

# SPU Briefing on Proposed New Recycling Processing Contract

## Council Bill 118396

May 29, 2015

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*SPU is seeking authorization to execute a new contract with Rabanco Ltd, which is owned by Republic Services, to provide recycling processing services beginning in April of 2016.*

### Background

- Seattle contracts for recycling processing and other 'downstream' processing services under agreements separate from the City's waste collection contracts.
- Seattle's current recycling processing contract with Republic Services began in April 2009 and ends in March 2016. The City will not be triggering its option to extend to March 2019.
- Contracted recycling processing includes sorting and marketing 84,000 tons per year of recyclable material, mostly from Seattle households, apartments and condominiums.
- Business recycling is primarily handled independently by a variety of 'open market' vendors.

### Request for Proposals

- SPU briefed the SPUN Committee on September 9, 2014 on its plans to solicit proposals for future processing services and a Draft Request for Proposals (RFP).
- The RFP detailed City goals and priorities, specific services term and requirements, and the selection process and criteria.
- The Final RFP incorporated SPUN Committee member feedback and comments from potential vendors.
- SPU received proposals from Republic Services and Recology CleanScapes.
- Both proposals were strong in proposed technology and operations, vendor experience and support for workforce and sustainability.
- Republic Services' proposal was deemed stronger on price and was selected based on highest overall score relative to evaluation criteria.

### New Republic Contract

- The new five-year agreement begins in April 2016 and ends in March 2021, with City options to extend to March 2024 and 2027.
- The agreement continues processing of all current recycling materials, including all paper, plastics, metals, and glass.
- The agreement adds processing of additional household plastics and used cooking oil.
- The contract retains the option to add textiles processing in the future.

### Payment and performance terms

- SPU expects to save \$1.5 million each year under the new contract relative to projected payment if the current contract were extended.
- SPU will pay a monthly processing fee, based on the agreed tip fee per ton and will receive a monthly market credit, based on agreed market indices. The market credit varies from month to month, enabling SPU to avoid paying a risk premium in the processing fee.

### Performance and employee terms

- The contract retains performance adjustments for meeting residual standards and for maintaining high value end markets.
- The contract continues City-specified living wages, permanent employment, and benefit requirements for all staff, including primary sorters.
- Contractor must comply with standard non-discrimination and other mandatory City provisions and comply with all new laws and regulations without seeking additional compensation from SPU.