

Briefing Memo

*Seattle City Council
Seattle Public Utilities and Neighborhoods Committee
Organics Processing Contract Amendment*

March 11, 2014

This legislation would authorize Seattle Public Utilities to amend the organic waste processing contract with PacifiClean Environmental, providing terms for local waste transport by City staff from City stations to PacifiClean's back-up facility.

Background

- In 2013, Council authorized two new contracts for food and yard waste transport and processing, with services beginning on April 1, 2014. These agreements split the City's processing services between Lenz Enterprises, an existing operation, and PacifiClean Environmental, a proposed new operation in Central Washington.
- As part of that authorization, Council instructed SPU to monitor the PacifiClean progress in siting their new processing facility and whether the contractor would need to use its local backup facility in Maple Valley for an interim period.
- If the local backup facility were to be used, Council directed SPU to negotiate terms that would allow SPU employees to provide interim local transport as they have in the past to the Maple Valley facility.

PacifiClean Update

- SPU notified Council in in 2013 and January 2014 of delays in the new PacifiClean processing facility and the prospect that their local backup facility could be needed during the initial service months.
- SPU has since negotiated the attached amendment to fulfill Council direction for SPU staffing for transport to the local backup facility.

Amendment Terms

- For any delivery to the backup facility, SPU would accrue approximately \$20,000 per month in contract savings (due to reduced contractor transport) and SPU will receive a \$10,000 per month penalty payment from the contractor for operational delays.
- However, the City would incur additional costs of approximately \$40,000 per month to cover SPU hauling labor, fuel and maintenance.

- The net cost increase to SPU will be approximately \$10,000 per month for the period of hauling to the backup facility. There are no requested changes to appropriations at this time. All other contract terms remain the same.
- If this contract amendment is not authorized, then SPU staff will not be able to do the hauling to the backup facility.