

Solid Waste Services Procurement



City of Piedmont
November 27, 2017



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Overview

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- Comparison of Selected Rates
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Background

- ❑ Piedmont currently contracts with Richmond Sanitary Service, Inc. (dba Republic Services) for:
 - Collection of garbage, recycling, and organics
 - Processing and/or disposal of collected materials
- ❑ The current contract expires June 30, 2018
- ❑ Prior negotiations with Republic Services in Summer 2016 for an extension were unsuccessful, due to large proposed rate increases with no change in service
- ❑ City decided to test the marketplace with a competitive procurement process
- ❑ Republic Services was the only submitter



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Procurement Timeline

- ❑ **November 7, 2016:** R3 Consulting Group, Inc. (R3) retained by City for procurement assistance
- ❑ **December 16, 2016 – February 16, 2017:** Community-wide survey (700+ responses)
- ❑ **January 17, 2017:** R3 provided update to City Council and invited input
- ❑ **January 20, 2017 and February 2, 2017:** R3 conducted community meetings to inform community and solicit feedback
- ❑ **March 14, 2017:** Draft RFP and Collection Services Agreement publicly posted for review and comment
- ❑ **April 10, 2017:** RFP released
- ❑ **June 12, 2017:** Proposal submission deadline
- ❑ **June 15, 2017 and June 27, 2017:** Evaluation panel met to discuss Republic Services' proposal
- ❑ **July 17, 2017:** City Council direction to proceed with contract negotiations with Republic Services
- ❑ **September 2017 – November 2017:** Contract negotiations



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Key Agreement Changes Affecting Single Family Customers

- ❑ Rate increase for both Curbside and On-Premises (i.e. “Backyard”) Service
- ❑ On-Premises Service will be available to qualifying physically disabled residents at Curbside Service rates.
- ❑ SFD Large Item Collection Service reduced from 4 collections per year at 5 cubic yards per collection to 2 collections per year at 6 cubic yards per collection
- ❑ Compact fluorescent lamps (CFLs) added as an acceptable Recyclable Material for residential Service Recipients when properly contained in a sealed plastic bag and placed on top of a Service Recipient Recycling Cart.



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Comparison of Selected Rates

Comparison of Republic Services Initial Proposed Rates vs. Escalated 2008 Competitor Rates (35-gallon service example)

35-Gallon Garbage Container (Monthly Rates)	2008-2009		2017-2018 Republic Services Current Rates WM and CWS Estimated*		2018-2019 Republic Services Initial Proposed Rates WM and CWS Estimated*	
	Curbside	Backyard	Curbside	Backyard	Curbside	Backyard
Republic	\$44.53	\$49.52	\$55.11	\$61.08	\$88.65	\$131.43
Waste Management	\$62.62	\$72.42	\$77.50	\$89.33	\$79.55	\$91.64
California Waste Solutions	\$108.99	\$158.89	\$134.89	\$195.98	\$138.45	\$201.06

*Estimated assuming the same level of annual adjustments as Republic through 2017-2018 and assuming an adjustment for 2018-2019 based on the average of previous annual adjustments



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Comparison of Selected Rates

Note: All compared include Franchise Fee of 5.5%

Single-Family						
Garbage bundled with 95 gallon recycling and 95 gallon organics (Curbside) or 35 gallon recycling and 35 gallon organics (On-Premises)						
Monthly Rates	20 gallon	35 gallon	65 gallon	95 gallon	20 gallon On-Premises	35 gallon On-Premises
Current Monthly Rates per Customer	\$52.39	\$55.11	\$65.02	\$76.90	\$55.41	\$61.08
Republic Initial	\$86.13	\$87.71	\$91.09	\$94.48	\$128.91	\$130.49
Republic Revised	\$79.84	\$84.60	\$116.55	\$130.52	\$122.17	\$126.93

Multifamily & Commercial						
Garbage, not bundled with recycling or organics (recycling and organics are below)						
Monthly Rates	35 gallon 1 x per week	35 gallon 2 x per week	95 gallon 1 x per week	95 gallon 2 x per week	2 CY 2 x per week	2 CY 5 x per week
Current Monthly Rates per Customer	\$59.48	\$118.95	\$93.78	\$187.56	\$663.85	\$1,597.52
Republic Initial	\$80.47	\$160.93	\$87.23	\$174.46	\$864.93	\$2,162.33
Republic Revised	\$77.35	\$154.71	\$123.27	\$246.54	\$864.93	\$2,162.33

Multifamily & Commercial								
Monthly Rates	Recycling				Organics			
	35 gallon 1 x per week	35 gallon 2 x per week	95 gallon 1 x per week	95 gallon 2 x per week	35 gallon 1 x per week	35 gallon 2 x per week	95 gallon 1 x per week	95 gallon 2 x per week
Current Monthly Rates per Customer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Republic Initial	-\$0.40	-\$0.80	-\$0.40	-\$0.80	\$7.65	\$15.30	\$7.65	\$15.30
Republic Revised	-\$0.40	-\$0.80	-\$0.40	-\$0.80	\$7.65	\$15.30	\$7.65	\$15.30



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Negotiations

The City and R3 were able to negotiate a reduction to overall revenue to Republic Services from rates of about 2.4%. The key items accepted in exchange for rate reductions include:

- ❑ SFD Large Item Collection Service reduced from the requested 4 collections per year at 6 cubic yards per collection to 2 collections per year at 6 cubic yards per collection. The current service level is 4 collections per year at 5 cubic yards per collection.
- ❑ Detailed Rate Review eliminated.
- ❑ Annual Rate Adjustment methodology changed from a combination of RRI (Refuse Rate Index) and CPI (Consumer Price Index) applied differently to various elements of the rates to CPI applied to the total rate, with a floor of 2.5% and ceiling of 4%.



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Negotiations

- ❑ Reimbursement for Rate Adjustment reduced from \$7,500/year to \$2,500/year.
- ❑ Transition Payment (one-time) of \$125,000 eliminated (and unnecessary given that Republic Services is the incumbent franchisee).
- ❑ Proposal Development Fee (one-time) reduced from \$175,000 to \$140,000.
- ❑ Additional Performance Reviews (quantity 2) of \$20,000 each eliminated.
- ❑ Franchise Fee kept at the current 5.5% instead of increasing to the requested 6.5%.



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Recommendation

- ❑ Adopt ordinance to approve the execution of the Solid Waste Collection Service Agreement between the City of Piedmont and Richmond Sanitary Service, Inc.



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Next Steps

- ❑ Assuming City Council approves the Solid Waste Collection Service Agreement, Republic Services will begin preparations once the Agreement is executed for commencement of services on July 1, 2018.



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