



Council Communication

Agenda Date : 3/5/2019

File #: 19-068, Version: 1

ACTION REQUESTED:

Communication from the City Manager with a Request to APPROVE the First Amendment to the SOLID WASTE COLLECTION CONTRACT with PEORIA DISPOSAL SERVICES, INC. to Restore Alley Recycling Collection within the Neighborhoods with Alleys on a Monthly Basis.

BACKGROUND: On April 17, 2018, the Peoria City Council approved a seven-year contract with Peoria Disposal Services Inc. to provide Solid Waste Collection Services. One of the changes with the new contract was that residents with alleys would have to move their recycling pick up location to the curb. Residents with alley service that have been notified of the change have expressed concern over the change, and staff has been negotiating options with PDC to address those concerns and move recycling pick up back to the alley.

2012-2018 Solid Waste Collection RFP Process

Following considerable public input, the City of Peoria released a request for proposals (RFP) on August 11, 2017 and subsequently issued six (6) RFP Addenda. The RFP designation issued by the City was RFP #29-17. Four Respondents submitted proposals:

- Advanced Disposal Services (“Advanced”)
- City of Peoria, Public Works Department (“PWD”)
- PDC Services, Inc. (“PDC”)
- Waste Management (“WM”)

The RFP specified a “Base” level of solid waste collection services including, but not limited to:

1. Residential Waste Collection
2. Residential Recyclable Materials Collection
3. Residential Landscape Waste Collection
4. Stacked Condominiums
5. City Buildings
6. Peoria Public Schools (PPS)
7. Various Peoria County Facilities

Submitting a Base proposal was a required element of the RFP process to allow for similar price comparisons between Respondents. However, Respondents were encouraged to submit Alternate Proposals outside of the base specifications. Three (3) of the four (4) Respondents submitted Alternate Proposals as part of their original packets. Later, through the interview process, the Respondents provided additional information and clarification. Through the interviews, the selection team narrowed the choice down to the City of Peoria and PDC.

PDC’s alternative deviated from universal recycling but provided up to two (2) free recycling carts upon request. PDC’s alternative also required that recycling would be curbside throughout the City. The cost of this service was proposed at \$11.23 per household per month, excluding waste disposal costs. The City’s final alternative proposal provided universal recycling and would cost households \$8.90 per month, excluding waste disposal costs. The Committee discussed a potential hybrid approach between the City and PDC where yard waste and recycling would be provided by the City and trash disposal would be handled by PDC. This service would cost a household \$11.09 per month, excluding waste disposal costs. PDC provided certain incentives to the City: an early payment of \$450,000 due upon the opening of landfill #3; foregoing the pending

contract escalator (\$96,000); and eliminating the last 2 years of cart payments (\$580,000) if PDC was selected.

In an effort to secure the entire contract, PDC agreed to adjust their residential waste fee from \$6.35 to \$6.21. They also agreed to collect waste from the approximate 130 neighborhood cans throughout the City. PDC agreed to offer a Community Beautification Payment of \$60,000 to offset some of the costs to the General Fund for collection of waste downtown and the contract with EPIC. PDC also agreed to increase the Education payment and the Community Beautification Payment by 2.75% annually for the term of the contract. Their proposal included a July 1, 2018 contract start with every other week recycling services beginning January 1, 2019. This lowered the overall cost of the PDC contract to \$10.88. Coupled with the disposal costs assumed by the City in the new contract, the total cost would be \$16.72 per household per month in 2018. By contrast, the City proposal with disposal costs amounted to \$16.62 per household per month, and the hybrid every other week would be \$18.29 per household per month. On April 17, 2018, the Peoria City Council approved a seven-year contract with Peoria Disposal Services Inc. to provide Solid Waste Collection Services.

2018-2019 Education Process and Contract Implementation

Since the adoption of the contract, Public Works and City Management staff along with staff of Foth, the City's consultant, have been working to educate the public about the new contract and to sign on new residents for every other week recycling. The City has also created a website (www.peoriapicksup.com <<http://www.peoriapicksup.com>>) to share information about the new program. The efforts have been successful with 3,000 new residents signed up for recycling. Currently, over 14,500 residents recycle, approximately 36% of the City residents.

2,400 of the 14,500 residents recycling live in neighborhoods serviced by alleys. The communication on the change to curbside recycling was late in getting out to residents. As the City and PDC reviewed criteria, the timing on the informational mailings notifying residents of the change to curbside did not occur until after the first of the year as the program began. PDC and the City reviewed the service of the 2,400 residents and identified 300 residents that would remain with alley service due to geographic limitations that would prohibit curbside recycling. The City and PDC also discussed criteria that would be utilized to review alley service versus curbside service. The criteria included:

1. A dramatic elevation change from the ground yard to the street that includes more than 3 consecutive steps/stairs or a retaining wall.
2. Other physical barriers that prohibit someone from getting their cart to the curb.

If a household had other obstacles outside of these parameters, PDC would work with the Peoria resident, on a case-by-case basis, to assist them in finding a way to recycle. PDC and the City agreed to make visual inspections to verify obstacles related to street access.

Options to Address Recycling Collection Location

Residents of older neighborhoods raised concerns about the change from alleys, where garbage and yard waste pick up remain, to the curbside collection of recyclables. PDC and the City staff have identified three options for Council to consider to address the situation.

Option 1 - Revert to Monthly Recycling within Neighborhoods Served by Alleys

Effective April 1, 2019 PDC would service all locations in the alleys. Recycling users within the neighborhoods with alleys (see attached map) would have monthly pick up of recyclables, even if their current service location is curbside. Recycling users would now have **monthly** recycling serviced in the same location where they set out their trash and yard waste. These customers would continue to be able to receive up to two (2) recycling carts at no charge per the contract with PDC. The City would have no additional cost under this Option.

Option 2 - Eliminate Contract Payments and Provisions

Effective April 1, 2019, PDC would service all locations in the alleys. Recycling users would now have **every other week** recycling serviced in the same location where they set out their trash and yard waste. These customers would continue to be able to receive up to two recycling carts at no charge per the contract with PDC. To pay for this contract change PDC requests the following items be removed from our contract in order to provide this service:

- Eliminate the \$40,000 annual Education Payment
- Eliminate the \$60,000 annual Beautification Payment
- Eliminate Tire Disposal and handling required
- Eliminate fifty (50) roll offs from the (150) required
- Requests that the City of Peoria begin to pay for the contaminated and non-marketable recycling material from the residential recycling waste stream. The residual percentage baseline to begin this procedure would be 22.90%. PDC would haul the material at no charge to Indian Creek Landfill, and extend the pricing schedule from our City County Landfill #3 contract to the City for this waste stream. The current 2019 pricing per our contract is \$37.97 per ton.

Option 3 - Pay \$0.44 Per Household Per Month (\$210,049 Annual Cost)

Effective April 1, 2019, PDC would service all locations in the alleys. Recycling users would now have **every other week** recycling serviced in the same location where they set out their trash and yard waste. These customers would continue to be able to receive up to two recycling carts at no charge per the contract with PDC. To pay for this contract change PDC would charge the City an additional \$0.44 per household per month. With 39,782 households, this would cost the City an additional \$210,049.

The following table summarizes the options:

	Option 1	Option 2	Option 3
Pick Up Location	Alley	Alley	Alley
Pick Up Frequency	Monthly (12)	Every Other Week (26)	Every Other Week (26)
Additional Citywide Annual Cost	\$0	\$0	\$210,049
Additional Citywide Monthly Household Cost	\$0	\$0	\$0.44
Reduced Services/ Revenue to City	No	Yes	No

Staff recommends that the City exercise Option 1, which has no fiscal impact, but does reduce the frequency of recycling collection in the identified areas. With PDC providing up to two (2) free carts, residents with monthly recycling collection would still have ample recycling capacity.

FINANCIAL IMPACT: Option 1 has no financial impact on the City, but does reduce the recycling frequency within the identified neighborhoods. Option 2 reduces \$100,000 of revenue to the City for education and other services under the contract but places pickup service back into the alleys. Option 3 increases the cost by \$210,049 but places pickup service back in the alleys.

NEIGHBORHOOD CONCERNS: Residents of older neighborhoods raised concerns about the change from alleys, where garbage and yard waste pick up remain, to the curbside collection of recyclables. The proposed options attempt to address those concerns.

IMPACT IF APPROVED: If Option 1 were approved, the City would execute the attached contract amendment

with PDC, which would go into effect April 1, 2019.

IMPACT IF DENIED: If Option 1 were not approved, the contract would remain as is. If Option 2 or Option 3 were selected, a new contract amendment would be enacted to implement the option selected by Council.

ALTERNATIVES: Option 2 would restore alley service and keep every other week recycling with less revenue to the City and reduced services. Option 3 would restore alley service and keep every other week recycling for an additional annual cost of \$210,049, or \$0.44 per household per month.

EEO CERTIFICATION NUMBER:

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Beautiful Peoria
2. Financially Sound City

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Support sustainability.
2. Keep taxes and fees competitive.

DEPARTMENT: City Manager's Office