

AM NO. 10-013 (C6)

MEMO TO: City Council

FROM: John Marchione, Mayor

DATE: January 19, 2010

SUBJECT: **APPROVAL OF CONTRACT AMENDMENT NO. 2 TO THE COMPREHENSIVE GARBAGE, RECYCLABLES AND YARD DEBRIS COLLECTION CONTRACT WITH WASTE MANAGEMENT**

I. RECOMMENDED ACTION:

Approve Contract Amendment No. 2 to the Comprehensive Garbage, Recyclables and Yard Debris Collection Contract with Waste Management, to revise the Consumer Price Index adjustment for 2010, apply the revenue to the Commercial Organics Recycling program, and authorize the Mayor to sign the agreement.

II. DEPARTMENT CONTACTS:

Bill Campbell, Director of Public Works	425-556-2733
Ron Grant, Assistant Public Works Director/City Engineer	425-556-2742
Jon Spangler, Natural Resources Division Manager	425-556-2823
Jerallyn Roetemeyer, Environmental Quality Manager	425-556-2824
Stacey Breskin-Auer, Solid Waste Program Manager	425-556-2832

III. DESCRIPTION:

As part of the 'Budgeting-by-Priorities' process, the percentage of total waste stream recycled was used as an indicator for the Clean and Green Environment priority. Organic waste represents the greatest area of opportunity for solid waste diversion in King County. Currently, 28.8% of the non-residential solid waste stream in King County is organics that could be composted.

In 2007 the City of Redmond developed and implemented a citywide commercial organics recycling program. The program is an amendment to the City's contract with Waste Management for garbage and recycling collection. Under this amendment, businesses with substantial organic waste, such as restaurants and florists, may participate in the organics collection program. Currently the City has approximately 65 businesses signed up for commercial organics service.

To promote commercial organic waste recycling, the City of Redmond subsidizes the program through solid waste funds. Once participation rates are at a level to sustain the program, the program costs will be integrated into the overall collection rates. As a result of the program's success, costs to the Solid Waste Fund have nearly doubled from when the program was initiated as a pilot project in 2004.

Each year commercial and residential solid waste bills are increased based on the Consumer Price Index (CPI). This year the CPI is negative which would result in a very small decrease in rates (for many customers only a few cents per month). This amendment would keep rates the same from 2009 to 2010, and Waste Management would credit the City's monthly commercial organics recycling invoice.

IV. IMPACT:

The proposed amendment will reduce the subsidized cost of the commercial organics program by approximately 52% (\$25,000).

Customers will see no change in their solid waste rate from 2009 through February 2011, when the existing contract expires.

V. ALTERNATIVE:

Do not integrate any portion of the commercial organics recycling service into 2010 rates and continue to subsidize the program through the Solid Waste Fund. This will continue an annual cost of approximately \$50,000 depending on participation rates. Customers will see a small decrease (two cents for residential customers) in their monthly solid waste invoice.

VI. TIME CONSTRAINTS:

Although there are no mandatory deadlines, we are trying to have the rate established as early in 2010 as possible.

ATTACHMENT A

City of Redmond and Waste Management of Washington, Inc. Comprehensive Garbage, Recyclables and Yard Debris Collection Contract

Contract Amendment #2

This contract amendment is made between the City of Redmond, Washington, hereafter “the City” and Waste Management of Washington, Incorporated, hereafter “Contractor.”

WHEREAS, the City and Contractor in 2003 entered into an agreement entitled “Comprehensive Garbage, Recyclables and Yard Debris Collection Contract,” hereafter “Contract,” and

WHEREAS, the City and Contractor amended that Contract in 2007 to implement commercial foodwaste collection; and

WHEREAS, the annual CPI adjustment mechanism pursuant to Section 3.3.1 of the Contract would result in a very small customer rate reduction in 2010 due to a slightly negative CPI during the 2008-2009 index period; and

WHEREAS, the increased participation in the commercial foodwaste program has resulted in impacts to the City’s Solid Waste Fund; and

WHEREAS, the City and Contractor would like to keep customers’ garbage fees at the 2009 rate through 2010 and apply the revenue commercial foodwaste program to offset the costs.

WHEREAS, Section 6.15 of the Contract provides that the City and Contractor may negotiate in good faith the provision of additional services which may be authorized by written amendment; and,

NOW, THEREFORE, in consideration of these mutual benefits and promises, the parties hereby agree as follows:

1. The parties agree to calculate the amount of the projected 2010 rate decrease by multiplying the actual revenue generated by service/collection portion of the Redmond customer rates from December 1, 2008 through November 30, 2009 by the January 2010 Annual CPI Modification per Section 3.3.1 of the Contract. The parties agree that this amount is \$25,000 for 2010, equaling \$2,083 monthly for each month of 2010.
2. The parties agree that \$2,083 will be subtracted from the Contractor’s monthly invoice to the City for commercial foodwaste services through the end of the contract period. In the event that the foodwaste program is reduced, eliminated or otherwise results in the Contractor owing a balance to the City at the end of a particular month due to this Contract Amendment, the Contractor shall itemize and add that net amount to its monthly Administrative Fee payment.
3. Customer rates for all services detailed on Contract Attachment B shall remain at 2009 levels throughout 2010.
4. The Administrative Fee paid to the City pursuant to Contract Section 3.2 shall remain at the 2009 level throughout 2010.

5. The 2011 customer rate, Administrative Fee modification, and monthly commercial organics invoice adjustment per Item 2 above shall use the January 2009 rates as the basis for developing 2011 rates per Section 3.2 and 3.3 of the Contract.

6. In all other respects the Contract shall remain in full force and effect.

Dated this _____ day of _____, 2010.

WASTE MANAGEMENT OF WASHINGTON, INC.

CITY OF REDMOND

By _____

By _____

John Marchione, Mayor

Name _____

ATTEST:

Title _____

By _____

City Clerk

APPROVED AS TO FORM:

By _____

City Attorney