



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND, WA**

**AB 5438  
June 5, 2018  
Study Session**

<b>SOLID WASTE CONTRACT RFP</b>	<b>Action:</b> No action necessary. Receive report.	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
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<b>DEPARTMENT OF</b>	Public Works (Jason Kintner)
<b>COUNCIL LIAISON</b>	Debbie Bertlin
<b>EXHIBITS</b>	1. Draft RFP Timeline
<b>2018-2019 CITY COUNCIL GOAL</b>	6. Update Outdated Codes, Policies and Practices
<b>APPROVED BY CITY MANAGER</b>	

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

**BACKGROUND**

The City’s contract for solid waste collection services with Rabanco Ltd., d/b/a Allied Waste Services of Bellevue (known to Island residents as Republic), is set to expire September 30, 2019. Services include residential (solid waste, recycling, yard, and organic waste curbside pickup, bulk waste, and appliance recycling), commercial detachable containers, and drop-box lines of business. Republic provides all collection, customer service, and customer billing functions.

Republic has provided collection service to Mercer Island since 1981. During the last two contract cycles, the City negotiated directly with Republic for solid waste services. Recent data from the 2018 Citizen Survey results indicates that the community is generally satisfied (77% average residential satisfaction rate) with the current levels of service.

To assist with the procurement of a new solid waste contract, the City hired Jeff Brown, Epicenter Services LLC, to review and provide recommendations on effective strategies for the development of a new contract. Epicenter Services has recently completed competitive procurements for the City of Mukilteo, City of Sammamish, and is assisting with contract negotiations for the City of Newcastle and the City of Snoqualmie.

Prior to beginning the competitive Request for Proposal (RFP) procurement process, the City explored a nine-month extension with Republic which would have allowed the City to negotiate directly with Republic while providing the necessary time to competitively procure a new contract if the negotiations failed.

Due to the current volatility in the West Coast recycling market and impacts from China's "National Sword" and "Blue Sky" initiatives imposing stricter contamination standards, Republic declined the nine-month extension. Instead, Republic requested the City pursue a RFP process, or consider a longer extension (minimum of three years) that would include negotiations over rate increases. In response, due to the timing of the existing contract's expiration, the City has begun to develop the RFP for solid waste/recycling/yard waste collection services.

## **RECYCLING MARKET CHALLENGES**

American recycling companies, including Republic (which is a hauler and a recycler), have relied extensively upon buyers in the Chinese market. Until recently, China processed over 50% of the planet's raw recyclables. Earlier this year, the Chinese government implemented new contamination rules severely limiting the amounts and types of recyclables that it will accept for processing, including mixed paper and some mixed plastics. It is unknown if the Chinese markets will rebound and provide relief in the future. Currently, domestic solutions for these specific products remain limited. As such, industry experts have noted that the current business model for recyclables is not viable. In addition, due to the recent changes implemented by haulers to more effectively sort and clean products, fully loaded costs have been difficult to predict and are anticipated to increase.

## **NEXT STEPS**

As currently drafted, the base residential and commercial services would remain largely comparable to current service levels. To allow sufficient time for mobilization and implementation of a new service contract, competitive procurement needs to be completed no later than 10-12 months prior to the conclusion of the existing contract. At the June 6 Council Study Session, Epicenter Services will outline the RFP process and timeline (Exhibit 1) and staff will seek Council direction for development of alternatives to be included in the procurement for services.

## **RECOMMENDATION**

*Public Works Director*

No action necessary; receive report and provide staff direction.

**DRAFT  
MERCER ISLAND SOLID WASTE CONTRACT  
RFP SCHEDULE**

<b>Event</b>	<b>Time Frame</b>
Scope contract, internal review of drafts and RFP	May-June 2018
Release Industry Review draft of document set	June 13, 2018
Industry Review comments due	June 29, 2018
Release Final RFP to Known Interested Parties	July 16, 2018
Deadline for Proposer Questions	August 10, 2018
<b>Proposals Due</b>	<b>4:00 PM PST September 18, 2018</b>
Proposal Evaluation, Interviews, Clarifications	September/October 2018
Selection, Finalization of Contract	October 2018
Recommendation to City Council	November 2018
City Executes Contract	November-December 2018
Contractor Delivers Transition/Implementation Plan	January 2019
Container Delivery or Relabeling	September 2019
Start of Collection Services	October 1, 2019