



SOLID WASTE COMMERCIAL FRANCHISE HAULER PRESENTATION

**MAXIMUM FEE FOR WASTE HAULER SERVICES
FOR MULTI-FAMILY DWELLINGS
OF LESS THAN 25 UNITS.**

**Finance and Economic Resilience Committee Meeting
March 31, 2023**



OPTION 1

1) RFP Option (Exclusive Agreement) 9-24 MF Units:

- Pros:**
- Provides pricing structure and has a cap for CPI
 - Competitive process
 - Allows City administrative oversight
 - RFP would be for a 3 to 5 year term (w/ 3- 1 Yr. extensions) so that the capital costs are absorbed over time and provide more stable pricing.
- Cons:**
- Limited provider options
 - May not offer best pricing for less than 400 units*

*compared to pricing of 2300 commercial and Multi Family accounts Citywide



OPTION 2

2) RFQ Option (Non-Exclusive Agreement) Includes 9-24 MF and Commercial Accounts:

- Pros:**
- Provides multiple hauler options
 - Limit contract duration of 1 or 2 years (hauler & customer)
 - Includes CPI caps in the RFQ for haulers to adhere to
- Cons:**
- No price structure, individual contracts negotiated between hauler and customers
 - May drive prices up for 25+ residential buildings and other commercial accounts.



OPTION 3

3) Add These Units to the Existing Residential (Exclusive) Contract Option:

- Pros:**
- Provides a structured pricing system with capped CPI escalators
 - Process completed in a quicker timeframe.
- Cons:**
- Non-competitive process, requires bid waiver.
 - Limits options for best market pricing for comparison
 - Residents won't have a provider option
 - May not yield the best pricing for less than 400 units.



COMMERCIAL HAULER FEEDBACK

WASTE MANAGEMENT

- Increases may occur automatically due to increase of fuel costs and disposal rates
- These are included in City agreements, and should there be additional increases, customers have the option to negotiate the increase or cancel the agreement without penalty.
- This arrangement is the most equitable way to address rate changes.
- Could increase the initial costs, as many of the cost escalators are uncontrollable and unpredictable.



COMMERCIAL HAULER FEEDBACK

WASTE CONNECTIONS

- Having a choice of haulers and comparing pricing creates a healthy marketplace.
- The pandemic increased wages over 30%, diesel prices exceeded \$5.00/gal., and inflation increased over 10%. Picking a 'percent escalation that would be capped' does not recognize the very recent events, or prevent them ever happening again.
- Rate adjustments have to reflect the actual economic and market conditions.



COMMERCIAL HAULER FEEDBACK

COASTAL WASTE & RECYCLING

- Capping accounts in a non-exclusive environment may limit the customer's service options. The City cannot force a vendor to service an account they chose not to work with.
- If there is a cap the hauler would be forced to pass on the additional costs to the commercial and larger multifamily accounts. If the City places a cap, the minimum percentage must be at least 7% yearly to cover fuel and CPI costs, and include an automatic pass-through for disposal.



ENVIRONMENTAL AND SUSTAINABILITY ITEMS

The Public Works Department is in receipt of comments from the City's Environmental and Sustainability Department and others about the commercial franchise Non-Exclusive RFQ and items to incorporate.

Public Works is addressing these comments and incorporating eligible items into the procurement process.



ENVIRONMENTAL AND SUSTAINABILITY ITEMS

1. Require bins have unified color and large standardized messaging labels: ***Examining financial impact of mandating colors; working with E&S on standard labels.***
2. Require annual education materials: ***Language will be added to RFQ.***
3. Audit services of customers recycling bins to reduce contamination rates: ***Audit provisions will be part of the RFQ to ensure compliance with requirements of RFQ. As long as Haulers offer recycling services they are compliant.***
4. Waste haulers must submit monthly/quarterly report of contamination rates: ***Haulers are required to submit annual contamination reports. Haulers do not have recycling facilities and the City does not have recycling contracts with the haulers. Recycling is provided by MDC provider.***
5. Waste haulers must provide clean trucks and reduce leaks through audited maintenance: ***RFQ will contain language on vehicle safety, cleanliness and maintenance.***
6. Contracts should include penalties or LDs for non-performance/poor service: ***All City contracts, include these provisions.***
7. Make sure that collection staff picks up litter that falls or blows out: ***RFQ will contain language to address this.***
8. All waste hauler trucks must run on CNG, low carbon fuel or electric (not diesel): ***This requirement is only available in an exclusive agreement.***
9. Bonus for vertically integrated companies that care whether recycling contains contaminants: ***Contracts are with Franchisee and Customer, not the City therefore no bonus is awarded for vertically integrated companies.***
10. Include space/carve out for innovative businesses: ***Due to structure of a Franchise Agreement this is not possible.***
11. All Waste hauler material must be sent to Waste-to-Energy facility, not landfills: ***As the Coventa Plant is currently out of service mandating this will increase costs to customers as landfill disposal is less expensive.***
12. We want material traveling as short of a distance as possible: ***There are no facilities in close proximity that process recyclables.***



RECOMMENDATIONS

9-24 MF Units:

The Administration recommends either **Option 1 (RFP Option/ Exclusive Agreement)** for the Multi Family 9-24 Units or **Option 2 (RFQ Option/Commercial Non-Exclusive Agreements)** existing model.

Commercial Franchise Agreements:

The Administration recommends awarding **Non-Exclusive Franchise Agreements (RFQ)**. The number of haulers will be dictated by the number of responses received but as a minimum we recommend three (3).