

Previous Outreach and Updates to Council

The prior contracts date back to 2009 and did not address several changes that have taken place since the contracts were awarded. With contracts this dated, it was important to identify in advance the elements that would impact cost for service and the changed market. The City's due diligence dates back to FY 2016/17 when Council developed and initiated a split-cart pilot program for the purpose of collecting community input on program feasibility, diversion rates, and overall service and usability.

During the pilot program, Council received several updates on the community's use of the program and feedback on overall feasibility. While engaging the community on new products for collecting solid waste, the City also began other reviews to ensure that the final policy action met the community's needs. For example, the City's prior collection and disposal agreements did not enable the City to meet the statewide organics waste diversion laws. Staff made several presentations on how the City would need to achieve compliance and the need to comply was folded into the policy options considered. The current rate structure was analyzed and rate corrections were identified, although a more comprehensive rate study will be completed by the end of the year.

The data showed that some of the services, specifically the Supersaver carts, had not been paying the full cost of service and that any rate correction would also need to be included in the initial rate increase. Within this context, adding to potential rate increases was the costs associated with complying with diversion laws, common costs associated with new contracts (e.g., fleet, equipment, capital improvements, technology, etc.), vendor readiness and capacity of processing facilities, end points for recyclables, and market competition. In short, it was well reported that customer rates needed to first correct for the:

1. Changed global market relative to solid waste and recycling;
2. Increased regional labor costs for solid waste and recycling workers;
3. Smaller bins not paying for the full cost of service;
4. Cost associated with complying with new diversion laws; and,
5. Capital costs associated with new contracts.

In addition to the existing impacts to rate increases, the final policy needed to address customer service satisfaction and any other additional services needed to provide full service desired by residents (e.g., annual clean up, mixed/sorted waste bins, etc.).

The City was in a leveraged position with time to engage in negotiations and/or a procurement process for these services. Based on recent regional procurements for like services, the resulting rate increases were shared with the Council to determine whether direct negotiations could yield lesser rate increases than what the surrounding regions had obtained through a competitive process. If the City could not get better rates, then there was sufficient time to conduct a competitive bid process. Through negotiations, staff returned with residential recycling rates that overall were still better than the former competitive bid process completed in 2008 after adjustment for

contractually obligated cost increases and a 5 percent consideration for the National Sword Policy was taken into account. However, before a decision was made in September 2019, Council directed staff to receive more community input on the proposed program option and related rates and return in December 2019.

Specific Council Action/Direction is reflected in **BOLD**:

1. **5/17/17** – Council approved pilot food scraps recycling program
2. 9/28/17 – Pilot food scraps outreach meetings
3. 10/30/17 – Pilot food scraps outreach meetings
4. 1/30/18 – Council update on pilot and survey results
5. 10/9/18 – Council update on pilot and survey results
6. 7/12/18 – Council update on SB 1383 and organics options
7. **11/13/18** – Council directed staff to enter negotiations with MTWS and Recology on successor agreements to leverage a window of opportunity to secure reasonable pricing and services that would be compliant with new organics diversion regulations without going through a competitive procurement during a rapidly evolving uncertain solid waste market.
8. **1/29/19** – Council approval of Amendment with Recology
9. **9/17/19** – Staff presented Council with tentative terms on an agreement with MTWS containing options for the expansion the pilot food scraps split-cart program and provision of an organics container to all single-family and townhouse customers for collecting combined yard waste, food scraps and food soiled paper. At the meeting, a third option was introduced, in which the contents of garbage carts could be delivered to mixed waste processing facility. Council directed staff to: 1) further negotiations and develop terms with MTWS for the split-cart organics collection option; and 2) enter negotiations with GWR for the mixed waste processing option; and 3) Conduct additional community outreach and obtain feedback.
10. 10/21/19 – Public outreach meetings on organics collection program options
11. 10/24/19 – Public outreach meetings on organics collection program options
12. 11/4/19 – Public outreach survey on organics collection program options
13. 11/22/19 – Public outreach survey on organics collection program options
14. **12/3/19** – Council authorizes City Manager to execute agreement with Recology
15. **12/10/19** – Council decided to no longer consider the split-cart program and approved and authorized the City Manager to execute agreements with GWR and MTWS to implement the mixed waste processing. In making these decisions, Council considered the estimated rate increases to the program over a three-year period as well as the majority of the resident's support for a mixed waste processing program.