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CITY OF SEATTLE
ORDINANCE _____
COUNCIL BILL 118051

AN ORDINANCE authorizing the Director of Seattle Public Utilities to execute an amendment to the contract with PacifiClean Environmental of Washington for organic waste processing services, and ratifying and confirming certain prior acts.

WHEREAS, the City has a contract with PacifiClean Environmental of Washington to process a portion of the City's organic waste beginning April 1, 2014; and

WHEREAS, PacifiClean Environmental has been delayed in siting a new processing facility for the contract service period and might need to use backup facilities for an initial period; and

WHEREAS, PacifiClean's specified backup facilities are the Cedar Grove facilities currently used by the City; and

WHEREAS, the City Council directed Seattle Public Utilities to amend the contract with PacifiClean Environmental if these backup facilities are expected to be used, and provide terms for City drivers to continue transporting organic waste to the Cedar Grove facilities; and

WHEREAS, PacifiClean agrees to amended contract terms to allow for continued City waste transportation; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of Seattle Public Utilities is hereby authorized to execute, for and on behalf of the City of Seattle, an amendment to the contract with PacifiClean Environmental of Washington for organics processing services, substantially in the form of the contract amendment attached and identified as Attachment 1.

Section 2. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is hereby ratified and confirmed.

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Section 3. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2014, and signed by me in open session in authentication of its passage this ____ day of _____, 2014.

President _____ of the City Council

Approved by me this ____ day of _____, 2014.

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2014.

Monica Martinez Simmons, City Clerk

(Seal)

Attachment 1: Amendment No. 1 to the PacifiClean Organics Waste Processing Contract

**AMENDMENT No. 1
TO**

**The Organics Waste Processing Contract
Between the City of Seattle and PacifiClean Environmental of Washington, LLC**

This AMENDMENT is entered into by and between THE CITY OF SEATTLE ('City'), a municipal corporation of the State of Washington, and PACIFICLEAN ENVIRONMENTAL OF WASHINGTON, LLC ('Contractor').

WHEREAS, the parties desire to negotiate changes and make additions to the Contract.

IN CONSIDERATION of the terms and conditions herein, the parties agree to amend the Contract as follows:

1. **Section 150. Transportation Services if Primary Facility is Delayed** is inserted as a new section as follows (to clarify transportation and trailer responsibilities if the Contractor's primary processing facility is not operating and accepting Organic Waste on April 1, 2014):

Notwithstanding any other provision of this Contract, if the Contractor's Primary Processing Facility is not operating and accepting Organic Waste by April 1, 2014, then the City will provide transportation services with City-owned trucks and trailers to the Maple Valley Back-up Processing Facility located at 17825 Cedar Grove SE and identified in Section 230. The City will also retrieve Contaminants as described in Section 240 from this same Back-up Processing Facility.

The Contractor transportation terms in Sections 100-140 will not apply during the period when the Primary Facility is delayed and the City is providing transportation services to the Maple Valley Back-up Processing Facility. Once the Primary Facility, or a new additional Back-up processing facility is available to receive the entire Contractor Share of the City's Organic Waste, then the Contractor will provide 14-day notice to initiate Contractor transportation services from City facilities and all the original terms of the Contract shall be reinstated.

2. **Section 230. Back-up Organics Processing Facility**, a new paragraph is inserted at the end of the section (to allow for additional back-up facilities to be added by the Contractor):

The Contractor may arrange for processing at additional back-up facilities. The Contractor will provide 30-day prior notice to the City of Contractor's intent to use any new back-up facility with documentation confirming the regulatory authority and capacity of the back-up facility to receive the City's Organic Waste.

3. **Section 235. Receiving Hours at Facilities if Primary Facility is Delayed** is inserted as a new section as follows (to clarify facility availability if the Contractor's Primary Processing Facility is not accepting Organic Waste on April 1, 2014):

The Back-up Processing Facilities will be open 7am – 7pm Monday through Friday and on Saturday from 7am – 4pm to receive the City's Organic Waste during the period when the Primary Processing Facility is delayed.

4. **Section 405. Payment for Processing-only Services if Primary Facility is Delayed** is inserted as a new section as follows (to provide new payment terms):

The City shall pay the Contractor \$45.41 per ton for processing-only services at the Back-up Facilities identified in Section 230 during the period the Primary Facility is delayed. There will be no minimum load weights.

If the Maple Valley Back-up Facility is unable to accept the City's Organic Waste, then the Contractor will reimburse the City for additional expenses related to hauling to the more distant Everett Back-up Facility.

During the period the Primary Facility is delayed, there will be no billing from the City for any 'additional City operational costs' under Section 230.

The City will receive the \$10,000 credit each month during this period as described in Section 400. All other payment terms of Sections 400 and 410 will not apply while the City is providing transportation services due to delayed operations at the Primary Facility.

5. **Section 425. Performance Adjustments for Processing-only Services if Primary Facility is Delayed** is inserted as a new section as follows (to provide new performance terms):

The Contractor shall pay the City \$1.00 per minute for every individual City truck trip that exceeds a cycle time of 30 minutes at the Back-up Facility during the period the Primary Facility is delayed. Performance adjustments in Section 420 will not apply while the City is providing transportation services due to delayed operations at the Primary Facility.

Except as set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by having their representatives affix their signatures below.

PACIFICLEAN ENVIRONMENTAL OF
WASHINGTON, LLC

THE CITY OF SEATTLE

By _____
Larry Condon
Authorized Member

By _____
Ray Hoffman
Director, Seattle Public Utilities

Dated: _____

Dated: _____

Authorized by Ordinance Number _____

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Hans Van Dusen/4-4657	Saroja Reddy/5-1232

Legislation Title: AN ORDINANCE authorizing the Director of Seattle Public Utilities to execute an amendment to the contract with PacifiClean Environmental of Washington for organic waste processing services, and ratifying and confirming prior acts.

Summary of the Legislation:

The proposed ordinance would authorize SPU to amend the new organics processing contract with PacifiClean Environmental, providing terms that allow SPU drivers to transport organic waste from City stations to Cedar Grove facilities if needed as backup operations.

Background:

In April 2013, SPU signed new contracts for processing the City's organic waste beginning in April 2014. The new service contracts split the City's organic waste stream between two operations – an established facility, family-owned Lenz Enterprises, and a facility proposed to be constructed in Central Washington for PacifiClean Environmental. Both facilities are more distant from Seattle than the currently used Cedar Grove facilities. Due to the increased transportation requirements, the new contracts include terms for hauling services from City stations to be provided by the processors, instead of the SPU crews and equipment currently providing the shipping.

If the new PacifiClean operations are not ready by April 1, 2014, a portion of the City's organic waste will be directed to their specified back-up facilities, which are at the local Cedar Grove Composting operations. In authorizing the new contracts last year, City Council directed SPU to amend the contracts if these backup facilities were expected to be used so that SPU crews could continue to provide transportation to the nearby facilities.

PacifiClean expects to transport the waste to Central Washington at the contract start. However, SPU is suggesting there is a reasonable chance the backup facilities may be needed for the initial months of the contract. SPU is submitting this legislation to authorize an amendment allowing SPU to provide transportation to the backup facilities.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
No.
- b) **What is the financial cost of not implementing the legislation?**
None.
- c) **Does this legislation affect any departments besides the originating department?**
No.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
There are no alternatives.
- e) **Is a public hearing required for this legislation?**
No.
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- g) **Does this legislation affect a piece of property?**
No.
- h) **Other Issues:**
There are no requested changes to appropriations at this time. If the City were required to continue organics hauling, additional hauling costs of \$40,000 per month will be incurred for labor, fuel and maintenance. These costs would be offset by \$20,000 per month in contract savings and a \$10,000 per month penalty to the contractor (both to N050107). The total adjustment would cost approximately \$10,000 per month.

List attachments to the fiscal note below:



City of Seattle
Edward B. Murray
Mayor

February 18, 2014

Honorable Tim Burgess
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Burgess:

I am pleased to transmit the attached proposed Council Bill that would authorize the Director of Seattle Public Utilities to amend Seattle's compostable waste processing contract with PacifiClean Environmental of Washington, providing new terms for local waste transportation from City stations to PacifiClean's back-up facility.

City Council authorized the new contract with PacifiClean Environmental in early 2013 for processing and long-distance transportation services beginning in April of this year. As part of that authorization, Council instructed SPU to monitor the contractor's progress in siting and building a new processing facility in Central Washington and whether the contractor would be forced to use its backup facilities. Council also directed SPU to negotiate terms that would allow SPU employees to provide interim local transport to the backup facilities if needed.

SPU notified Council in January of delays in the new processing facility with the prospect that the local backup facilities could be needed during the initial service months. The amendment authorized by this legislation captures the revised service terms to fulfill Council direction for SPU staffing of local transport if the backup facilities are used.

Thank you for your consideration of this legislation. If you have questions, please contact SPU's Solid Waste Contracts Manager Hans Van Dusen at 684-4657.

Sincerely,



Edward B. Murray
Mayor of Seattle

cc: Honorable Members of the Seattle City Council