

Actions Related to Commercial Solid Waste Agreements

*February 25, 2020
City Council Item 6.2*

*Presented by:
Kerrie Romanow, Director, Environmental Services Department*

Staff Recommendation

- Negotiate and execute Amended and Restated agreements with Allied Waste Services of North America, LLC (a.k.a. Republic) and Zero Waste Energy Development Company (ZWED)
- Approve a settlement agreement to resolve disputes among parties

Commercial Solid Waste System

- ESD / IWM manages all solid waste and recycling contracts for the City
- Commercial collection and processing services for ~10,000 businesses are provided exclusively by Allied, also known as Republic Services
- Commercial organics processing services are provided by Zero Waste Energy Development (ZWED) Company
- Allied and ZWED have separate agreements with the City

Current Commercial Recycling System



Allied (Republic Services)

15 year Agreement (2012 – 2027)

Collection, Materials Processing, & Disposal

Process all material before any disposal

Capture & deliver Organics to ZWED

Zero Waste Energy Development

15 year Agreement (2012 – 2027)

Anaerobic Digestion & Composting

Rely on Republic for delivering Organics

Current Commercial Material Breakdown

Total
239,000

72,000 (Wet)
110,000 (Dry)
25,000 (Customized)
Republic MRF

49,000 (Pre-processed
Wet)
22,000 (Direct Hauled
Wet)
ZWED

Average tons per year

Outstanding issues

- Notice of Breach to the City by ZWED
- Cease & Desist to Allied by City
- Liquidated Damages to Allied
- Ongoing disputes on interpretation of contract terms

Mediation Terms

- Agreement terms extended by 5 years (2032)
- Flat rate Service Fee to ZWED with maximum tonnage guarantee to ZWED
- No pre-processing of wet and some dry material with direct delivery to ZWED
- Full mutual release of all claims
- Implementation date: March 1, 2020

Proposed Commercial Recycling System



Allied (Republic Services)

15 year Agreement (2012 – 2027), 5-year extension to 2032

Collection of all materials, Dry Materials
Processing up to 200 tons/day, & Disposal

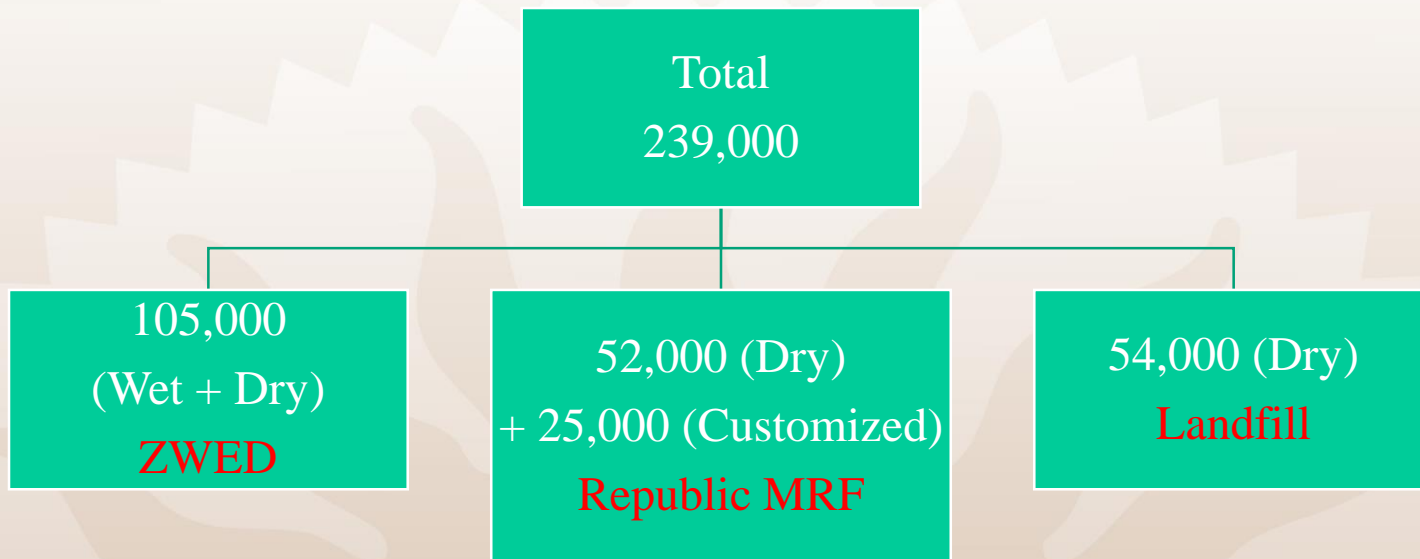
Collect & direct deliver all Organics to ZWED

Zero Waste Energy Development

15 year Agreement (2012 – 2027), 5-year extension to 2032

Processing of Organics, some Dry Material,
Anaerobic Digestion & Composting, & Disposal

Proposed Commercial Material Breakdown



Average tons per year

Benefits

- All claims among all parties settled
- Removes ZWED's dependency on Allied
- Allied & ZWED perform their specialized services
- Guarantees organics processing capacity (SB1383 requirement)
- Provides stability to the facilities
- Allows window for longer term solutions as recycling markets stabilize

Concerns

- Allows Allied to not process low recyclable content dry material
 - City and Allied to collaborate on improving quality of low-recyclable content dry material by working with customers and making system changes
- Overall system diversion may decline

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Questions

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