


Item #4 - 19-1272 and Item #5 - 19-807: Action on Processing Services Agreement with GreenWaste and Direction to Finalize Terms for a Collection Agreement with Mission Trail Waste Systems

December 10, 2019



City of Santa Clara
The Center of What's Possible

Overview

1. Background
2. Agreement terms - GreenWaste Recovery, Inc. (GWR)
3. Agreement terms - Mission Trail Waste Systems (MTWS)
4. Estimated rate impacts to customers
5. Council direction on organics collection options
6. Council consideration of GWR and MTWS agreements



Service Strategy Success Criteria

1. Align all contracts to same terms
2. Comply with SLCP regulations and State laws
3. Mitigate larger double digit increases (30-40%) for customers
4. Minimize hauler profits & achieve rates comparable to SF Bay Area
5. Engage in direct negotiations in 2019
6. Provide additional options beyond split-cart
7. If unsuccessful go to an RFP process for all services in 2020



Approval, Coordination & Outreach Efforts

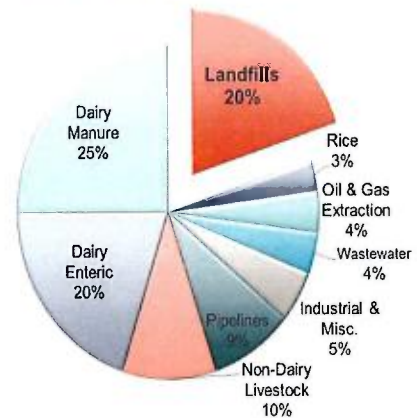
- 5/17/17 Council Approval - Food Scraps Pilot
- 9/28/17 & 10/30/17 – Food Scraps Pilot Public Outreach Meetings
- 1/30/18 & 10/9/18 Council Update - Food Scraps Pilot & Survey Results
- 7/10/18 Council Update - SB 1383 & Organics Options
- 11/13/18 Council Approval - Negotiate with MTWS
- 1/29/19 Council Approval - Organics Options & Sunnyvale Reso.
- 7/17/19 Informational Memo to Council on Mixed Waste Processing
- 9/16/19 Council Briefings on status
- 9/17/19 Council Approval – Presented Mixed Waste Processing RFI Results to Council, Direction to Proceed with MTWS & GWR
- 10/21/19 & 10/24/19 Public Outreach Meetings
- 11/4/19 – 11/22/19 Public Outreach/Survey on Organics Options



Regulatory Background

- Assembly Bill 1826 (2014)
 - Requires commercial customers to divert organics materials from landfills
- Senate Bill 1383 (2016)
 - 50% reduction of organic waste disposal by 2020 from 2014 level
 - 75% reduction of organic waste disposal by 2025 from 2014 level
 - Mandates cities implement organic waste diversion programs

Methane Emission Sources for California, 2013



Current Agreements

- Mission Trail Waste Systems (expires 12/30/21)
 - Residential garbage & organics
 - Commercial garbage & recycling at all properties not zoned for "Industrial" use
- Republic Services/BFI (expires 12/31/24)
 - Landfill disposal (\$49.76/ton)
 - Composting of source separated green waste (\$40.91/ton)
 - No mixed waste processing





September 27, 2019 Council Direction

- Organics collection program options and costs overview:
 - Split-cart
 - Organics in green waste cart
 - Mixed waste processing
- Council directed staff to:
 - Pursue the split-cart and mixed waste processing
 - Finalize terms with MTWS
 - Enter into negotiations with GWR



Organics Collection Program Options Single-Family and Townhouse

- Option 1 – Split-Cart Program
 - Expands split-cart pilot program City-wide
 - All customers receive split garbage/organics cart
 - Food scraps/soiled paper directed to the SAFE facility

OR

- Option 2 – Mixed Waste Processing Program
 - Requires new agreement with GWR to implement
 - Includes food scraps/soiled paper in garbage containers
 - Garbage processed at GWR to remove organics



Option 1 – Split-Cart

- Advantages:
 - Lowest cost for single-family and townhouse customers
 - Feeding animals is higher and better use of food scraps than composting
- Disadvantages:
 - Highest cost for commercial business and multi-family customers
 - Carts have larger footprint, weigh more, durability issues
 - Loss of garbage capacity
 - More public outreach required



Option 2 – Mixed Waste Processing (organics in garbage cart)

- Advantages:
 - Lowest cost for commercial business and multi-family customers
 - Implemented using existing containers
 - No additional sorting
 - Highest diversion rate
- Disadvantages:
 - Highest cost for single-family and townhouse customers
 - Lower quality organic waste recovery



Community Outreach

- Community Meetings - October 21 and 24, 2019
 - 9 residents in attendance
 - 89% support Option 1 – source separated organics in split-cart
 - 11% support Option 2 – organics in garbage cart (mixed waste processing)
- Survey Results - November 4-22, 2019
 - 643 responses
 - 37% support Option 1 – source separated organics in split-cart
 - 63% support Option 2 – organics in garbage cart (mixed waste processing)



Organics Collection Program Options Commercial/Multi-Family

- Option A – Third Container for Organics
 - Requires all commercial and multi-family customers to subscribe to an additional container and source separate organics (food scraps/soiled paper)
 - Food scraps directed to SAFE facility and food soiled paper to compost facility
- OR**
- Option B – Mixed Waste Processing Program
 - Requires new agreement with GWR to implement
 - Garbage from existing containers processed to capture organics for composting
 - Organics third cart not required – commercial businesses and multi-family could still voluntarily subscribe to MTWS food scraps recycling program



Proposed Agreement Terms with GreenWaste Recovery



Wage for Sorting Labor

- Sorting Labor not covered under Prevailing Wage
 - No applicable wage classification per the Department of Industrial Relations
- GWR Pays Sorting Labor a San Jose Modified Living Wage
 - Current Hourly Wage Rate - \$18.51/hr. plus benefits
- If directed by Council, a Living Wage specific to Santa Clara could be established but it would be a City-wide policy direction beyond this agreement.
 - Delays agreement and schedule
 - No other alternatives for mixed waste processing
 - GWR would need to develop pricing after Santa Clara living wage established
 - Results in higher per ton costs and higher customer rates
 - The Agreement allows for this change



Wage Comparison for Sorting Labor

#	Facility	Operator	Effective Date	Union or Wage Policy	Hourly Wage
1	Recology Sonoma Marin MRF	Recology Sonoma/Marin	2020	Teamsters 665	\$16.00
2	Shoreway Environmental Center MRF	South Bay Recycling	2019/20	San Mateo County Living Wage Ordinance	\$16.50
3	Newby Island Recyclery	Republic Services	2019/20	San Jose Living Wage Ordinance (Modified)	\$18.39
4	GWR Charles Street MRF	GreenWaste Recovery	2019/20	San Jose Living Wage Ordinance (Modified)	\$18.51
5	Sunnyvale SMaRT Station MRF	Bay Counties	2020	Teamsters 350	\$19.59
6	Alameda County Industries MRF	Alameda County Industries	2019/20	ILWU 6	\$20.94



GreenWaste Labor

- GWR utilizes both union and non-union labor
- Employees can decide to form a union
- Examples of GWR union contracts include:
 - Operating Engineers Local Union #3 (Santa Cruz/Scotts Valley/Capitola)
 - Drivers and MRF Operators
 - Local Laborers #270 (7 Monterey Peninsula jurisdictions)
 - Drivers, utility and shop workers
- Charles Street MRF is currently non-union pays San Jose Living Wage per Ordinance (Modified)
- City cannot by law require union labor



GreenWaste Agreement Terms

- January 1, 2021 - June 30, 2036 (mutual option for 5-year extension)
 - Term aligns with Recology and MTWS agreements
 - Per ton rates adjusted annually based on CPI change
 - 5-year term evaluated: \$45/ton more expensive for commercial, \$51/ton more expensive for residential
- Garbage container contents delivered to a facility in San Jose for mixed waste processing - \$165/ton (residential) or \$171/ton (commercial)
 - Organic material sent to Z-Best Compost facility in Gilroy
 - Non-organic recyclables recovered and marketed
 - Residual garbage sent to Newby Island Landfill (City pays disposal)



Future Flexibility

- Secures long-term processing of residential recyclables
 - Recology currently delivers recyclables to the GWR material recovery facility
 - Future commodity pricing fluctuates with a composite price index
- Enables Council to select mixed waste organics collection programs - Option 2 (residential) and/or Option B (commercial/MFD)
 - MTWS able to market SAFE program for food scraps under Option B (commercial MFD)
- Opportunity to secure future services after 2024
 - Residual Garbage Disposal
 - Compost source separated green waste



Proposed Agreement Terms for Mission Trail Waste Systems



MTWS Agreement Terms

- July 1, 2020, through June 30, 2036, with mutual 5-year option
- Maintains exclusive collection rights for the following sectors:
 - Single-family
 - Multi-family
 - Commercial businesses
- Commercial recyclables and food scraps processing
- Compensation increases dependent upon organics collection program (Option 1 or Option 2)



MTWS Compensation Increase (Single-Family, Townhouse, Commercial and Multi-Family)

	7/1/2020	7/1/2021	7/1/2022
Option 1			
Organics in split-cart	4.5%	8%	7%
Option 2			
Organics in Garbage	6.0%	9%	9%



Other Significant Terms

- New CNG Trucks
- Construction & Demolition Debris Recycling
- New MTWS Program Manager – education, reporting and compliance
- On-call Bulky Item Collection Program – New alternative
- City Roll-off Boxes – Up to 100 boxes (30 C.Y.) per year
- Additional Reporting – In line with current State laws
- Annual CPI Adjustments Start July 2023 – 5% max / 2% min
- Continuation of existing services
 - Up to 96 gallons/week commercial recycling at no charge
 - 2 free resident only disposal events



Estimated Rate Impacts to Customers



Single-Family 32-Gallon Bundled Rate Estimates

	7/1/19 (current)	7/1/2020	7/1/2021	7/1/2022	Change (19–22)
Option 1					
Organics in split-cart	\$36.59	\$43.00	\$49.50	\$52.50	43%
Option 2					
Organics in Garbage	N/A	\$45.10	\$53.90	\$57.50	57%

(Includes garbage, Clean Green, recycling, Cleanup Campaign, and household hazardous waste charges)



Townhouse 32-Gallon Bundled Rate Estimates

	7/1/19 (current)	7/1/2020	7/1/2021	7/1/2022	Change (19–22)
Option 1					
Organics in split-cart	\$25.35	\$29.80	\$34.30	\$36.40	44%
Option 2					
Organics in Garbage	N/A	\$31.30	\$37.40	\$39.90	57%

(Includes garbage, Clean Green, recycling, Cleanup Campaign, and household hazardous waste charges)



Commercial 3-Cubic Yard (Once Weekly) Bundled Rate Estimates

	7/1/19 (current)	7/1/2020	7/1/2021	7/1/2022	Change (19–22)
Option A					
Source separated organics in additional container	\$261.60	\$357.90	\$399.40	\$427.50	63%
Option B					
Mixed waste processing of garbage (no additional container)	N/A	\$322.00	\$384.20	\$409.60	57%

(Includes 3-cubic yard dumpster for garbage and a 96-gallon cart for recycling serviced once a week. Option A includes a 64-gallon food scraps cart serviced once per week beginning July 1, 2020)



Multi-Family 3-Cubic Yard (Once Weekly) Bundled Rate Estimates

	7/1/19 (current)	7/1/2020	7/1/2021	7/1/2022	Change (19-22)
Option A					
Source separated organics in additional container	\$349.60	\$592.20	\$660.90	\$707.50	102%
Option B					
Mixed waste processing of garbage (no additional container)	N/A	\$430.30	\$513.50	\$547.50	57%

(Includes 3-cubic yard dumpster for garbage, and a recyclables dumpster for a 20-unit apartment complex serviced once a week. Option A includes a 1-cubic yard food scraps dumpster serviced once per week beginning July 1, 2020)



Staff Recommendations



Service Strategy Success Criteria

- 1 Align all contracts to same terms ✓
- 2 Comply with SLCP regulations and State laws ✓
- 3 Mitigate larger double digit increases (30-40%) for customers ✓
- 4 Minimize hauler profits & achieve rates comparable to SF Bay Area ✓
- 5 Engage in direct negotiations in 2019 ✓
- 6 Provide additional options beyond split-cart ✓
- 7 If unsuccessful go to an RFP process for all services in 2020



Public Hearing: Agreement with GWR

Council must first approve an agreement with GWR prior to including Option 2 and/or Option B into an agreement with MTWS.

Staff Recommendation:

- Approve and authorize the City Manager to execute an agreement with GWR for solid waste processing, transfer, transport, recycling, and disposal services
- Authorize the City Manager to make minor modifications to the agreement, if necessary



Public Hearing: Agreement with MTWS

Staff Recommendation:

- Direct staff to incorporate Option 2 – maintain the existing garbage container for single-family and townhouse customers and deliver the contents to a mixed waste processing facility to recover the organics into the agreement
- Direct staff to incorporate Option B – mixed waste processing of garbage with no additional container required for commercial business and multi-family customers into the agreement
- Approve and authorize the City Manager to execute an agreement with Mission Trail Waste Systems containing the terms outlined in the term sheet
- Authorize the City Manager to make minor modifications to the agreement, if necessary



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