

## **Organics Processing Contracts**

*The ordinance under consideration authorizes SPU to sign new contracts with Lenz Enterprises and PacifiClean Environmental to process organic waste beginning in April 2014.*

### **Current Organics Processing Contract**

- SPU has a current service agreement with Cedar Grove Composting that began 2001. Cedar Grove has been the sole service provider since 1988.
- SPU can end the current contract in March 2014 or March 2015.

### **RFP and Proposals**

- SPU released a Request for Proposals (RFP) in March 2012 for future processing services.
- The RFP invited proposals for services beginning in April 2014 or April 2015, with terms of 6 or 10 years, and allowed for proposals for all or only a portion of Seattle's organics waste.
- SPU received four proposals in May 2012:
  - Lenz Enterprises proposed with a facility near Stanwood.
  - PacifiClean Environmental (a newly formed entity) proposed to build a new facility near Ellensburg.
  - CleanScapes partnered with an existing facility near Vantage.
  - Harvest Power proposed to build a new waste digester in south Seattle.
- Cedar Grove did not propose with their current facilities, but they are a partner in the PacifiClean proposal and would serve as a backup to the proposed Ellensburg facility.

### **Selection and Negotiations**

- The SPU Evaluation Committee reviewed the proposals based on the evaluation criteria established in the RFP, with a weighting of 45% to system cost, 25% to proposed operations and environmental controls, 20% to experience, and 10% to support for workforce, diversity and sustainability.
- Based on the criteria, the Evaluation Committee recommended Lenz Enterprises and PacifiClean as finalists in August.
- SPU completed negotiations with both firms in December. Organics processing will be split between the two finalists and both will provide hauling services to their distant facilities.

## **Service Elements**

- The new contracts will result in a shift in organics work performed by City staff.
- Today, City stations and City highway hauling trucks move approximately 50% of City organic waste, with the other 50% handled by contracted operations.
- Under the new contracts, the processors will handle all hauling to the more distant processing facilities while all transfer activity will be performed at the new, rebuilt City transfer stations.
- The new processing facilities incorporate the latest composting technology and must meet all regulatory requirements.
- The agreements allow SPU to expand the compostable packaging accepted in our programs and clearly communicate the acceptable items to our customers.

## **Contract Costs**

- The services costs under the new agreements, while somewhat higher than status quo, are favorable and within the financial assumptions of the recently adopted 2013-2016 solid waste rates. Contractor payments will increase, primarily due to an expansion of contracted hauling to the distant facilities. SPU operational costs will decrease as highway hauling by City staff is reduced.
- SPU selected a start date of April 2014 to facilitate an expeditious transition to the new state-of-art facilities. The 2014 transition could require expenditures above the 2014 endorsed budget, but will also provide additional cash in 2013 or 2014 from the sale of excess hauling equipment.

*Overall, these new contracts will allow Seattle to embark on new partnerships to continue and expand our innovative and cost-effective recycling success.*