

## Summary and Fiscal Note

### 1. Legislation Summary

**Department:** Seattle Public Utilities

**Title:** An ordinance relating to Seattle Public Utilities; authorizing the General Manager and Chief Executive Officer of Seattle Public Utilities to enter into a contract with Waste Management of Washington, Inc., to provide recycling processing services for The City of Seattle; and ratifying and confirming certain prior acts.

**Background:** The Seattle Public Utilities' current recycling processing contract with Rabanco, Ltd. expires on March 31, 2027. The utility in 2025 issued a Request for Proposals ("RFP") for new contracts and reviewed the submitted proposals. It selected Waste Management of Washington, Inc. ("WM") based on the evaluation criteria in the RFP and negotiated a new five-year processing contract, with two 3-year extensions, that will begin in April 2027. This ordinance would authorize SPU to sign and implement the contract in 2026 to provide sufficient lead time for WM to purchase, receive, and deploy new equipment for an additional recycling material receiving facility.

The new contract aligns with the 2026-2028 approved rates. The contract would cost more than the current recycling and disposal contract primarily for two reasons:

1. The expiring contract was signed in 2007 and recycling processing rates have increased since that time.

2. The new contract will improve recycling materials processing outcomes that result in several key benefits. It improves the sorting of recycling materials into higher grade commodities and reduces the loss of recyclables into garbage. It also has higher goals for regional markets and markets that have reduced negative environmental impact and improves overall end-market transparency. These improvements will result in higher commodity revenues, reduced costly residual (garbage) disposal charges and improved trust and participation in recycling.

**Summary Attachments:** None

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## 2. Capital Improvement Program (CIP)

**Does this legislation create, fund, or amend a CIP Project?**

Yes

No

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### 3. Summary of Financial Implications

**Does this legislation have financial impacts to the City?** Yes. The new contract is estimated to cost \$6.4 million in 2027, an increase in overall processing costs since the last contract was signed in 2007. The new contract rates are in line with current recycling processing industry standards for strong recycling outcomes, including high capture rates, high quality commodity manufacturing, lower disposal rates and improved sales and marketing outcomes and transparency.

Projected contract costs for the remainder of the Strategic Business Plan period (2027-2030) are an additional \$4.2 million compared to the latest solid waste rate study. Recycling commodity revenue is expected to decrease during the same period by \$2.4M due to declining market prices for recycling commodities. Rates are set through 2028 and due to strong financial performance of the solid waste fund there should not be an impact to the SBP rate path. Annual inflation adjustments are at 80% CPI, the same terms as the Organic Processing Contracts, which are the most recent solid waste contracts.

Yes

No

#### a. Expenditure Change to Other Funds

2026	2027 est.	2028 est.	2029 est.	2030 est.
NA	(\$34,690)	\$1,234,198	\$1,381,995	\$1,605,924

#### b. Revenue Change to Other Funds

2026	2027 est.	2028 est.	2029 est.	2030 est.
NA	(\$653,817)	(\$605,660)	(\$596,215)	(\$541,168)

### 3d. Other Financial Impacts

**a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.**

No.

**b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?**

NA

**c. What financial costs or other impacts might happen if this legislation is not implemented?**

The current contract term ends March 31, 2027, with no option for an extension. Without the new contract in place, there will be no mechanism for the City to process its recyclables.

**d. How might this legislation affect other City departments besides the one that proposed it?**

NA

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### 4. Other Impacts

**a. Does this legislation require a public hearing?**

Yes

No

**b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?**

Yes

No

**c. Does this legislation affect a piece of property?**

No

d. Race and Social Justice Initiative impacts:

**1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.**

The recycling processing contract is one of several large SPU solid waste contracts and is one of the smaller contracts in terms of net financial impact, compared to the solid waste disposal and collection contracts. Therefore, increases in the recycling contract cost will have lower overall rate impact to customers than the other contracts. This contract's processing fee has increased over the prior contract. To address this, it introduces terms to offset the higher processing fee. These terms include improved recycling processing and commodity quality requirements which increase commodity volumes and revenues and reduce disposal costs to ratepayers.

**2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.**

**3. What is the Language Access Plan for communicating with the public about this legislation?** SPU will update all educational communications related to this new contract.

e. Climate change impacts:

**1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.**

This contract will improve the processing of recyclables into commodities, reducing carbon emissions. It will also ensure SPU can intervene if garbage is

introduced into the environment based on poor capture rates and poor commodity sales.

**2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.**

NA

**f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?**

NA

**g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?**

No