



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB24-081
August 12, 2024
Committee Report

AGENDA BILL INFORMATION

TITLE:	AB24-081: Resolution Awarding Waste Management of Washington, Inc. the 2025 Solid Waste Contract	<input type="checkbox"/> Discussion Only
PROPOSED ACTION:	Approve Resolution No. 1694 awarding the City's Solid Waste Contract to Waste Management of Washington, Inc., and authorize the Mayor to sign.	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

REVIEW:	Department Director	n/a	8/1/2024
	Finance	Drew Bouta	7/30/2024
	Legal	David Linehan	8/1/2024
	City Administrator	Mike Chambless	8/1/2024

DEPARTMENT:	Parks & Public Works		
	STAFF: Patrick Fry, Project Engineer		
	COMMITTEE: Parks & Public Works		COMMITTEE DATE: August 6, 2024
	EXHIBITS: 1. AB24-081x1 (Resolution) 2. AB24-081x2 (Contract) 3. AB24-081x3 (Bid Tab)		

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUESTED	\$ n/a

SUMMARY

INTRODUCTION

The City of Snoqualmie's Solid Waste Contract outlines how haulers need to manage solid waste (trash, recycling, and compost) within the City of Snoqualmie and lays out how much it will cost each resident and business. The current Solid Waste Hauling Contract with Waste Management is set to expire May 31st, 2025. A Request-For-Bid was advertised to four solid waste haulers that operate in Western Washington. Three bids were received and Waste Management, the incumbent hauler, was identified as the low bidder.

Staff recommends approving a new 7-year contract beginning June 1st , 2025 with Waste Management.

LEGISLATIVE HISTORY

The Comprehensive Garbage, Recyclables, and Compostables Collection Agreement with WM went into effect on June 1, 2012. The current contract has been amended four times on the following dates:

First Amendment: 5/16/2012

Second Amendment: 9/10/2012

Third Amendment: 6/11/2019

Fourth Amendment: 8/28/2023

On February 13, 2024, council provided a motion to pursue a request-for-bid for the new solid waste contract.

BACKGROUND

The current Solid Waste Handling Contract with Waste Management was implemented in 2012 and is set to expire May 31st, 2025. After three 2-year extensions, the contract cannot be extended again, and a new contract must be negotiated and signed. Current Snoqualmie Municipal Code limits new contracts to a maximum of 7 years with two, 1-year extensions.

The proposed contract was sent to 4 haulers for industry review on March 6, 2024 to allow contractors to review the contract for questions, concerns, comments, or red flags. Following industry review, staff reviewed the comments and implemented any changes to the contract as necessary.

The Request-for-Bid was advertised to Waste Management, Recology, Republic Services, and Cedar Grove on April 15, 2024 and bids were received on May 7, 2024. A total of 3 bids were received and Waste Management was identified as the low bidder.

ANALYSIS

Solid Waste Pricing has many different tiers, customer types, and services. In order to ensure that bids are compared fairly and competitively, the number that was compared in the bids was the "Total Annual Estimated Revenue" which is an aggregate of all the containers distributed multiplied by the bid price per year, estimating how much revenue each bidder would collect in a given year. Of the 3 bids received, WM had an annual estimated revenue of \$4.47M, Republic had an annual estimated revenue of \$4.82M, and Recology had an annual estimated revenue of \$5.37M.

The table below shows the current contract 2024 rates and new contract rates in 2024 dollars for the most common service level for each line of business. Rates in the new contract were proposed in 2024 dollars and will be adjusted for June 1, 2025, to incorporate a CPI adjustment, increase in the 2025 King County disposal fee, and the King County Fixed Annual Charge (FAC). The rates below include a 10.7% Administrative Fee, but do not include taxes and fees.

Common Service Levels	Current 2024 Contract Rates	New Contract Rates (in 2024 Dollars)
Residential 32 Gallon Garbage Cart	\$33.44	\$47.58
Multi-Family/Commercial 2 Cubic Yard Garbage Dumpster	\$291.54	\$408.97
Multi-Family/Commercial 20 Cubic Yard Drop-Box	\$216.18	\$385.01
Estimated Annual Service Revenue	\$3.0M	\$4.5M

Although customers will experience increased rates under the new contract, these rates are comparable to other cities in the area who have recently procured a new contract with similar services. This is a very difficult time to procure new contracts due to uncertainty over the potential of long-term collection costs to outstrip

the contract inflation escalator, instability in the current recycling markets, decrease in the value of recyclable materials, future inflation uncertainty, and supply chain issues.

Staff requested pricing for contract alternatives which can be implemented at the rate indicated (in 2024 dollars). Any alternative selected would adjust the monthly rate of each residential customer by the amount listed below.

1. **No Cost Annual Bulky Item Collection:** The draft contract provides bulky item collection for a fee. For example, refrigerators are \$152.47 each, mattresses are \$101.65, and tires are \$50.82 each. Under this alternative, each residential customer would receive one no-cost collection of up to one bulky item per year. This would cost residents an additional \$1.35 per month.
2. **Every-Other-Week Compostables Collection:** The draft contract offers weekly collection of embedded compostables services to residential customers. Under this alternative, compostables carts would be collected every-other-week. It is estimated that the average household sets out approximately 22.2 pounds of compostables every week. This alternative would save residents \$3.25 per month.
3. **Seasonal Compostables Collection:** The draft contract offers weekly collection of embedded compostables services to residential customers. Under this alternative, compostables carts would be collected every-other-week in the winter, but continue to be collected weekly in spring, summer, and fall. This would save residents \$1.00 per month.

BUDGET IMPACTS

Administration recommends approving a contract with Waste Management to provide comprehensive garbage, recyclables, and compostables collection services between June 1, 2025 to May 30, 2032. Approval of the contract is not expected to increase City expenditures (i.e. the budget appropriation). However, contract approval is expected to increase two important revenue sources for the City, the solid waste administrative fee and the solid waste utility tax.

Solid Waste Administrative Fee:

The solid waste administrative fee is designed to cover all City administrative costs incurred to manage and administer the contract with receipts collected from customers by the contractor and remitted to the City. The administrative fee is expected to generate approximately \$320,000 in revenue for 2024. Given the overall increase in solid waste rates, the administrative fee is expected to generate approximately \$390,000 in revenue for 2025, which represents a \$70,000 increase.

Solid Waste Utility Tax:

The solid waste utility tax is a business and occupation tax that is imposed on the income of Waste Management for providing services within the boundaries of the City. The City of Snoqualmie has used approximately 2/3 of the unrestricted revenue to support General Fund (#001) departments such as Police and Fire and 1/3 of the unrestricted revenue to support the Street Resurfacing Program within the Non-Utilities Capital Improvement Plan (CIP). The distribution between the General Fund and Non-Utilities CIP however is expected to change with the approval of the 0.1% TBD Sales Tax earlier this year. The solid waste utility tax is expected to generate approximately \$370,000 in revenue for 2024. Given the overall increase in solid waste rates, the utility tax is expected to generate approximately \$450,000 in revenue for 2025, which represents an \$80,000 increase.

NEXT STEPS

Staff recommend awarding the Solid Waste Contract to Waste Management of Washington, Inc. and authorizing the Mayor to sign.

PROPOSED ACTION

Motion to approve Resolution No. 1694 awarding the City's Solid Waste Contract to Waste Management of Washington, Inc., and authorize the Mayor to sign.