



Organics Processing Contracts Ordinance Consideration

Transportation and SPU Committee | July 18, 2023

Legislation Purpose

CB 120612 - To authorize Seattle Public Utilities to execute contracts with Lenz Enterprises, Inc. and Cedar Grove Composting, Inc to continue to provide organic waste processing services in the City of Seattle

Agenda

- Organics Processing Contract Overview
- Timeline
- SPU Organics Processing RFP Elements
- Contracts Highlights
- Financial Impacts

Organics Processing Contract Overview

- SPU's organics processing contracts expire on March 31, 2024.
- Request for Proposal issued last year for new contracts.
- Lenz Enterprises and Cedar Grove Composting, the current service providers, were selected and both firms negotiated new six-year processing contracts to begin in April 2024.
- This ordinance would authorize SPU to sign and implement the contracts.

Organics Processing Contracts - Timeline

June 2022:	RFP Released
Sept 2022:	Responses due
October 2022:	Interviews (all respondents)
November 2022:	Two respondents selected
Winter-Spring '22-23:	Negotiations
July-Aug 2023:	Briefings; ordinance consideration

SPU Organics Processing RFP Elements

- Processing of all types of compostable wastes, including yard debris, food scraps, and compostable food packaging.
- Allow for vendor flexibility in contract 'share', start date, and end dates.
- Proposals evaluated based on system costs, vendor experience, performance & reliability, safety & labor, community & environmental impacts.
- Optional vendor hauling support to supplement SPU hauling.
- Optional pet waste & compostable diaper processing.

Final Contracts Highlights

Terms

- **April 1, 2024 start**



40%



60%

- **6-year terms with 3, 2-yr extensions at City option.**
- **Prices keep SPU within rate path**

New for 2024

- **Clear Standards for Foodservice Ware:**



+ Independent Certifier

- **More peak month SPU Hauling to Cedar Grove Maple Valley**
- **Improved reporting**

Financial Impacts

- New contracts estimated to cost \$5.6M in 2024, in line with the \$5.5M for that year assumed for the adopted 2023-2025 solid waste rates.
- New costs will be incorporated into the 2024 budget development.
- Projected contract costs for the six-year term (2024-2030) are in line with the \$36.3M projection included in the most recent solid waste rate study.
- Annual inflation adjustments are at 80% CPI, the same terms as the prior organics contract.

Questions?

