

SEATAC CITY COUNCIL
QUESTIONS REGARDING
COMPREHENSIVE GARBAGE, RECYCLABLES AND COMPOSTABLES
COLLECTION CONTRACT
SEPTEMBER 20, 2013

1. **The recommended contract is exclusive, meaning that the City is granting permission to a single hauler. Would it be possible for the City to have a non-exclusive contract?** Please see Attachment 1 for a detailed response from Jeff Brown, consultant to the City during this procurement process.
2. **The Bellevue City Council recently decided to select the second ranked hauler. Why did they do that?** That decision was made on September 9th. At this time, the minutes are not available for that date. However, the video can be viewed here:

http://bellevue.granicus.com/MediaPlayer.php?publish_id=c6d61d4a-6c4c-1031-bf4f-32d5966f69c1

The Bellevue decision was covered in the Seattle Times:

http://seattletimes.com/html/localnews/2021795964_bellevuegarbagexml.html?syndication=rss

Also covered in the Bellevue Reporter:

<http://www.bellevuereporter.com/news/223371961.html>

On September 16th, the Burien City Council concluded their competitive process when they unanimously approved a collection contract with CleanScapes who submitted the highest ranked proposal.

3. **What does the transition phase look like for the recommended hauler?**

September: Contract Signed and Executed. Order new trucks.

October: Order carts & containers.

November: Data transfer from existing contractor.

Dec - March: Data audit, route development. Site visits to all Commercial and Multi-family customers

April: Hire & train additional staff, community outreach. Website and call center live, postcard mailed. Ad & press release in Highline Times, SeaTacblog.com

May: Customer Communications

- Welcome packets mailed
- Community Open House
- Reminder calls to customers
- Cart deliveries/relabeling

June 1: Service begins

4. Would container labeling include the City logo? Yes. City logos are included in most cities.

5. Will drivers be paid prevailing wages? Yes. CleanScapes proposed the following language be added to the contract:

“The Contractor will comply with all Washington State prevailing wage law requirements for employees providing service to the City of SeaTac under the contract.”

6. What about displaced drivers? Will they have they have priority with a new contract? Yes. CleanScapes proposed the following language be added to the contract:

“For initial hiring under this Contract, the Contractor and subcontractors shall actively recruit and give primary hiring preference to any collection workers who have been displaced as a result of the City awarding this Contract and secondary hiring preference to SeaTac residents, provided that such workers are fully qualified and meet the Contractor’s standards for employment.”

7. What is the comparison between the current rates and the recommended contract for typical monthly residential service using a scenario of 32 gallon garbage cart, 96 gallon compostable and recyclables?

	Current Rate	Recommended Contract Rate
32 gal. Garbage Cart	\$19.22	\$17.75
96 gal. Compostable Cart	\$10	Embedded
Recyclables	Embedded	Embedded
Total Monthly Service Charge	\$29.22	\$17.75

Above rates are for weekly garbage collection, every-other-week compostable and recyclable collection. Current rate for customer supplied can is \$17.85.

8. If the recommended contract is not approved, what are the alternatives?

If the contract is not approved, Council would need to come to consensus on how to deal with the May 2014 expiration of the current contract. An alternative to the recommended contract is the current contract where the City has the option for up to two (2) extensions of not more than two (2) years each. Any extension would be under the terms of the current contract. The City has until February 28, 2014 to exercise its option to extend. However, the current contract rates are higher and service level is lower compared to the recommended contract. The choice then would be to either A) approve an extension or B) direct staff to negotiate yet another contract. It is highly improbable that a negotiation with another proposer will yield a contract as good as or better than the recommended contract. Each hauler should have already submitted their best proposal during the competitive process. The outcome of the competitive process is a contract with the best possible terms for the City. Attempting to hold out for a better deal creates risk that the significant rate and service enhancements contained in the recommended contract will be lost.

ATTACHMENT 1

Trudy, Here's an expansion on my earlier comments to Council on non-exclusive collection.

As I mentioned, Washington State has an odd history of exclusive territory collection that is entrenched in both the State's G-certificates and City contracts. RCW 81.77 creates a framework where cities are NOT allowed to have free-market collection. Cities must choose one of three options: (1) defer to the State's G-certificate system (SeaTac prior to 2003); (2) provide municipal collection with City crews; (3) contract for services. Franchises are allowed in name, but particularly as a means to transition from the State's certificates to full city contract control and those franchises are essentially full contracts with City regulation of rates, services and contractual performance.

In other parts of North America, one of the most common approaches to solid waste collection is to have city (staff) collection of residential solid waste and open market (with or without competing municipal collection) of commercial solid waste. In fact, the examples given in the Council of meeting of San Diego and Orlando are exactly that system: San Diego has municipal collection of residential solid waste and open market collection for the commercial sector. Orlando has municipal collection of residential solid waste and a combined open market/municipal collection for the commercial sector. This system works well in larger cities, as multiple service providers each have sufficient market share and customer density to support an efficient fleet. The City has not considered this approach previously and preferred the competitive RFP approach rather than municipal service

I'm not aware of any Washington cities that have chosen to do the legal and administrative work to successfully attempt overlaying a faux "open-market" system based on Washington State law. It could theoretically be done with enough lead time and a large-enough city. For example, a City could issue an RFP based on both exclusive and non-exclusive rates and award multiple contracts with two sets of rates. The non-exclusive contracts will be full contract, but with rate caps instead of fixed prices. The City could gear up staffing to manage multiple contracts and then if the hoped-for rate reductions didn't materialize, then they could shift to once contractor with exclusive rates. I don't believe this has been tried and there are some obvious snags in this approach, not least of which is the increased city administration and the lack of a predictable customer base and return on investment for potential contractors. If the City wanted to consider this approach for its next contract, it could start a year or two earlier and conduct the legal research and structure a different procurement approach. As it stands, the City does not have the time to resolve legal and administrative issues, as well as re-issue a RFP to attempt to pioneer this approach on this contract cycle. It's worth noting that the main difference in the approaches is whether you want term competition (a strong competitive process every 7-10 years) or daily competition between multiple service providers. Both provide competition for public services, they are just different approaches. Term competition provides both the opportunity to foster innovation, provide competitive pressure on rates while providing a reasonable expectation of customer density and the likelihood of return on investment.

One final comment is the issue of SeaTac's size. The total size of SeaTac's solid waste collection system for all sectors is about 5 trucks. CleanScapes has projected about half-time use of a commercial front-load truck and slightly more than full time use of a roll-off truck. There's not a lot of business here to split among multiple providers and comparing the size of SeaTac's market to San Diego, LA or Miami isn't necessarily useful. Fostering a competitive open market system in a major metropolitan area is very different than attempting to pioneer that sort of system in Washington in a city the size of SeaTac, when all surrounding

cities have exclusive contracts. In fact, Seattle went the other way, changing from overlapping State G-certificates to exclusive contracts in specific commercial service areas. Their analysis indicated rate and traffic benefits and supported moving away from multiple commercial service providers toward exclusive service areas.

Please let me know if there are any additional questions.

Jeff Brown

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