



M E M O R A N D U M

DATE: June 21, 2024

TO: City of Redmond Council

FROM: Aaron L. Bert, Public Works Director

SUBJECT: Garbage, Recycling and Compostables Service Contract Procurement Process and Negotiated Contract Summary

In 2023, Public Works began a procurement process for a new Garbage, Recycling and Compostables Service Contract. The following is a summary of the procurement process, and the final negotiated rates and contract resulting from the process. The Public Works Department is seeking Council authorization for the Mayor to execute the new contract with services under the new contract starting January 1, 2026.

Background

State law allows cities to provide for solid waste collection services within their jurisdiction. Cities may provide services themselves, use Utilities Trade Commission certificated hauler services, Request for Proposals, Request for Bids, or select a contractor.

The City's current contract with WM runs from January 1, 2016, to December 31st, 2025, with one two-year extension option. The City has not held a competitive bid process for solid waste and recycling services since 1994, instead all new contracts have been directly negotiated with the current hauler.

The City's solid waste contract is all inclusive, with collection and hauling of garbage, and collection, hauling and processing of, recycling and organics for residential, commercial, and multifamily customers. Through an ILA with King County, all garbage is taken to King County transfer stations with final disposal at the Cedar Hills Regional Landfill. Recycling is processed by the contractor, and the contractor retains any revenue from the sale of recyclables. Accordingly, all risk from fluctuations in the recycling market are borne by the contractor, and not city ratepayers. Organics/compostables are processed by a subcontractor of the contractors choosing. The rates for all services are combined along with the disposal charge from King County into a single residential or commercial rate for solid waste services.

Request for Proposal Process

Public Works staff prepared a draft contract that was released for two rounds of industry review with a focus on identifying opportunities to improve the contract language for clarity and structure. The Request for Proposals was advertised for three months and included two opportunities for proposers to ask clarifying questions about the proposal prior to closing in January. Evaluation of the proposals including tours of operations yards and material

recycling facilities, and interviews were conducted February -March with final selection at the end of March. Negotiation of the final contract terms was completed in June.

The detailed procurement timeline is below:

- Release Industry Review Draft August 11, 2023
- Industry Review Comments 3:00 PM PDT September 8, 2023
- Final RFP Posted & Distributed October 11, 2023
- First Round Proposer Questions 3:00 PM PST November 7, 2023
- Second Round Proposer Questions 3:00 PM PST December 8, 2023
- Proposals Due 3:00 PM PST Jan 11, 2024
- Proposal Evaluation & Selection February and March 2024
- Finalization of Contract April - June 2024
- Redmond City Council Authorization July 2024
- Redmond Executes Contract July 2024
- Start of Collection Services January 1, 2026

The Request for Proposals and draft base contract is included in Attachment D.

Scoring was weighted 55% on prices and 45% on qualitative components. Qualitative scoring was for the following categories:

- Proposed collection and processing operations, experience, and environmental impacts (15 points),
- Proposer targeted customer service approach and past performance (15 points),
- Proposed recycling and composting outreach and diversion strategies (5 points), and
- Strong alternative pricing and responsive proposer variations (10 points).

Proposers were asked to demonstrate knowledge, skills, innovation, creativity, experience, and capacity to design, deliver, manage, and provide all aspects of customer service, staffing, operations, maintenance, outreach and education, marketing, procurement, financial management, contingency planning, sustainability performance, and other aspects associated with the provision of services described in the RFP and draft base contract. The scoring committee reviewed proposals from 3 contractors. WM, Sound Sustainable, and Recology King County.

The Scoring Committee was comprised of a diverse group of internal stakeholders including Debbie Keranova, Finance Manager; Jenny Lybeck, Sustainability Program Manager; Chris Stenger, Deputy Public Works Director; Aaron Moldver, Environmental Programs Manager; Micah Bonkowski, Solid Waste Program Administrator; and Ameer Quiriconi, Deputy Fire Director.

In addition to scoring the proposals and prices, the committee conducted interviews of each hauler, and toured the materials recovery facilities (MRF) and operations yards for each hauler. Scoring results can be found in the following table.

REDMOND RFP 10795-23 EVALUATION				
Evaluation Elements	Max	RKC	SSR	WM
Collection & processing operations, experience, and env. imp.	15	12.0	9.7	13.3
Targeted customer service approach and past performance	15	12.3	9.7	9.2
Recycling and composting outreach and diversion strategies	5	4.8	3.3	3.5
Strong alternative pricing and responsive proposer variations	10	7.7	5.7	5.5
Price	55	55.0	44.5	45.6
	100	91.8	72.9	77.1

While qualitative scoring was relatively close, quantitative scoring showed significant variations in pricing. Recology King County was the highest scoring proposal, and Public Works has negotiated the attached final contract and prices.

This new solid waste and recycling services contract provides many enhancements over the current contract that will benefit our residents and businesses, while moving the City closer to meeting our solid waste goals in the ESAP. The final negotiated contract provides a great value when compared to other cities in King County as seen in the comparison table below.

New Regional Contracts - All Prices in 2024 \$							
Residential*	32 gal	64 gal	Hauler	Awarded	Recycle	Compost	Rate Inc**
Redmond Current	\$21	\$42	WM	2015	Weekly	Weekly	-
Redmond New Contract	\$25	\$48	RKC	2024	Weekly	Weekly	16%
Issaquah	\$38	\$64	RKC	2022	Weekly	Weekly	75%
Kirkland	\$48	\$87	WM	2021	Weekly	Weekly	40%
Burien	\$49	\$65	RKC	2023	Weekly	EOW	52%
Mercer Island	\$37	\$59	RKC	2019	EOW	Weekly	
SeaTac	\$29	\$39	RKC	2024	EOW	EOW	17%
Tukwila	\$34	\$45	RKC	2022	EOW	EOW	84%
Maple Valley	\$38	\$49	RKC	2024	EOW	EOW	25%
Des Moines	\$44	\$59	RKC	2022	EOW	EOW	15%
North Bend	\$53	\$77	RKC	2022	EOW	EOW	63%
*YFW included for all				**% Residential rate increase from new contracts			
Commercial	4 yard	6yard	Hauler	Awarded	Recycle	Compost	
Redmond Current	\$466	\$593	WM	2015	Embed	Fee	
Redmond New Contract	\$569	\$715	RKC	2024	Embed	Embed	
Issaquah	\$620	\$930	RKC	2022	Embed	Embed	
Kirkland	\$374	\$522	WM	2021	Embed	Fee	
Drop-Box*	30 yard NonCom	30 yard Compact	Hauler	Awarded	Recycle	Compost	
Redmond Current	\$200	\$268	WM	2015	Embed	Fee	
Redmond New Contract	\$231	\$312	RKC	2024	Embed	Embed	
Issaquah	\$330	\$330	RKC	2022	Embed	Embed	
Kirkland	\$233	\$256	WM	2021	Embed	Fee	
*Does not include disposal							

While the contract start date is not until January 1, 2026, the implementation process will start upon signing of the contract with ordering of trucks and implementation planning.

Contract Enhancements

The new Solid Waste Services contract will have several enhancements over the previous contract. A comprehensive list can be found in Attachment C. Some items to highlight include:

- Free annual curbside bulky item pickup for all residential customers.
- Expanded curbside collection list to include Styrofoam, batteries, textiles, lightbulbs.
- A retail store location within Redmond city limits for bill pay, customer service, education, and hard to recycle item drop off for all residents.
- Electric route manager vehicles.
- Local call center with expanded hours, and all calls answered by a live-person.
- Low-income, senior, and low-income disabled service discount of 50% off listed rates.
- Annual CPI increase limited to 5%, formerly 6%.
- Hiring preference for current Redmond drivers, allowing them to keep pay and benefit accruals from their current Teamsters Local 117 or 174 contract.
- Two full time Waste Zero staff dedicated to Redmond focused on education and outreach to aid in achieving waste diversion and contamination reduction goals.
- Since January of 2021, Recology has followed the Basel Convention provision to not internationally export low grade plastic materials.

Rates

Redmond’s previous contract and rates were some of the lowest in the region. Recent years have seen increases in prices for fuel and labor, as well as increased instability in the recycling commodities market. For these reasons, staff knew that any new contract rates would be an increase over the previous contract. Additionally, a review of other cities procurement processes showed that proposed rates could increase as much as 50% over previous rates. Two of the three proposals included rates with a 47% increase or higher.

Regular Services Revenue (\$M/year)*

	SQ				SQ		
	WM	RKC	vs SQ	SSR	vs SQ	WM	vs SQ
Residential	\$4.3	\$4.9	116%	\$7.3	171%	\$8.8	207%
Comm/MF	\$10.8	\$13.5	125%	\$15.5	143%	\$13.4	124%
Total	\$15.1	\$18.4	122%	\$22.7	151%	\$22.2	147%

After negotiations that resulted in additional savings, the winning proposal from Recology increases overall rates 18% as seen in the table below.

RKC Final Appx Revenue vs SQ (2024 \$M/yr)

	WM SQ	RKC Final	vs SQ
Residential	\$4.3	\$4.9	116%
Comm/MF	\$10.8	\$12.9	119%
	\$15.1	\$17.8	118%

Rates are divided into two components, the King County per ton rate which includes the Fixed Account Charge (this is a passthrough of the fee paid to the County for the disposal of waste at the Cedar Hills Landfill), and the collection rate, which is the proposed rate for providing the service.

In order to reduce the burden of rates to ratepayers, the City is reducing its administrative fee from 7.9% of gross revenue to 5.5% of gross revenue. This maintains the City solid waste program budget, and reduces the rates to customers by approximately 2.4% over the initial Recology proposal. The City was also able to negotiate initial savings in the first year of the contract in return for a .5% increase in the CPI increase in years 3-6. We estimate that this will be a net positive to rate payers over the term of the contract. Final customer rates are included in Attachment B.

Conclusion

Of the three proposals reviewed by the evaluation committee, all three provided a competitive mix of services, the Recology King County proposal alone provided a mix of enhancements to the current contract and continued value for service that benefits our residents, and businesses. Public Works leadership and staff recommend Council Authorization for the Mayor to sign the new Solid Waste, Recycling and Compostables Service Contract attached with Recology King County.

Attachments:

Attachment B: Redmond - RKC Garbage Recycling and Compostables Service Contract
Attachment C: Contract Enhancements

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