



SEATTLE CITY COUNCIL

Legislative Summary

CB 118932

Record No.: CB 118932

Type: Ordinance (Ord)

Status: Passed

Version: 2

Ord. no: Ord 125285

In Control: City Clerk

File Created: 03/09/2017

Final Action: 04/10/2017

Title: AN ORDINANCE authorizing the CEO/General Manager of Seattle Public Utilities to execute an amendment to the contract with Waste Management of Washington, Inc., for waste disposal and transportation services; amending Ordinance 125207, which adopted the 2017 Budget, changing appropriations for Seattle Public Utilities; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Herbold

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att 1 – Contract Amendment No. 4, Divided Report

Drafter: Emilia.Sanchez@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

Yes

No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	03/10/2017	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	03/10/2017	sent for review	Civil Rights, Utilities, Economic Development, and Arts Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Civil Rights, Utilities, Economic Development, and Arts Committee						
	Notes:						
1	Full Council	03/13/2017	referred	Civil Rights, Utilities, Economic Development, and Arts Committee			

- 1 Civil Rights, Utilities, Economic Development, and Arts Committee 03/14/2017 pass Pass

Action Text: The Committee recommends that Full Council pass the Council Bill (CB) with a Divided Report.
Notes: Councilmember Harrell entered the Council Chambers at approximately 10:35 a.m., and departed at approximately 10:50 a.m.
In Favor: 3 Chair Herbold, Vice Chair Sawant, Member O'Brien
Opposed: 1 Alternate Harrell

- 1 Full Council 03/27/2017 held Pass

Action Text: The Motion carried, and the Council Bill (CB) was held until April 3, 2017 by the following vote:
Notes: Motion was made by Councilmember O'Brien and duly seconded, to hold Council Bill 118932 until April 3, 2017.
In Favor: 7 Councilmember Bagshaw, Councilmember Burgess, Council President Harrell, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant
Opposed: 0

- 1 Full Council 04/03/2017 passed as amended Pass

Action Text: The Motion carried, the Council Bill (CB) was passed as amended by the following vote, and the President signed the Bill:

Notes: ACTION 1:

Motion was made by Councilmember Johnson, duly seconded and carried, to amend Council Bill 118932, by amending the second and third recitals, and by adding a fourth and fifth recital, as shown in the underlined language below:

WHEREAS, the City has a contract with Waste Management of Washington, Inc., for waste disposal and transportation services, dated September 11, 1990, and amended on October 31, 1996, February 5, 2001, and February 9, 2009; and

WHEREAS, Seattle Public Utilities and Waste Management of Washington, Inc., negotiated mutually agreed terms for a fourth Amendment that will reduce City service payments and extend an interim opt-out date; and

WHEREAS, the Council reserves the right to appropriate savings associated with reduced City service payments within the Solid Waste Fund; and

WHEREAS, the Council requests Seattle Public Utilities (SPU) notify the Chair of the Civil Rights, Utilities, Economic Development and Arts Committee or the appropriate committee Chair, prior to a decision to either amend or bid SPU's long-haul waste disposal contract; and

WHEREAS, the Council prefers the open public procurement process in 2021 as a means of encouraging competitive bids to the benefit of the rate payer; NOW, THEREFORE,

ACTION 2:

Motion was made and duly seconded to pass Council Bill 118932 as amended.

In Favor: 6 Councilmember Burgess, Councilmember González , Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien
Opposed: 2 Council President Harrell, Councilmember Sawant

2 City Clerk 04/05/2017 submitted for Mayor
Mayor's signature
Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
Notes:

2 Mayor 04/10/2017 Signed

2 Mayor 04/10/2017 returned City Clerk

2 City Clerk 04/10/2017 attested by City Clerk
Action Text: The Ordinance (Ord) was attested by City Clerk.
Notes:

CITY OF SEATTLE

ORDINANCE 125285

COUNCIL BILL 118932

AN ORDINANCE authorizing the CEO/General Manager of Seattle Public Utilities to execute an amendment to the contract with Waste Management of Washington, Inc., for waste disposal and transportation services; amending Ordinance 125207, which adopted the 2017 Budget, changing appropriations for Seattle Public Utilities; and ratifying and confirming certain prior acts.

WHEREAS, the City has a contract with Waste Management of Washington, Inc., for waste disposal and transportation services, dated September 11, 1990, and amended on October 31, 1996, February 5, 2001, and February 9, 2009; and

WHEREAS, Seattle Public Utilities and Waste Management of Washington, Inc., negotiated mutually agreed terms for a fourth Amendment that will reduce City service payments and extend an interim opt-out date; and

WHEREAS, the Council reserves the right to appropriate savings associated with reduced City service payments within the Solid Waste Fund; and

WHEREAS, the Council requests Seattle Public Utilities (SPU) notify the Chair of the Civil Rights, Utilities, Economic Development and Arts Committee or the appropriate committee Chair, prior to a decision to either amend or bid SPU's long-haul waste disposal contract; and

WHEREAS, the Council prefers the open public procurement process in 2021 as a means of encouraging competitive bids to the benefit of the rate payer; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY

Section 1. The CEO/General Manager of Seattle Public Utilities is authorized to execute, for and on behalf of The City of Seattle, an amendment to the contract with Waste Management

1 of Washington, Inc., for waste disposal and transportation services, substantially in the form of
2 the contract amendment attached to this ordinance as Attachment 1.

3 Section 2. Any act consistent with the authority of this ordinance taken after its passage
4 and prior to its effective date is hereby ratified and confirmed.

5
6

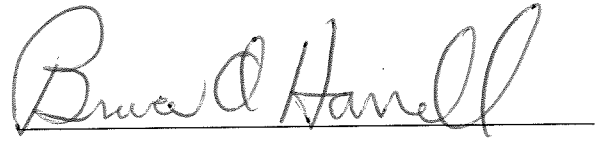
7 Section 3. The appropriation for the following item in the 2017 Adopted Budget is
8 reduced from the fund shown below:

Item	Fund	Department	Budget Control Level	Amount
3.1	Solid Waste Fund	Seattle Public Utilities	General Expense (N000B-SW)	(\$465,751)
Total				(\$465,751)

9 Section 4. This ordinance shall take effect and be in force 30 days after its approval by
10 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
11 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

12

1 Passed by the City Council the 3rd day of April, 2017,
2 and signed by me in open session in authentication of its passage this 3rd day of
3 April, 2017.

4 

5 President _____ of the City Council

6 Approved by me this 10th day of April, 2017.

7 

8 Edward B. Murray, Mayor

9 Filed by me this 10th day of April, 2017.

10 

11 Monica Martinez Simmons, City Clerk

12 (Seal)

13
14
15
16 Attachments:
17 Attachment 1 – Amendment No. 4 to The City of Seattle Contract with Waste Management of
18 Washington, Inc. (f/k/a Washington Waste Systems) for the Transportation and Disposal of
19 Waste

**AMENDMENT No. 4
TO**

**The City of Seattle Contract with
Waste Management of Washington, Inc. (f/k/a Washington Waste Systems)
for the Transportation and Disposal of Waste**

This AMENDMENT is entered into by and between THE CITY OF SEATTLE ('City'), a municipal corporation of the State of Washington, and WASTE MANAGEMENT OF WASHINGTON, Inc. ('Contractor').

WHEREAS the City and Contractor entered into the Contract for Transportation and Disposal of Waste, dated September 11, 1990, and subsequently entered into Amendment No.1 dated October 31, 1996, Amendment No. 2 dated February 5, 2001, and Amendment 3 dated February 9, 2009 (with the Original Contract, Amendment No. 1, Amendment No. 2, and Amendment No. 3 collectively referred to as the "Contract"); and

WHEREAS, the parties desire to negotiate changes and make additions to the Contract.

IN CONSIDERATION of the terms and conditions herein, the parties agree to amend the Contract as follows:

Section 10 of the Contract, which was last amended by Amendment No. 3, is deleted and replaced in its entirety with the following:

Section 10. Length of Contract. This Contract shall enter into force and effect upon its execution and remain in effect until midnight, March 31, 2028; provided, however, that the City may terminate this Contract at its option without cause on March 31, 2024, by providing the Contractor with written notice by September 30, 2023.

Subsection 500(a) of the Contract, which was last amended by Amendment No. 3, is deleted and replaced in its entirety with the following:

- (a) Base Price.** The following base amounts per ton for each ton of Waste delivered to the Receiving Facility (subject to the annual adjustments in Section 520 unless otherwise indicated):
- (i) As of April 1, 2016, the base amount per ton is \$42.881 (2016 dollars) (which reflects the annual adjustment in Section 520 made on April 1, 2016).
 - (ii) On April 1, 2017, the base amount per ton will be calculated by first using the annual adjustment in Section 520, and second by subtracting \$2.00 per ton;

- (iii) On April 1, 2018, the base amount per ton will be calculated by using the annual adjustment in Section 520;
- (iv) On April 1, 2019, the base amount per ton will be calculated by first using the annual adjustment in Section 520, and second by subtracting \$2.00 per ton;
- (v) On April 1, 2020, the base amount per ton will be calculated by using the annual adjustment in Section 520;
- (vi) On April 1, 2021, the base amount per ton will be calculated by first using the annual adjustment in Section 520, and second by subtracting \$0.50 per ton;
- (vii) Commencing April 1, 2022, and continuing through the duration of the Contract, the base amount per ton will be calculated using the annual adjustment in Section 520.

Except as set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by having their representatives affix their signatures below.

WASTE MANAGEMENT OF
WASHINGTON, INC

THE CITY OF SEATTLE

By _____

By _____
Mami Hara
General Manager/CEO
Seattle Public Utilities

Dated: _____

Dated: _____

Authorized by Ordinance Number _____



SEATTLE CITY COUNCIL

Divided Report For consideration at Full Council

Committee: Civil Rights, Utilities, Economic Development and Arts Committee
Council Bill Number: 118932
Short Title: Waste Management Disposal Contract Amendment (Seattle Public Utilities)
Full Council Date: March 27, 2017
Analyst: Peter Lindsay, Council Central Staff

Overview

Council Bill 118932 would authorize the CEO/General Manager of Seattle Public Utilities (SPU) to amend the City's solid waste disposal contract with Waste Management of Washington Incorporated (Waste Management) for waste disposal and transportation services. The amendment would reduce the City's contracted tonnage rates for solid waste disposal for the next several years in exchange for delaying a previously negotiated City option to terminate the Waste Management contract.

The amended contract would discount the current solid waste disposal rate¹ by \$2.00 per ton in 2017 and 2019 and \$0.50 per ton in 2021. Based on the proposed discounts, SPU would enjoy cumulative savings of about \$8 million from 2017 to 2023. SPU proposes to use projected contract savings to support cash financing of the solid waste fund (SWF) capital improvement program (CIP) and to reduce the projected three-year average annual rate increase from 4.4 percent to 4.1 percent—a 0.3 percentage point difference. Independent of the proposed contract amendment, SPU is newly reporting to Council that it now expects to need to issue debt in the SWF to fund capital improvements—the last solid waste rate study assumed no need for additional debt issuance.

The amended contract delays the City's previously negotiated opportunity to end the Waste Management contract five years (from March 31, 2019 to March 31, 2024).

History of Legislation

On Tuesday March 14, 2017, the Committee voted to recommend the bill to the Full Council

Yes	Councilmember Herbold, Councilmember O'Brien, Councilmember Sawant
No	Councilmember Harrell

The bill was introduced on March 13, 2017 and discussed for a possible vote at the March 14, 2017 Civil Rights, Utilities, Economic Development and Arts Committee.

¹ The 2017 base disposal rate is \$44.01; given inflation and the April effective date of the proposed new discount, the new blended disposal rate for 2017 would be \$42.51.

Majority Position

By approving the proposed bill, SPU will enjoy \$8 million in savings on the Waste Management disposal contract over a 7-year period from 2017 to 2023. The bill also reduces appropriations to SPU's Solid Waste Fund General Expense Budget Control Level by \$466,000 in 2017 to provide Council a future opportunity to deliberate on the potential uses of contract savings. SPU proposes to use the savings to support cash financing of the solid waste fund (SWF) capital improvement program (CIP) and to reduce the projected 3-year (2018 to 2020) average annual rate increase from 4.4 percent to 4.1 percent—a 0.3 percentage point difference. Since discounts extend to 2024, there is the opportunity for a favorable impact on future anticipated solid waste rate increases currently project by SPU ranging from 2.8 percent to 4.2 percent per year from 2021-2023—this range is heavily dependent on SPU's strategic plan update which has yet to be submitted to Council.

SPU indicates that there are no jobs “directly” related to Seattle’s disposal contract with Waste Management and at best, Seattle’s tonnage represents 12 percent of the landfill’s activity and the workforce might be reduced by about 10 out of 105 jobs without Seattle’s garbage. However, it is speculative to assume that a new bid award for solid waste disposal would directly result in new jobs in Washington State because it is unclear whether a given contractor’s workforce is a) fully utilized and b) how productivity and staffing levels are influenced by other contracts.

SPU indicated that there are many risks with going out to bid now such as:

- the short timeline for developing an RFP making it harder for smaller firms to compete due to costs associated with proposing on a contract as large as Seattle’s;
- a successful bid potentially resulting in substantively higher rates than the current tonnage rate (for instance Snohomish County pays Republic Services 25 percent higher than Seattle despite serving 33 percent more volume);
- the potential loss of service quality and;
- an immediate loss of \$1.2 million in negotiated savings with Waste Management—this is the sum of savings from April 2017 to March 2019, the soonest any potential new solid waste disposal contract could go into effect.

Furthermore, a competitive procurement that resulted in a higher tonnage rate than proposed by the attached legislation could result in less cash on hand to support SPU’s CIP and increase the likelihood of additional bond funding and potentially higher future rates. In sum, SPU’s negotiated amendment is compelling because it guarantees lower solid waste rates at low risk while maintaining the quality of service Seattle residents expect.

Minority Opinion

SPU proposes to yet again extend a 26-year old contract—not opened since 1990—without consideration of critical social factors or sustaining the City's obligation to conduct clear and transparent negotiations involving public resources. Council Central Staff was not notified of SPU's 2016 negotiations with Waste Management until legislation was proposed in early 2017 on a critical timeline. Such a compressed schedule did not allow the Council to consider or hear from members of the environmental and labor communities much less vet alternatives to contract negotiations such as a full public procurement. There was little transparency or public process; values we should require from our city departments. Despite the \$8 million in projected savings, a competitive process applies full external market pressure—the most tried and tested means of generating savings on municipal contracts. It also allows third party or public validation of costing or marketing assumptions made by the City or more specifically, SPU. It also contradicts previous policy points made by SPU in the past.

For example, in 2014, SPU chose to advertise an RFP for a new processing contract for the recyclables from the City to test the market on the recommendation of their staff. Council was concerned at that point that the contents of the RFP pertaining to costs (labor costs of the provider) was inconsistent with the City's commitment under our newly enacted minimum wage legislation in that the RFP would have an adverse impact on low wage/minimum wage workers, many of whom were racially diverse and from the immigrant community. Simply put, in the City's attempt to drive down SPU's costs, we were asking the vendor to drive down their labor costs. However, SPU firmly stated that it was in the best interests of the City to test the market and use market pressures to arrive at a contract that was in the best interests of the City. As it turned out, the incumbent vendor won the RFP.

Now CB 118932 proposes to not test the market and instead maintain a contract that is well over 20 years old based on price alone; a decision which is inconsistent with past procurement recommendations from SPU as demonstrated in the 2014 recycling processing contract.

Council should be very concerned that the current disposal provider exports waste out of state to a facility that is non-union. Similar to the Council's stance against Wells Fargo for their association with the Dakota Access Oil Pipeline, Council should explore all of the factors presented by this decision. While value and price are important, there are many other considerations in a major contract, such as the impact on labor unions and Washington State jobs; environmental sustainability and stewardship; and our City's social obligations. In light of what is happening to cities across the country the most prudent and wise course is to test the market reflecting Council's consideration of social values in addition to price and reaping the benefits of a competitive public procurement to the advantage of the rate payer. For these reasons, CB 118932 should be voted down and SPU should use the RFP process to demonstrate transparency in the process and assert market pressures to arrive at an outcome that is consistent with our values.

Attachments:

- Waste Management Contract Amendment
- CB 118932 and Fiscal Note and Budget Summary
- Central Staff Memo
- Central Staff Questions and Answers
- SPU Pros and Cons Analysis
- SPU Responses to Committee Questions

**AMENDMENT No. 4
TO**

**The City of Seattle Contract with
Waste Management of Washington, Inc. (f/k/a Washington Waste Systems)
for the Transportation and Disposal of Waste**

This AMENDMENT is entered into by and between THE CITY OF SEATTLE ('City'), a municipal corporation of the State of Washington, and WASTE MANAGEMENT OF WASHINGTON, Inc. ('Contractor').

WHEREAS the City and Contractor entered into the Contract for Transportation and Disposal of Waste, dated September 11, 1990, and subsequently entered into Amendment No.1 dated October 31, 1996, Amendment No. 2 dated February 5, 2001, and Amendment 3 dated February 9, 2009 (with the Original Contract, Amendment No. 1, Amendment No. 2, and Amendment No. 3 collectively referred to as the "Contract"); and

WHEREAS, the parties desire to negotiate changes and make additions to the Contract.

IN CONSIDERATION of the terms and conditions herein, the parties agree to amend the Contract as follows:

Section 10 of the Contract, which was last amended by Amendment No. 3, is deleted and replaced in its entirety with the following:

Section 10. Length of Contract. This Contract shall enter into force and effect upon its execution and remain in effect until midnight, March 31, 2028; provided, however, that the City may terminate this Contract at its option without cause on March 31, 2024, by providing the Contractor with written notice by September 30, 2023.

Subsection 500(a) of the Contract, which was last amended by Amendment No. 3, is deleted and replaced in its entirety with the following:

(a) **Base Price.** The following base amounts per ton for each ton of Waste delivered to the Receiving Facility (subject to the annual adjustments in Section 520 unless otherwise indicated):

- (i) As of April 1, 2016, the base amount per ton is \$42.881 (2016 dollars) (which reflects the annual adjustment in Section 520 made on April 1, 2016).
- (ii) On April 1, 2017, the base amount per ton will be calculated by first using the annual adjustment in Section 520, and second by subtracting \$2.00 per ton;

- (iii) On April 1, 2018, the base amount per ton will be calculated by using the annual adjustment in Section 520;
- (iv) On April 1, 2019, the base amount per ton will be calculated by first using the annual adjustment in Section 520, and second by subtracting \$2.00 per ton;
- (v) On April 1, 2020, the base amount per ton will be calculated by using the annual adjustment in Section 520;
- (vi) On April 1, 2021, the base amount per ton will be calculated by first using the annual adjustment in Section 520, and second by subtracting \$0.50 per ton;
- (vii) Commencing April 1, 2022, and continuing through the duration of the Contract, the base amount per ton will be calculated using the annual adjustment in Section 520.

Except as set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by having their representatives affix their signatures below.

WASTE MANAGEMENT OF
WASHINGTON, INC

THE CITY OF SEATTLE

By _____

By _____
Mami Hara
General Manager/CEO
Seattle Public Utilities

Dated: _____

Dated: _____

Authorized by Ordinance Number _____

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE authorizing the CEO/General Manager of Seattle Public Utilities to execute an amendment to the contract with Waste Management of Washington, Inc., for waste disposal and transportation services; amending Ordinance 125207, which adopted the 2017 Budget, changing appropriations for Seattle Public Utilities; and ratifying and confirming certain prior acts.

..body

WHEREAS, the City has a contract with Waste Management of Washington, Inc., for waste disposal and transportation services, dated September 11, 1990, and amended on October 31, 1996, February 5, 2001, and February 9, 2009; and

WHEREAS, Seattle Public Utilities and Waste Management of Washington, Inc., negotiated mutually agreed terms for a fourth Amendment that will reduce City service payments and extend an interim opt-out date;

WHEREAS, the Council reserves the right to appropriate savings associated with reduced City service payments; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY

Section 1. The CEO/General Manager of Seattle Public Utilities is authorized to execute, for and on behalf of The City of Seattle, an amendment to the contract with Waste Management of Washington, Inc., for waste disposal and transportation services, substantially in the form of the contract amendment attached to this ordinance as Attachment 1.

Section 2. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is hereby ratified and confirmed.

1 Section 3. The appropriation for the following item in the 2017 Adopted Budget is
2 reduced from the fund shown below:

Item	Fund	Department	Budget Control Level	Amount
3.1	Solid Waste Fund	Seattle Public Utilities	General Expense (N000B-SW)	(\$465,751)
Total				(\$465,751)

3 Section 4. This ordinance shall take effect and be in force 30 days after its approval by
4 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
5 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

6 Passed by the City Council the _____ day of _____, 2017,
7 and signed by me in open session in authentication of its passage this ____ day of
8 _____, 2017.

9 _____
10 President _____ of the City Council

11 Approved by me this _____ day of _____, 2017.

12 _____
13 Edward B. Murray, Mayor

14 Filed by me this _____ day of _____, 2017.

15 _____
16 Monica Martinez Simmons, City Clerk

Peter Lindsay
SPU Disposal Contract ORD
D1a

1 (Seal)

2

3

4

5

Attachments:

6

Attachment 1 – Amendment No. 4 to The City of Seattle Contract with Waste Management of

7

Washington, Inc. (f/k/a Washington Waste Systems) for the Transportation and Disposal of

8

Waste

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Seattle Public Utilities	Peter Lindsay/4-5336	N/A

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE authorizing the CEO/General Manager of Seattle Public Utilities to execute an amendment to the contract with Waste Management of Washington, Inc., for waste disposal and transportation services; amending Ordinance 125207, which adopted the 2017 Budget, changing appropriations for Seattle Public Utilities; and ratifying and confirming certain prior acts

Summary and background of the Legislation: SPU contracts with Waste Management of Washington for transportation and landfill disposal of all garbage generated in the City of Seattle. The contract began in 1990 and ends in 2028. It is currently valued at \$13 million per year. The City has an option to opt out of the contract in March 2019.

Seattle Public Utilities has completed negotiations to delay this opt out option to March 2024. In exchange, SPU would receive contract savings that increase from about \$600,000 annually in April 2017, to about \$1.4 million per year in 2021. This legislation would authorize SPU to sign the negotiated amendment with Waste Management.

To preserve the Council’s appropriation authority the legislation reduces appropriations by \$466,000 to align SPU’s budget with the projected contract savings.

2. SUMMARY OF FINANCIAL IMPLICATIONS

X This legislation has direct financial implications

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2017	2018	2017	2018
	\$0	\$0	-\$466,000	-\$625,000
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2017	2018	2017	2018
	\$0	\$0	\$0	\$0
Positions affected:	No. of Positions		Total FTE Change	
	2017	2018	2017	2018
	0	0	0	0
Other departments affected:	None			

3.a. Appropriations

X This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/#*	2017 Appropriation Change	2018 Estimated Appropriation Change
45010	SPU	General Expense (N000B-SW)	-\$466,000	-\$625,000
TOTAL			-\$466,000	-\$625,000

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

The contract terms associated with this legislation provide for a \$2.00/ton discount starting April 1, 2017. Total savings are approximately \$466,000 in 2017 for the nine months for which the discount is in effect. In 2018, when the discount will be in effect for the whole year, savings are estimated at \$625,000.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

The contract associated with this legislation provides a \$2.00/ton discount on April 1, 2017, an additional \$2.00/ton discount on April 1, 2019 (for a total of a \$4.00/ton discount), and lastly an additional \$0.50/ton discount on April 1, 2021 (for a total \$4.50/ton discount).

Annualized savings (inclusive of all prior discounts) are estimated at \$1,269,000 per year for the combined 2017 and 2019 discounts and then \$1,435,000 annually with the additional 2021 discount. These savings will be passed along to solid waste ratepayers through the rate study process.

b) Is there financial cost or other impacts of not implementing the legislation?

This legislation is necessary for SPU to continue to dispose of non-recyclable solid waste.

c) Does this legislation affect any departments besides the originating department?

No.

d) Is a public hearing required for this legislation?

No.

e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- g) **Does this legislation affect a piece of property?**

No.

- h) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

None.

- i) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

No.

- j) **Other Issues:**

None.

List attachments/exhibits below:

MEMORANDUM

Date: March 10, 2017
To: Civil Rights, Utilities, Economic Development and Arts Committee
From: Peter Lindsay, Council Central Staff
Subject: CB 118931 Solid Waste Disposal Contract Amendment Summary

Synopsis

Council Bill 118931 would authorize the CEO/General Manager of Seattle Public Utilities (SPU) to amend the City's solid waste disposal contract with Waste Management of Washington Incorporated (Waste Management) for waste disposal and transportation services. The amendment would reduce the City's contracted tonnage rates for solid waste disposal for the next several years in exchange for delaying a previously negotiated City option to terminate the Waste Management contract.

The amended contract would discount the current solid waste disposal rate¹ by \$2.00 per ton in 2017 and 2019 and \$0.50 per ton in 2021. Based on the proposed discounts, SPU would enjoy cumulative savings of about \$8 million from 2017 to 2023. SPU proposes to use projected contract savings to support cash financing of the solid waste fund (SWF) capital improvement program (CIP) and to reduce the projected three-year average annual rate increase from 4.4 percent to 4.1 percent—a 0.3 percentage point difference. Independent of the proposed contract amendment, SPU is newly reporting to Council that it now expects to need to issue debt in the SWF to fund capital improvements—the last solid waste rate study assumed no need for additional debt issuance.

The amended contract delays the City's previously negotiated opportunity to end the Waste Management contract five years (from March 31, 2019 to March 31, 2024).

Background

SPU manages the City's garbage disposal contract for the benefit of Seattle residents. Once collected, all non-recyclable solid waste or garbage is transported to and disposed in the Columbia Ridge Landfill and Recycling Center in Gilliam County, Oregon. The current solid waste disposal contract with Waste Management was authorized by ordinance in 1990. The

¹ The 2017 base disposal rate is \$44.01; given inflation and the April effective date of the proposed new discount, the new blended disposal rate for 2017 would be \$42.51.

contract term was for 37² years with options for opt-out³ dates included to protect the City's interests. There have been three similar amendments to the contract authorized by Council: October 1996, February 2001, and February 2009. Past amendments to the contract have also provided the City with discounts to the tonnage rate for garbage disposal in exchange for delaying contractually defined opportunities to end the Waste Management contract.

The proposed contract amendments proposed by the Executive would discount the indexed tonnage rate for garbage disposal by \$2.00 in 2017, \$2.00 in 2019 and \$0.50 in 2021. Table 1 provides a 7-year breakdown of the financial impact of authorizing the amendment.

Table 1: Financial Summary of the Proposed Amendments to the Waste Management Contract

Current Terms	2017	2018	2019	2020	2021	2022	2023
Projected Tons	310,500	312,417	315,568	317,285	317,894	318,856	319,479
Per ton rate including projected inflation	\$44.01	\$45.22	\$46.46	\$47.74	\$49.05	\$50.40	\$51.78
Current costs	\$13,663,839	\$14,126,237	\$14,661,125	\$15,146,270	\$15,592,649	\$16,069,947	\$16,544,144
Amendment Terms							
Discount effective April	\$2.00	\$2.00	\$4.00	\$4.00	\$4.50	\$4.50	\$4.50
Average annual discount	\$1.50	\$2.00	\$3.50	\$4.00	\$4.38	\$4.50	\$4.50
New Rate	\$42.51	\$43.22	\$42.96	\$43.74	\$44.67	\$45.90	\$47.28
Amended Costs	\$13,198,088	\$13,501,404	\$13,556,637	\$13,877,130	\$14,201,864	\$14,635,095	\$15,106,487
Savings = Amended Costs LESS Current Cost	\$(465,751)	\$(624,833)	\$(1,104,488)	\$(1,269,140)	\$(1,390,785)	\$(1,434,852)	\$(1,437,657)

Analysis

There are three mutually exclusive options available to SPU as the 2019 opt-out date approaches: Option 1: strictly maintain the status quo; Option 2: pursue savings in lieu of opting out of the contract; or Option 3: open the contract and develop a request for proposal (RFP) for garbage disposal services in 2017.

Option 1 – Approved the Executive's proposal without changes

Strictly maintaining the status quo--forgoing the benefit of a negotiated contract amendment or a public procurement for disposal services—would result in no discernable benefit to the City in comparison to the other two scenarios. Below are descriptions of the strengths and weaknesses associated with either pursuing Option 2--negotiating new contract terms or Option 3--bidding the disposal contract.

² Contract commencement date was April 1, 1991

³ The opt-out date gives the City full discretion to end the garbage disposal contract with Waste Management and pursue a competitive bid for disposal services.

Option 2 – No Bid: Extend the City’s option to opt-out for five years - March 2019 to March 2024

Strengths

- Nets about \$8 million of savings for rate payers from 2017 to 2023.
- Retains a competitive contract at \$42 per ton when compared to other local jurisdictions.
- Preserves options for City Light green power generation.

Weaknesses

- 2024 contract option becomes largely performance-related.
- SPU may forego alternative technology proposals such as creating and marketing alternative fuels or manufacturing inputs from garbage disposal. Per SPU, no new regional disposal facilities are planned and proposed pricing for alternative disposal is above current rates.

Option 3 – Bid: Submit a RFP for disposal services in 2017 to take effect in April 2019

Strengths

- With a new public procurement, SPU could bid on current services and market options for alternative facilities and technologies.

Weaknesses

- SPU asserts that the disposal market is limited, the current rail market not favorable for new competition, and prices for services in other jurisdictions are not better (e.g., Snohomish County \$51/ton and Clark County @ \$41/ton for shorter haul and different mode).
- SPU indicates there would be limited options for alternative technology facilities in a near-term RFP.
- Current landfill and rail vendors may require a 10-year or longer term for capital financing purposes and result in a diminished flexibility for the City to amend the service profile.

Council Options

- A. Approve the Executive's proposal – No changes to the proposed legislation.
- B. Approve Executive's proposal with an amendment or new bill that reduces appropriations – SPU indicates that it would bring future legislation to Council for increasing the amount of cash financing in the Solid Waste Fund CIP. To preserve the ability to deliberate on the long-term financial direction of the utility, Council could decrease SWF appropriations funds in proportion to the savings reflected in Table 1. These savings would be available in the future to support either SPU's planned Solid Waste Fund CIP or for other purposes subject to future Council appropriations. A separate bill is necessary to change appropriations since the original legislation did not contain proposed changes to SPU's budget.
- C. Do not pass – A decision not to pass the ordinance would signal the Council's preference for the City to exercise the opt-out provisions in the Waste Management contract. The Council might want to consider such a decision if there was verifiable evidence that (a) superior contract prices for waste disposal at the same level of service were available, (b) the market for alternative disposal technologies was robust and competitive and (c) if there was a record of performance-related issues with the Waste Management contract. SPU indicates that Waste Management has provided reliable services at good value and the proposed amendments are consistent with that record.

cc: Kirstan Arestad, Central Staff Director
Dan Eder, Deputy Director Central Staff

SPU PROPOSED DISPOSAL CONTRACT AMENDMENT – Council Central Staff Questions 2/13/17

1. The Waste Management contract was amended three times in the past. Was each amendment of a similar nature to the amendment currently proposed to Council? That is, were they related to negotiated changes in contract unit costs in lieu of changing the opt-out date?

Yes, the three prior contract amendments also involved delaying City opt out dates in exchange for City savings on disposal price per ton, along with other enhancements.

2. What is the definition of opt-out? Does the City still retain all rights to either maintain the status quo or compete the contract? I understand the negotiated opt-out date is now 2024.

Yes, the opt out opportunities in the contract and amendment are entirely at the City discretion.

3. Can you send me a table explaining the contract savings for the period 2017 to 2024 and how that number relates to previously negotiated savings and the existing unit costs? The Fiscal Note provides estimates for 2017 and 2018, but the narrative describes savings of \$1.4 million by 2021 and it's not clear to me how the City enjoys only \$1.4 million in savings by 2021 if there is a permanent reduction in the unit costs beginning in 2017 on the order of \$500,000 or more per year.

Under the proposed contract amendment, the per ton discount starts at \$2.00 per ton on April 1, 2017, rises to \$4.00 per ton in April 2019 and finally to \$4.50 per ton in April 2022. The total discount increases from \$456,751 in 2017 when the \$2.00 discount is applied for nine months to \$1,437,657 when the larger \$4.50 discount is applied for the twelve months. The number of units is expected to remain relatively flat with a small increase.

Current Terms	2017	2018	2019	2020	2021	2022	2023
Projected Tons	310,500	312,417	315,568	317,285	317,894	318,856	319,479
Per ton rate including projected inflation	\$44.01	\$45.22	\$46.46	\$47.74	\$49.05	\$50.40	\$51.78
Draft SBP disposal cost	\$13,663,839	\$14,126,237	\$14,661,125	\$15,146,270	\$15,592,649	\$16,069,947	\$16,544,144
Amendment Terms							
Discount effective April	\$2.00	\$2.00	\$4.00	\$4.00	\$4.50	\$4.50	\$4.50
Average annual discount	\$1.50	\$2.00	\$3.50	\$4.00	\$4.38	\$4.50	\$4.50
New Rate	\$42.51	\$43.22	\$42.96	\$43.74	\$44.67	\$45.90	\$47.28
New Disposal Costs	\$13,198,088	\$13,501,404	\$13,556,637	\$13,877,130	\$14,201,864	\$14,635,095	\$15,106,487
Savings	\$(465,751)	\$(624,833)	\$(1,104,488)	\$(1,269,140)	\$(1,390,785)	\$(1,434,852)	\$(1,437,657)

4. Does the contract have an inflator (labor, goods and services, etc.) and fuel adjustment clause? Do we share fuel price risk with Waste Management or is it borne solely by the contractor? If there is an inflator, what has it been historically? If we share fuel price risk with Waste Management, how much exposure does SPU have?

SPU collection contracts have a fuel component in the inflation adjustments, but SPU processing and disposal contracts do not. In the Waste Management disposal contract, the per ton disposal price is adjusted annually by 70% of local CPI, as published by the Bureau of Labor Statistics. The

fuel risk is entirely with the contractor. The average inflation increase on the per ton price has been 1.3% per year during 2010-2015.

- 5. Is there an assumption of contract savings in the existing SWF rates? If so, how does the negotiated savings articulated in the Fiscal Note compare to the assumption(s) in the rate study? If the savings were not assumed in the rate study, what is the financial impact on the SWF due to contract savings?**

As the contract negotiations occurred after the rate study process, there is no assumption of savings in the rate study. Expected savings on the disposal contract include both a reduction in forecasted garbage tonnage and a lower inflation assumption.

The isolated financial impact of the proposed contract amendment is an increase in Debt Service Coverage of 0.4 in 2017 rising to 0.7 in 2019 because of the extra cash that is used towards CIP instead of bond funds. The current 3-year average rate increase for the current rate period is 4.4%, with the savings below incorporated, that falls to 4.1%. Because rates are already set, the savings will be used to contribute to CIP and reduce the long-term debt load.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Rate Study Assumption	\$13,764,762	\$14,247,432	\$14,809,397	\$15,321,087	\$15,797,725	\$16,308,141	\$16,815,899
Updated Assumption	\$13,198,088	\$13,501,404	\$13,556,637	\$13,877,130	\$14,201,864	\$14,635,095	\$15,106,487
Savings	\$566,673	\$746,028	\$1,252,761	\$1,443,957	\$1,595,861	\$1,673,046	\$1,709,412

Rate study disposal costs are higher than SBP draft disposal costs due to lower inflation and a more recent tonnage forecast for the SBP.

- 6. The Fiscal Note indicates a \$4.50 negotiated savings by 2021. What was the anticipated unit cost per ton in 2019 and 2021 without the negotiated savings? What is the anticipated unit cost per ton in 2019 and 2021 with the negotiated savings?**

Year	Without Negotiated Savings	With Negotiated Savings (Total Discount)
2019	\$46.46	\$42.46 (\$4.00)
2021	\$49.05	\$44.55 (\$4.50)

SPU Solid Waste Contract Plans – Internal Review

SPU-Waste Management disposal negotiations for potential Amendment 4 to SPU-Waste Management Long Haul Disposal Contract

Option 1 – No Bid: Extend for five years the City opt-out year, from March 2019 to March 2024

Strengths:

- \$8M total savings over 2017-2023 (*better than targeted*)
- Annual savings increase from \$500k in 2017 to \$1.4M/year in 2021 (10% discount)
- Retains one of the best values (\$42/ton rail & disposal) and most reliable services in region (including City Light green power generation)
- Allows SPU to frame a robust competitive procurement for 2024, if desired, pulling in many vendors and potentially supporting potential alternative disposal technologies (fuel production)

Challenges:

- May lock SPU into a contract where only opt out is performance-related
- May forego some alternative technology proposals in the interim period. (However, no regional facilities in the works, and proposed pricing for alternatives still well above current rail-disposal costs.)

Option 2 – Bid: RFP in 2017 for disposal services in April 2019

Strengths:

- May give SPU more flexibility in the short-term
- May allow SPU to bid for current services and some alternative technology components before 2024

Challenges:

- Current market is limited and prices/services for other jurisdictions are not better
 - Snohomish County and Thurston County served by Republic/BNSF for approximately \$51/ton. (Snohomish County also recently experienced major disruptions in disposal service, with days of garbage stockpiled at their stations, and has had ongoing occasional service delays)
 - Clark County served by Waste Connections/Barge for appx \$41/ton (shorter haul and different mode)
- Portland Metro and Kitsap County serviced by Waste Management for appx \$41/ton (shorter haul and different services)
- Future alternative facilities or technologies could not respond to a near-term RFP (issued in 3Q17 or 2019 services.)
- Current landfill vendors could require a 10-year or longer term for capital financing, locking in that service profile to 2029 or beyond.

SPU recommends moving forward with amendment to disposal contract - authorizing legislation required for a March amendment to contract.

Republic and Waste Management Landfill Wage Comparison – Received March 21, 2017

WM Columbia Ridge Landfill (Wages 3/26/17*)

Equipment Operator \$25/hr

Mechanic \$22

Truck Driver \$19 (Private road – Driver not required to be CDL)

Gas Plant Technician \$23

(Benefits provide another \$6/hour on all positions)

Republic Roosevelt Landfill (Wages 4/1/17)

Equipment Operator \$24/hr

Mechanic/Machinist \$28

Truck Driver \$22 (County road – Driver required to be CDL)

Environmental Technician \$26

Draft SPU Responses to March 15 Council Questions on SPU-WM Disposal Amendment

1. Why did SPU recommend a delay in Waste Management (WM) disposal opt out date, as compared to 2014 when SPU chose to not extend the Recycling processing contract with Republic?

SPU manages six service contracts for the collection, processing, and disposal of Seattle's waste. These contracts have different durations, potential end dates, and City leverage opportunities to terminate or extend service. The City strategically reviews each contract and term window for most favorable opportunities to extend or transition services. SPU considers opportunities for improvements in price and services, along with social and environmental factors. Cost and savings opportunities tend to be the primary factor, as the other elements are either similar between vendors or can be stipulated by the City. The table below summarizes the City opportunities related to recent disposal and recycling processing contract windows.

Disposal Haul & Landfill Options for 2019	Recycling Processing Options for 2016
<p>Current Contract - SPU's rail haul and disposal contract with WM began in 1991, and ends in 2028, with an opportunity for City to opt-out in 2019.</p>	<p>Prior Contract - SPU's prior recycling contract with Republic began in 2009, with City options to end service in 2013, 2016, or 2019. Based on contract terms and market assessment the City chose to first extend the contract in 2013 and then to compete the services in 2016. <i>(The prior contract had been signed with Allied Waste Services, who merged with Republic Services in 2008, becoming the nation's second largest waste company.)</i></p>
<p>Market Assessment - SPU reviewed current regional transport and disposal agreements to identify potential benefits of delaying the WM opt out date or competing services in 2019. The market review revealed Seattle's price and services are competitive or better than other local agreements. In addition, a significant negotiated discount would put Seattle ahead of most of other jurisdictions.</p> <p>SPU reviewed Republic's major agreement with Snohomish County, for rail haul and disposal of over 400,000 tons per year. Snohomish County pays \$52 per ton (25% higher than Seattle's current cost, despite serving 33% more volume).</p> <p>Waste Connection also has a major Oregon landfill and has recently been adding some rail haul from Seattle. They do not yet have comparable Central Puget Sound prices, but their agreement with Clark County suggests disposal costs similar to WM-Seattle. Waste Connections only recently began scaling up local rail loading and shipping capacity for Puget Sound.</p>	<p>Market Assessment - SPU continually monitors local processing options. In 2009 and 2013 Republic was the only processor in Seattle. However, Recology CleanScapes opened a new local facility in 2013 with additional capacity for new materials from Seattle. As a result for 2016 services, the market had doubled and had excess capacity.</p>

Disposal Haul & Landfill Options for 2019	Recycling Processing Options for 2016
<p>All regional disposal firms are limited in flexibility for cost, competition, and contract term by their underlying rail transit arrangements. The WM rail subcontract retains favorable transit terms, tied to the City disposal contract, with unique performance penalties and fuel cost exemption. WM's interest in retaining the transit agreement, is a leverage opportunity the City can use to gain favorable discounts and enforce performance.</p> <p>A new disposal contract would likely require a sufficient contract length to capitalize new transit capacity. SPU also tracks alternative disposal technology concepts; however, these are not yet locally available.</p>	<p>Service Delivery – SPU assessed that past and future performance prospects were strong at both potential processing vendors. A potential transition could be successful without gaps or risks to the City.</p>
<p>Service Delivery – SPU market review highlighted that significant service problems with other vendors would need to be addressed if service transitioned. Service reliability is fundamental for City garbage to operate effectively and meet regulatory requirements.</p> <p>In reviewing local performance, SPU noted that WM has maintained a record of highly reliable service, especially compared to other vendors and jurisdictions. For example, SPU suffered no significant interruption in disposal continuity this winter, even during severe winter conditions and ice storms that wiped-out rail and highways. However, Snohomish county has had ongoing periods during multiple months of major service gaps from Republic, with piles of garbage remaining at county transfer stations.</p> <p>Waste Connections has a limited local service record, and its reliability is relatively unproven.</p>	<p>Social Factors – A primary concern for recycling processing, is the industry norm of using temporary workers for line sorting positions, with no benefits and at minimum wage (formerly below a living wage). Republic, the 2nd largest waste company in the country, valued at \$16B, has repeatedly refused to voluntarily provide a livable wage or benefits to their sorters. The company remains at odds with local labor representatives related to this and other concerns. The Recology CleanScapes facility opened with temporary staff and soon transitioned them to permanent positions.</p>

Disposal Haul & Landfill Options for 2019	Recycling Processing Options for 2016
<p>Republic, like other major waste firms, has had plenty of labor challenges nationally, and some successes. Recology CleanScapes is also new to Seattle, since 2012, with limited but mostly favorable local practices and record.</p> <p>Seattle has addressed the vendor shortcoming on sorter treatment by requiring Republic and any other facility to hire primary sorters for Seattle materials in full-time, permanent positions with livable wages and full benefits. Seattle is a leader in this arena.</p> <p>(During the 2014 RFP process, Council recommended additional labor requirements for other positions. However, both vendors were already providing sufficient wages and benefits in the other positions.)</p> <p>SPU's strong labor standards for processing employees minimize any social risk in potential transition services for 2016.</p>	<p>Environmental Factors – SPU is not aware of significant gaps in environmental performance for major regional private landfills. WM and Republic each capture methane and generate power. Meanwhile, alternative disposal technologies are not yet cost effective or operating locally.</p>
<p>Environmental Factors – In this case, there was no significant environmental benefit or cost to retaining the current contract or competing new services</p>	<p>Conclusions – Based on the terms of prior processing contract, the significantly expanded market SPU pursued RFP for processing in 2014. The assessment proved correct and successful.</p>
<p>Conclusions – The current market provides limited potential for near-term savings and includes service risks, especially reflected in underlying rail agreements. However, the WM rail agreement does provide leverage for a negotiated discount. A negotiated WM discount provides immediate savings, maintains reliable services, and retains productive future competition window. A 2020 RFP for 2024 services could allow for sufficient advance vendor investments and facility implementation. Conversely, a late 2017 RFP with a limited proposal and implementation for 2019 would not provide much competition for traditional or alternative disposal options, and would forgo near term savings.</p>	

Disposal Haul & Landfill Options for 2019	Recycling Processing Options for 2016
<p>Outcome - SPU successfully negotiated \$8M discount with WM, beginning immediately, and retained a platform for potentially stronger market competition for 2024.</p>	<p>Outcome - The City achieved savings of \$1.5M per year, and expanded services under a new contract with Republic.</p>

2. **How many employees in total are employed at WM's Arlington landfill site? What number of WM employees are directly related to the City's contract and what would be the implication for those employees if the contract went to a different bidder? Are the WM employees represented?**

Waste Management employs approximately 105 staff at the Columbia Ridge Landfill in Arlington, Oregon. None of the employees at WM landfill are *directly* related to the City contract. Seattle delivers 300,000 tons per year to the facility, representing only 12% of the approximately 2.5 million tons per year handled at the landfill. The workforce for might be reduced by approximately 10%, or about 10 jobs, without Seattle's garbage.

The landfill employees are not represented, but they are full-time employees with average wages of \$30 per hour (excluding employer-paid payroll taxes, etc.) and full benefits (with additional features such a wellness reward program, stock discounts, legal services, employee discounts, and family scholarships). The landfill is the primary employer for families or rural Gilliam County and integral supporter of the local community and economy. Gilliam County Councilmembers have visited Seattle Council in past to share appreciation of the economic partnership.

3. **Historically the City has not supported incineration as an alternative technology for disposing of solid waste. Please provide a brief explanation of the reason incineration has been unattractive to the City in the past. Is it chiefly CO2 emissions? In broad terms, what kind of alternative technologies would interest SPU and how would they differ in principle from incineration technologies?**

Seattle's disposal plans are guided by the *Seattle Solid Waste Plan*, mostly recently adopted by City Council in 2013. For disposal options, the Plan directs SPU to:

- "Monitor emerging conversion technologies [creating fuel from garbage] ... continue contracting for landfill disposal...and not pursue or authorize direct combustion of mixed MSW...As alternative disposal technologies continue to evolve...Seattle should stay abreast of those developments. Seriously competitive technologies will require alignment with the city's environmental goals and a thorough life-cycle analysis."
- The Plan also provides background for the recommendations...including a review of "evolving array of alternatives to landfilling...including various forms of combustion, pyrolysis or gasification. Most of these technologies involve large capital investment. To pay off the investment, such facilities require a minimum daily level of material over an extended time. These restraints act as a disincentive to recycling. On the other hand, landfilling requires no daily minimum and less material

disposal extends the life of the landfill. Seattle has ready alternatives to combustion and other capital-intensive disposal technologies by increasing waste reduction, recycling, and composting as well as good long-term access to landfilling.”

Historically, the major challenges for incineration have been cost, siting opposition, required large tonnage volumes, reduced carbon in garbage stream, ash disposal, low power prices, air pollution controls, and climate compliance.

Alternative technologies beyond direct combustion have included manufacturing fuel products for market or creating industrial components for manufacturing (such as methanol). Many of same barrier to successful development also apply.

Seattle continues to be primarily focused on effective diversion of resources – separating yard and food waste and recyclables as valuable commodities. Seattle continues to be open to alternative disposal technologies in future. The best opportunity to consider alternatives through procurement is with substantial proposal and implementation lead times. A RFP in late 2017 for 2019 services, would likely preclude other alternatives and further delays future opportunities for a decade.

4. Though Republic’s facility includes a technologically advanced landfill gas power plant that is twice as large as the City’s current waste disposal provider, can you clarify whether the City could take advantage of the energy produced there, or whether there would be barriers to doing so or additional costs to do so that we do not incur currently at WM’s smaller landfill gas power plant?

There should not be any infrastructure limitations to purchasing power from Republic Services. There could be commitments or contracts for Republic’s power supply, but SPU is not familiar with those business arrangements. Power from the WM landfill generator plant is under long-term commitment to Seattle City Light to power Seattle homes.

5. Does exporting waste out of the state bypasses the Washington State Clean Air Rule?

The Washington Clean Air Rule appears to govern emissions from major Washington facilities and does not govern the WM landfill in Oregon. Regardless, the WM landfill does have successful methane capture.

Any recommendation to limit Seattle’s disposal options to within Washington State would severely limit Seattle options and opportunities to provide cost effective and desired services.