customers. These multi-family complexes now receive a bill that separately itemizes solid waste and recycling services.

The unbundling of these services has created three distinct issues (two customer related and one City policy related) depending upon the individual circumstances of the customers. For some customers, predominantly those in Waste Management's service area prior to the new contract, this change only caused transitional confusion. Their total service cost and level of service did not change appreciably. For a second group of customers, predominantly those that used to be served by Rabanco, this change increased their service costs significantly (by as much as 25%). A significant proportion of these customers were benefiting from a Rabanco accounting error that resulted in their not being charged for the recycling service Rabanco was providing. This error would have been caught and corrected at this transition point even if Rabanco had been awarded the service contract. Communications with customers have assisted them in understanding the reason and effect of this billing change. Those customers who saw an increase in their costs continue to seek a lowering of those costs.

The policy concern created by this unbundling relates to the City's commitment to support diverting waste from the solid waste stream and into the recyclables collection stream. By unbundling these services, multi-family customers may, depending upon the comparative cost of recycling service, be inadvertently encouraged to direct waste into the solid waste stream and may even discontinue recycling service. The City does not have enough history with this service to ascertain whether multi-family recycling has been negatively impacted. Staff is working with the contractor to collect this information, but additional time is needed to identify any trends.

Multi-Family Recycling Alternatives: Staff is working on developing information regarding a number of alternatives to address this issue. Alternatives for rebundling recyclable and solid waste collection services for multi-family customers fall into two general categories:

- Support cost of unlimited recycling utilizing Waste Management's formula to imbed this cost into the solid waste rate for these kind of customers, i.e. multi-family.
- Support cost of unlimited recycling for multi-family customers by allocating the cost of this service across some broader class of customers, i.e. all customers including single family residential or some subset of Shoreline customers.

Preliminary analysis regarding the first option indicates that it would significantly increase the total service bill for some multi-family customers and significantly decrease the bill of others. Staff has not yet developed the second alternative sufficiently to determine the magnitude and distribution of expected rate impacts. Before heading down either of these paths toward another service transition that will create a different distribution of both service costs and customer concern, staff proposes to spend at least an additional ten months tracking multi-family recycling trends. This will provide an opportunity to better determine the impact of the unintended unbundling and the potential costs and benefits of moving to address that impact.

The City can expect a new expression of concern from multi-family customers in the annexation areas as they are transitioned to this unbundled service this spring.

Service Transition:

As mentioned above, the City's settlement of Rabanco's legal challenge to the City's cancellation of its state service authorization has made it possible for the City to transition all of the City's annexation areas to City collection service provided by WM. That transition is scheduled for February 1, 2002. This transition is expected to be much smoother than the initial transition. The entire area is currently served by Rabanco and already has co-mingled recycling and every other week yard waste collection service. Only two transition issues are expected. One will be the change in yard waste billing (Rabanco charged a flat rate while WM charges a variable rates based upon service level) the other will be the unbundling of the multi-family service rate as discussed above. Staff is working with WM to develop information designed to ease these transition issues. WM also has initiated an improved call handling system that should improve their responsiveness to customer questions.

Other Issues:

Staff continues to track other service issues that have been raised by customers. Key among these is the concern that every other week yard waste collection is insufficient. Staff and WM have worked to adjust customer service levels in attempts to satisfy customer needs. Staff is also working to support alternative means for yard waste disposal including yard composting and the provision of a yard waste collection facility within City limits. Staff and WM are also continuing to collect information regarding yard waste service utilization for evidence of service insufficiency.

SUMMARY

Staff is recommending that the contract with WM for collection services be amended to include a revised Appendix G including additional service options and the extension of the "summer" yard waste service level through November. Staff is not recommending any action at this point to address the multi-family recycling issue, but will continue to collect information to support a future resolution proposal.

RECOMMENDATION

No action is required. Staff will return to Council in December with a proposed contract amendment consistent with the discussion on this item.

ATTACHMENTS

Attachment A: Revised Appendix G (Rate Schedule) for Collection and Processing Contract with Waste Management

Attachment A

(Revised) APPENDIX G

Rates and Charges

Residential Solid Waste and Recyclable Collection Rates:

Rate Category	Rate	Charge Frequency
10 Gallon Mini Can	\$8.70	Monthly
20 Gallon Mini Can	\$10.02	Monthly
One 32 Gallon Can	\$11.58	Monthly
Two 32 Gallon Cans	\$15.99	Monthly
Three 32 Gallon Cans	\$20.40	Monthly
Four 32 Gallon Cans	\$24.82	Monthly
Five 32 Gallon Cans	\$29.22	Monthly
32 Gallon Toter	\$12.61	Monthly
60 Gallon Toter	\$17.02	Monthly
90 Gallon Toter	\$21.43	Monthly
1 Can Per Month	\$7.98	Monthly
Extra Unit	\$2.88	Each

Residential Yard Waste Collection Rates:

Service Frequency: Bi-Weekly (March – November) Monthly (December – February)

Rate Category	Rate (Mar-Nov)	Rate (Dec-Feb)
Customer Provided 32 Gallon Toter	\$2.64	\$1.83
64 Gallon Toter	\$6.30	\$2.90
90 Gallon Toter	\$7.92	\$3.66
Extra Unit	\$1.29	\$1.29

Commercial Solid Waste Collection Rates:

Solid Waste Container Size	Standard Service Rate*	Extra Collection – Pickups per Week				Extra Service On-Call
		2	3	4	5	
32 Gallon Toter	\$12.61	\$25.23	\$37.84	\$50.46	\$63.07	\$4.97
60 Gallon Toter	\$17.02	\$34.04	\$51.06	\$68.08	\$85.10	\$5.98
90 Gallon Toter	\$21.43	\$42.86	\$64.28	\$85.71	\$107.14	\$7.00
1 Cubic Yard	\$52.86	\$100.98	\$149.11	\$197.23	\$245.36	\$15.23
1.25 Cubic Yards	\$63.08	\$120.97	\$178.85	\$236.73	\$294.61	\$17.47
1.5 Cubic Yards	\$73.32	\$140.67	\$208.20	\$275.37	\$342.72	\$19.66
2 Cubic Yards	\$93.78	\$180.36	\$266.93	\$353.51	\$440.07	\$24.10
3 Cubic Yards	\$134.05	\$259.19	\$384.33	\$509.45	\$634.59	\$33.00
4 Cubic Yards	\$168.78	\$327.37	\$485.96	\$644.54	\$803.12	\$40.72
6 Cubic Yards	\$224.27	\$433.21	\$642.13	\$851.06	\$1,059.98	\$52.34
8 Cubic Yards	\$285.84	\$553.77	\$821.70	\$1,089.62	\$1,357.54	\$65.95
3 Cubic Yard Compactor	\$372.89	\$745.76	\$1,118.65	\$1,491.53	\$1,864.42	\$90.17

*Same as Residential rate for same container size.

Commercial Recyclable Materials Collection Rates:

Recyclable Materials Container Size	Every Other Week	Weekly Collection	Extra Collection – Pickups per Week				Extra Service On-Call
			2	3	4	5	
32 Gallon Toter	\$4.89	\$8.42	\$16.85	\$25.27	\$33.69	\$42.11	\$4.01
60 Gallon Toter	\$9.78	\$16.84	\$33.67	\$50.51	\$67.34	\$84.18	\$5.94
90 Gallon Toter	\$14.67	\$25.26	\$50.52	\$775.78	\$101.03	\$126.29	\$7.89
1 Cubic Yard	\$18.32	\$33.54	\$67.07	\$100.61	\$134.15	\$167.69	\$11.86
1.25 Cubic Yards	\$22.90	\$41.92	\$83.84	\$125.76	\$167.68	\$209.60	\$13.79
1.5 Cubic Yards	\$24.32	\$44.51	\$89.03	\$133.54	\$178.06	\$222.57	\$14.40
2 Cubic Yards	\$30.57	\$55.58	\$111.17	\$166.75	\$222.33	\$277.92	\$16.95
3 Cubic Yards	\$42.42	\$77.85	\$155.69	\$233.54	\$311.38	\$389.23	\$22.09
4 Cubic Yards	\$50.37	\$92.71	\$185.41	\$278.11	\$370.82	\$463.52	\$25.52
6 Cubic Yards	\$61.32	\$110.27	\$220.54	\$330.81	\$441.08	\$551.35	\$29.56
8 Cubic Yards	\$75.00	\$136.00	\$271.98	\$407.98	\$543.97	\$679.96	\$35.50

Commercial Yard Waste Collection Rates:

Rate Category	Rate (Mar-Oct)	Rate (Nov-Feb)
1 Cubic Yard	\$41.50	\$19.15
2 Cubic Yard	\$83.00	\$38.30
90 Gallon Toter	\$7.92	\$3.66

Drop Box Rates(1):

Container Size	Rental Rate	Pickup Rate
10 Cubic Yards	\$24.10	\$75.16
15 Cubic Yards	\$30.12	\$75.16
20 Cubic Yards	\$30.12	\$75.16
25 Cubic Yards	\$33.74	\$75.16
30 Cubic Yards	\$37.36	\$75.16
40 Cubic Yards	\$46.01	\$75.16

Compactor Rates (Customer Furnished)(1):

Container Size	Pickup Rate
10 Cubic Yards	\$75.16
15 Cubic Yards	\$75.16
20 Cubic Yards	\$75.16
25 Cubic Yards	\$75.16
30 Cubic Yards	\$75.16
35 Cubic Yards	\$75.16
40 Cubic Yards	\$75.16

(1) Drop box and compactor rates do not include disposal fees and City taxes on those corresponding disposal fees.

Rates For Special Services / Conditions:

Service / Condition	Monthly Rate (Residential)	Monthly Rate (Commercial)
Carry Outs (Over 5 to 25 Feet)	\$0.51	\$0.51
Each Additional 25 Feet	\$0.51	\$0.51
Stairs and Steps (For Each Step)	\$0.10	\$0.10
Overhead Obstructions (Less Than 8 Feet From Ground)	\$1.03	\$1.03
Sunken or Elevated Cans / Units Cans or Units Under or Above Ground Over 4 Feet But Not Involving Steps or Stair	\$1.03	\$1.03
Drive-ins (Only One Can) Private Road or Driveways Over 125 Feet	\$3.09	\$3.09
Return Trip (Per Unit)	\$1.50	\$2.93
Gate Charge (Commercial Only, per container)		\$7.09
Roll Out (Commercial Only, per container)		\$5.18
Compactor disconnect/reconnect fee (per month)		\$13.62
Container Lock Deposit		\$10.00
Curbside Recycle Only	\$5.60	
Yard Debris Only (90 Gallon Toter)		
Mar-Nov	\$9.10	
Dec-Feb	\$4.84	

Temporary Roll Off and Commercial Rates:

WM charges WUTC tariff rates for temporary services. Temporary accounts are defined as service for less than 90 days. This is generally "one time" remodel or construction type customers.

Bulky items pick-up \$ 36.04 /item

White goods pick-up \$ 61.78 /item

