



# Recyclables Processing Contract Procurement Process

Governance & Utilities Committee

*June 11, 2026*

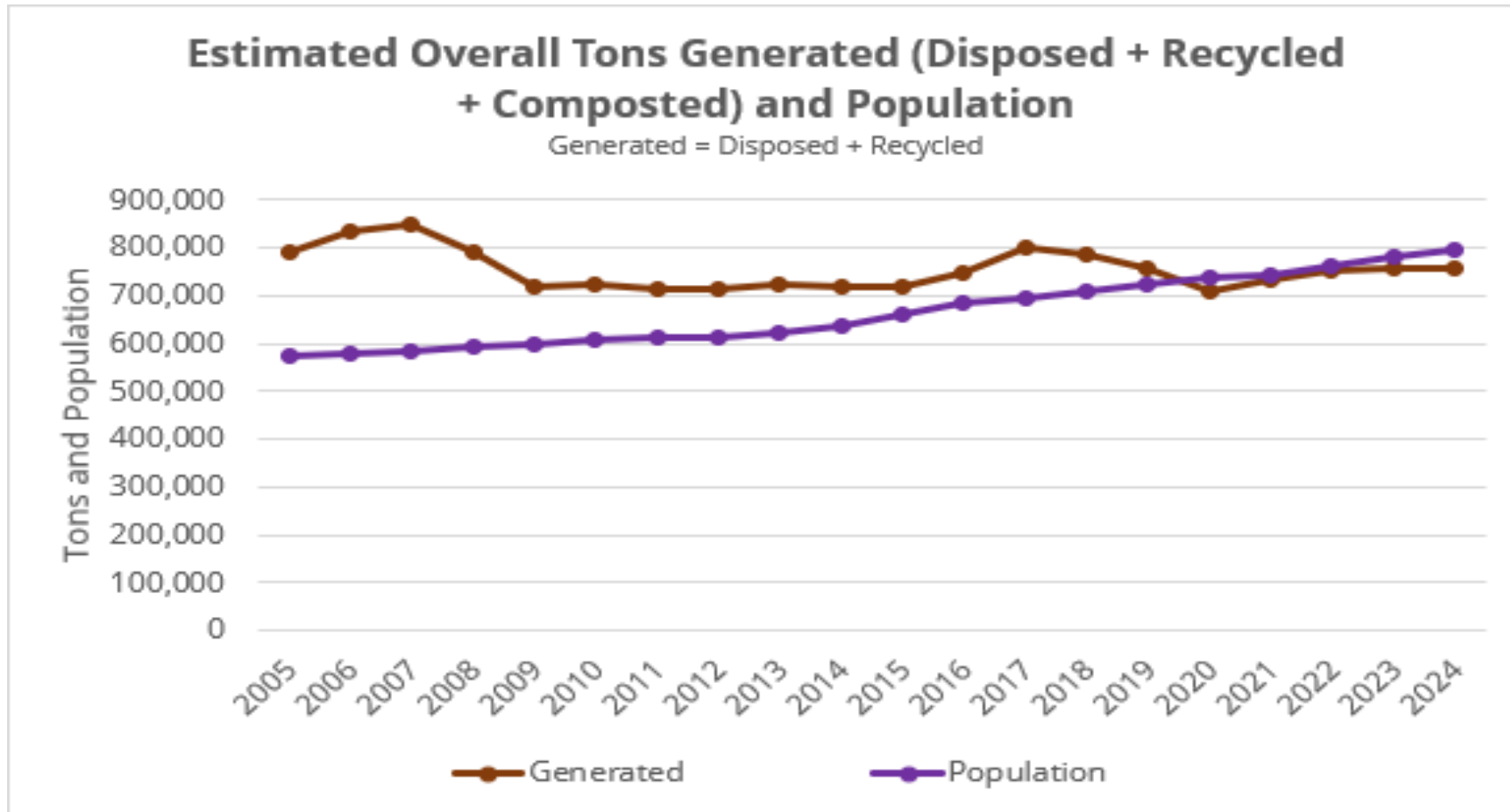
# Legislation Purpose

- To authorize Seattle Public Utilities to enter into a contract with Waste Management of Washington (WM), Inc., to provide recycling processing services for the City.

# Solid Waste Contracts Overview

| Contract Type          | Current Contractor  | Start    | End                                     |
|------------------------|---------------------|----------|---|
| Recyclables Processing | Republic            | 4/1/2009 | 3/31/2027                               |
| Long-haul & Disposal   | WM                  | 4/1/1991 | 3/31/2028                               |
| Curbside Collection    | WM<br>Recology      | 4/1/2019 | 3/31/2029<br>(ext. options 2031 / 2033) |
| C&D Collection         | WM                  | 4/1/2019 | 3/31/2029<br>(ext. options 2031)        |
| Organics Processing    | Cedar Grove<br>LENZ | 4/1/2024 | 3/31/2030<br>(ext. options 2034 / 2036) |

# Seattle's Recycling Background



# Seattle's Recyclables Processing Contract & Procurement Process

- Seattle contracts for residential recyclables processing separately from collection contracts.
- Seattle's contract with Republic Services started in 2009.
  - Current contract terms are outdated and insufficient.
- To prepare for this contract:
  - Benchmarking study & RFI
  - RFP issued April 2025

## Cities with Processing Service Contracts

WA: Tacoma, Olympia, Spokane, Vancouver

Others: Los Angeles, San Diego, NYC, DC, Minneapolis, St. Paul, San Antonio, Austin, Fort Worth, Durham, Toronto

# RFP Responses & Evaluation

- Two Proposals were received from Republic and WM
- WM scored higher on both technical and price.
- Technical: WM >50% *higher*
  - Criteria include: commodity capture residual waste rates, processing, marketing and operator performance/experience, contingency processing options.
- Price: WM > 43% *lower*



# Proposal Evaluation

## SCORES BY EVALUATION CRITERIA:

| Vendor                               | Processing and Marketing Philosophy & Proposed Approach (Appendix A Section A)<br>0-10 Points<br>30 Points (30%) | Experience, Past Performance and Feasibility (Appendix A Section B)<br>0-10 Points<br>20 Points (20%) | Operational, Sustainability and Workforce Success (Appendix A Section C)<br>0-10 Points<br>10 Points (10%) | System Price (Appendix B Form 4)<br>0-10 Points<br>30 Points (30%) | Inclusion Plan (Appendix B Form 1)<br>0-10 Points<br>10 Points (10%) | Final Result (Max Score 100) |
|--------------------------------------|--|---|--|--|--|------------------------------|
| Waste Management of Washington, Inc. | 7.8  | 7.8   | 7.8  | 10   | 4.6  | 81.4                         |
| Republic Services                    | 5.4  | 4.6   | 5.4  | 5.5  | 4.8  | 52.1                         |

# New Contract Cost Overview

- New contract is estimated to cost approximately \$6.4 M in 2027, an increase from \$1.4 M in 2025.
- Solid Waste Fund will absorb the costs with no rate path impact
- Contract costs are based on several factors:
  - Recyclable Materials Processing Fee
  - Monthly Commodity Credit revenue
- Since 2009, the industry has seen significant changes impacting overall processing costs.



# Recycling Market Context

- Market context is VERY different today than in 2009
  - Materials mix in curbside recycling has changed substantially
  - More complex stream requires processing improvements
  - Markets now demand cleaner commodities
  - Commodity values are continually changing



# Recycle Reform Act Impacts

- Statewide Recycle Reform Act legislation. Passed last year.
  - Packaging producers will fund recycling for packaging products.
  - Reimbursement schedule: 2030 – 50%, 2031 – 75%, and 2032 – 90%



# Additional Contract Terms updates

- Maintain Affordability
  - High quality processing. Capture as much recyclables as possible into high quality commodities
  - Flexibility to adjust to industry changes
- Strong Environmental Outcomes
  - Transparency. We will know where our materials are being sent and what is happening to them.
  - Accountability. Performance Fees and Audits to ensure high quality processing





Questions?

# In Summary

- Goal to approve Contract at the June 11 Committee meeting in order to purchase equipment to build out systems for 2027 contract start date
- This contract will move our recyclable materials to Tacoma and Woodinville with increases in Seattle receiving facility infrastructure and labor.
  - Increase to Seattle employment to receive material
  - RRA will grow volumes so all MRFs will be at capacity.
  - Current Republic MRF will likely see significant automation improvements
- Improved contingency processing



# Contract Principles & Goals

## Principles:

- Transparency
- Accountability
- Flexibility

## Goals:

- 1) Responsibly recycle materials from the blue cart by:**
  - Capturing as much recyclable material as possible and
  - Delivering commodities to buyers that will use materials in a way that maximizes positive enviro/social outcomes (preference for local/domestic, highest/best use).
- 2) Have a cost structure that:**
  - Maintains Affordability
  - Pays for efficient/effective service that meets goal #1, and
  - Assigns City credit / risk for value of commodities.

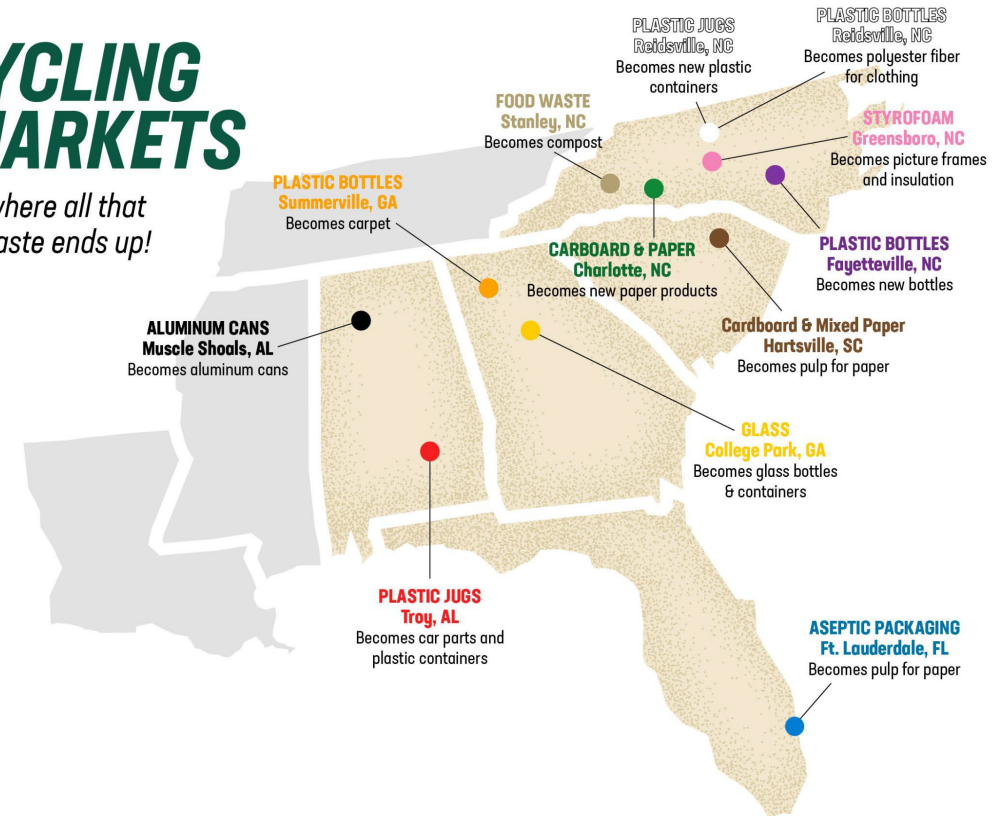
# Marketing & End Use Reporting

## Goals for delivering to Responsible Recycling Markets

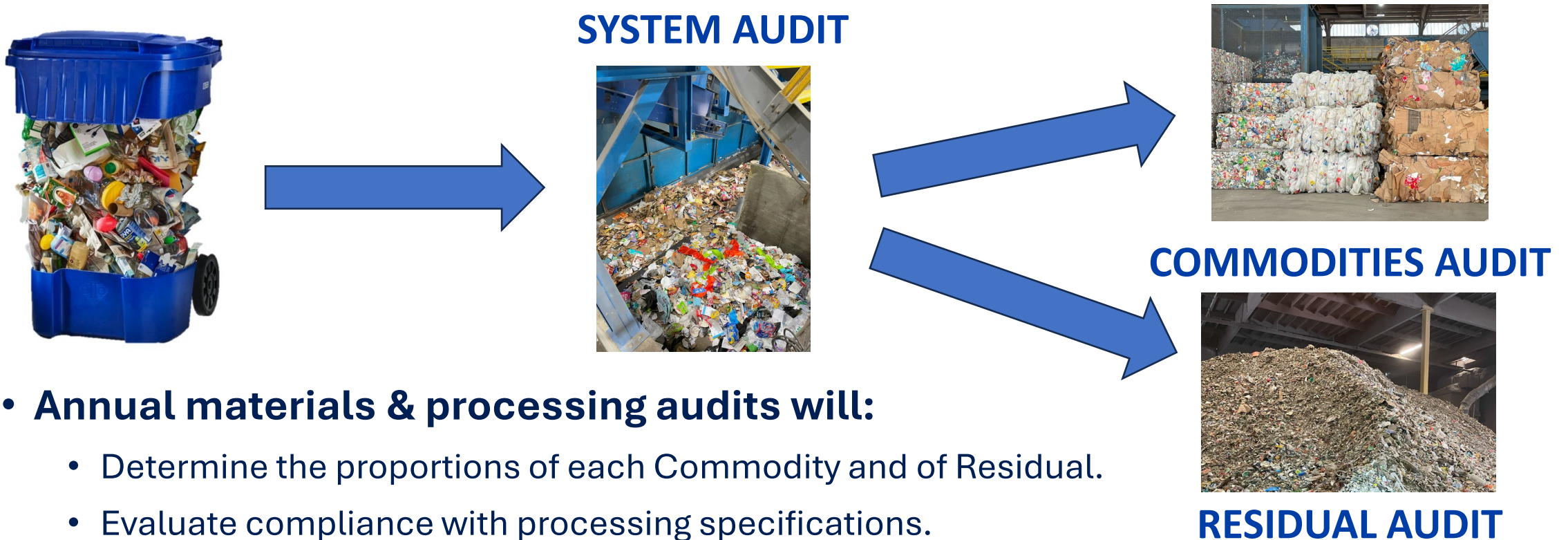
- Commodities primarily marketed in North America
- Once under contract, names, locations of recycling market(s)/broker(s) used and end uses
- Ability to intervene on sales to markets that do not operate sustainably.
- Contract will include structured processes for addressing large market fluctuations.

## RECYCLING END MARKETS

*Discover where all that diverted waste ends up!*



# Materials & Processing Audits



- **Annual materials & processing audits will:**

- Determine the proportions of each Commodity and of Residual.
- Evaluate compliance with processing specifications.
- Calculate the Average Market Value per ton (for commodity credits).
- Determine the amount of Contaminants/Residual to be returned for disposal.

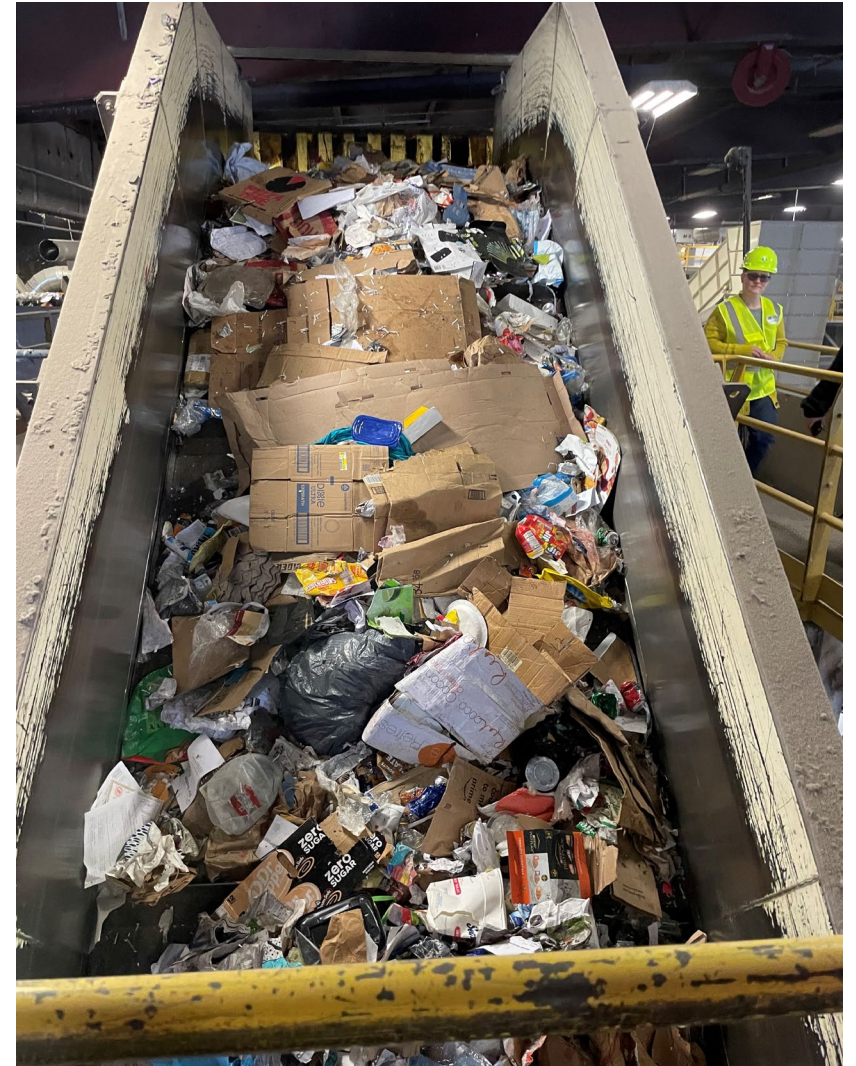
# Performance Management

## Performance Monitoring & Fees Highlights:

- >10% Residual
- > 30% Glass contamination limit (NGR +fines)
- Commodity quality failures
- Failure to process materials
- Failure to perform required audits

## Performance Reporting :

- Required reporting expanded significantly to manage all facets of Contract



# Additional Notable Contract Terms

- Current contract terms are outdated and insufficient.
- New contract includes needed improvements that ensure affordability and strong environmental outcomes.



# Additional Notable Contract Terms

| Contract Type          | Current Contractor  | Start    | End                                     | Dollars (2025)                            |
|------------------------|---------------------|----------|---|---|
| Recyclables Processing | Republic            | 4/1/2016 | 3/31/2027                               | Gross: \$ 7.6 M<br>Net: \$ 1.4 M          |
| Long-haul & Disposal   | WM                  | 4/1/1991 | 3/31/2028                               | \$ 21.5 M                                 |
| Curbside Collection    | WM<br>Recology      | 4/1/2019 | 3/31/2029<br>(ext. options 2031 / 2033) | WM \$ 50,3M<br>Recology: \$54,2M          |
| C&D Collection         | WM                  | 4/1/2019 | 3/31/2029<br>(ext. options 2031)        | Approx. \$70,000<br>Franchise Fee to City |
| Organics Processing    | Cedar Grove<br>LENZ | 4/1/2024 | 3/31/2030<br>(ext. options 2034 / 2036) | Cedar Grove: \$1.8M<br>Lenz: \$3.9M       |