



# City Council Study Session

## Review of Solid Waste Franchise Collection Proposal

November 10, 2020



# Agenda Topics

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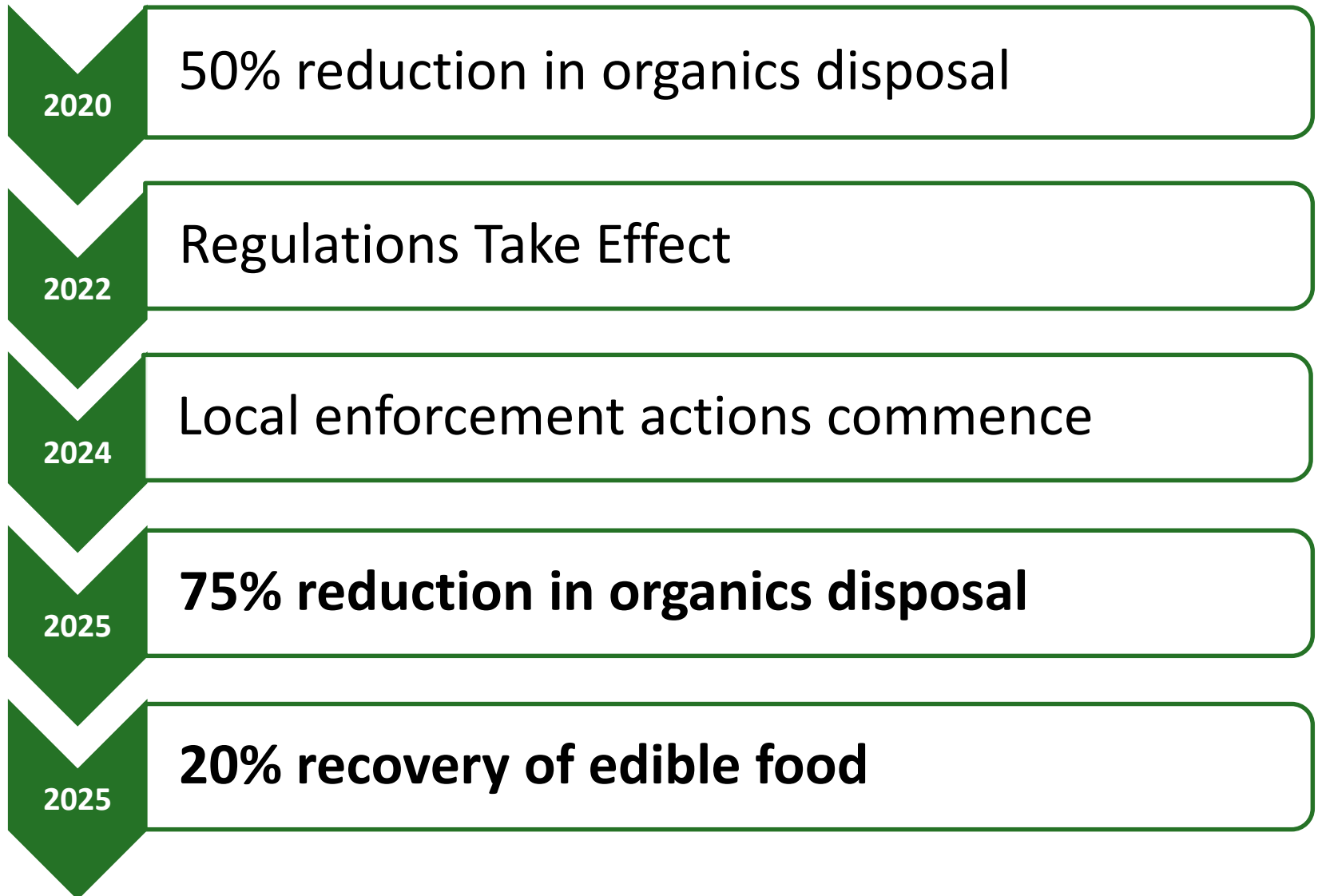
- Background and Recap
- Overview of Specialty Proposals
- City Review and Analysis
- Next Steps
- Council Questions and Feedback

# Senate Bill 1383 Recap

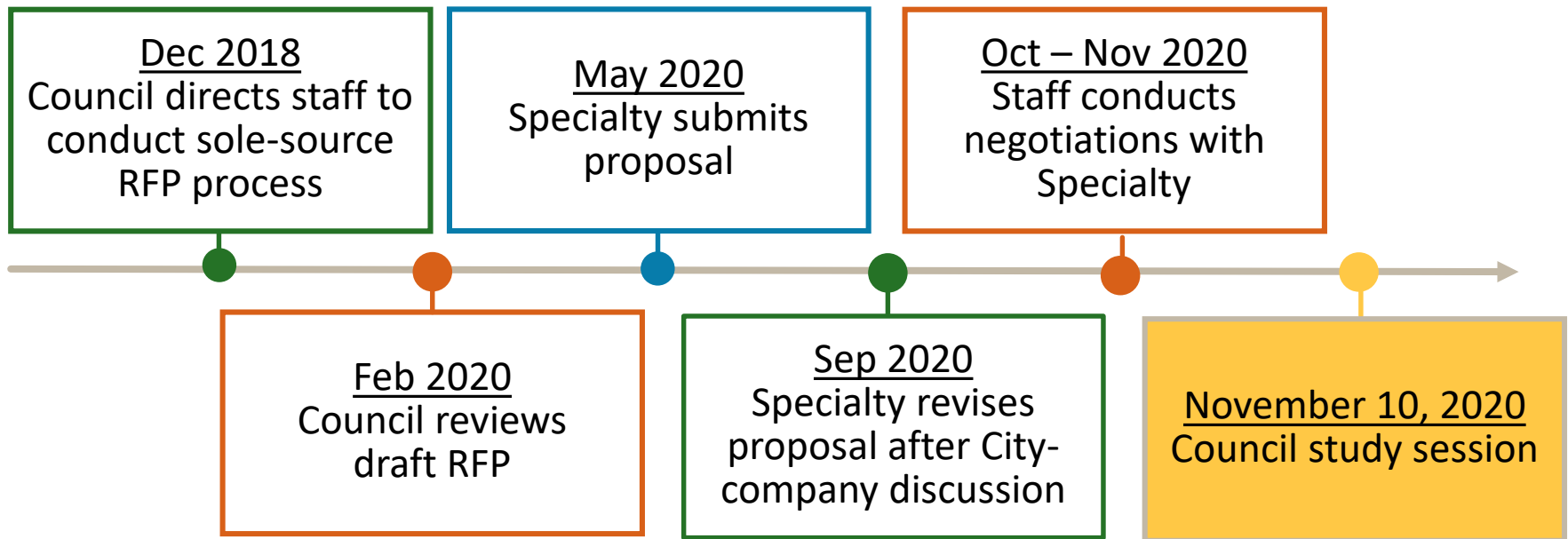
## New regulation to reduce methane emissions

- Statewide targets
  - ◆ 50% reduction of organic waste by 2020 (2014 baseline)
  - ◆ 75% reduction of organic waste by 2025
  - ◆ 20% increase of edible food recovery by 2025
- New organics policies and programs with specific reporting requirements
- Enforceable through required ordinances
- Jurisdiction compliance by 2022

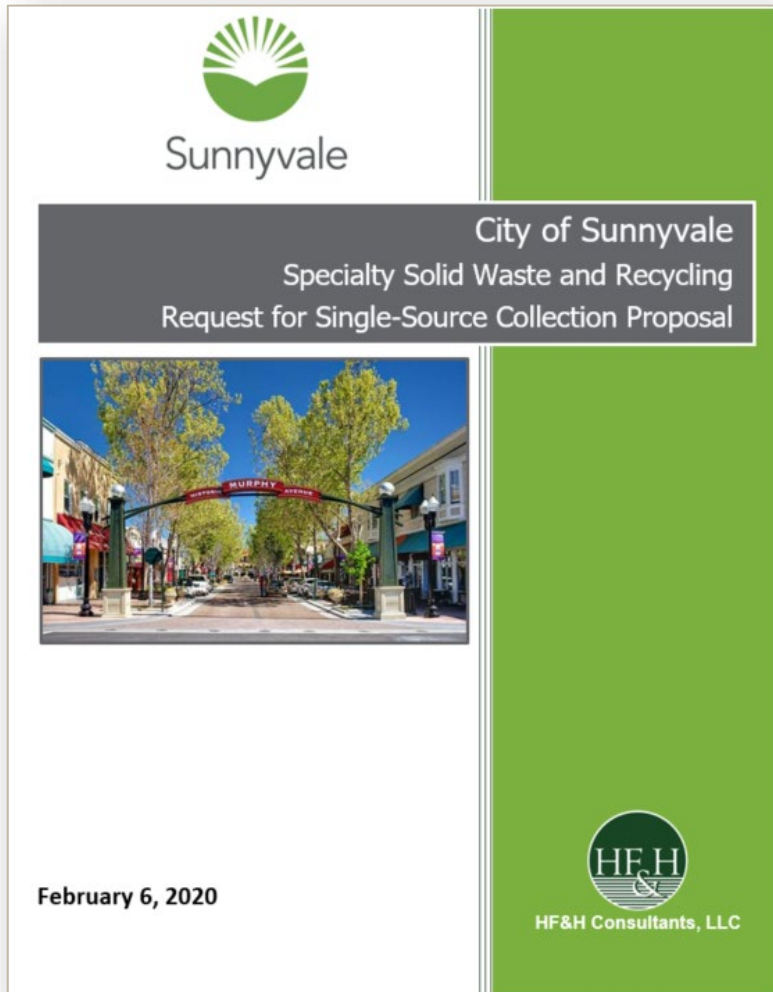
# SB 1383 - Implementation Timeline



# Key Milestones



# Specialty Proposals Overview



- Base Services
- SB 1383 Services
- SB 1383 Support Services
- Enhanced Services

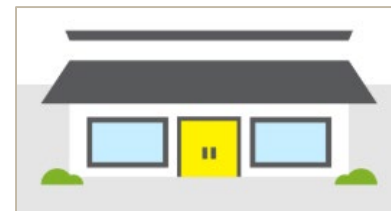
# Continuing Base Services



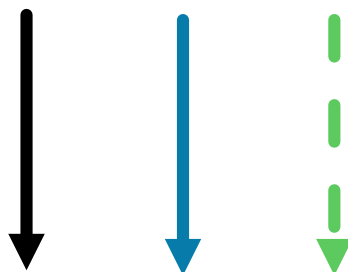
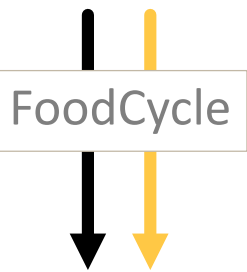
Single-family



Multi-family



Commercial



## Materials

Garbage —————

Food Scraps —————

Recyclables —————

Yard Trimmings —————

## Service Type

Subscription Service – solid line

Optional Service – dashed line

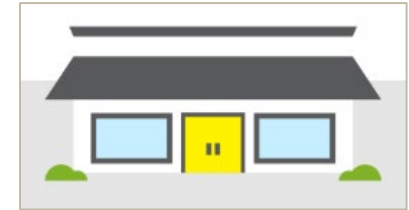
# SB 1383 Service Additions



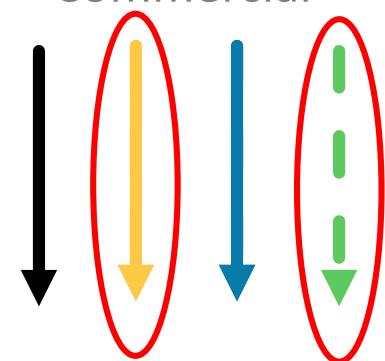
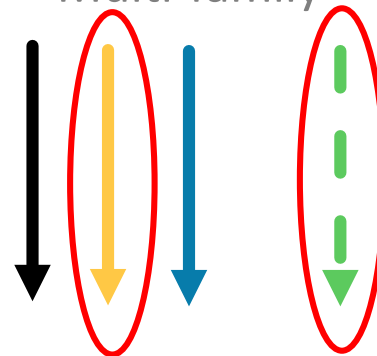
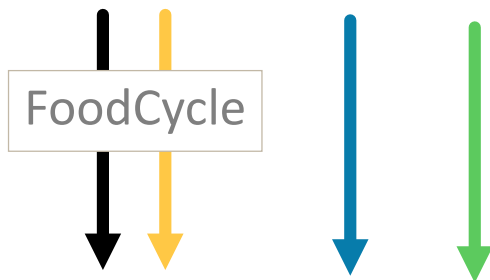
Single-family



Multi-family



Commercial



## Materials

Garbage —————

Food Scraps —————

Recyclables —————

Yard Trimmings —————

## Service Type

Required Service – solid line

Optional Service – dashed line



# SB 1383 Support Services



Expanded technical assistance to multi-family and commercial customers  
Compliance activities; assistance to City



Two new staff to lead outreach and compliance management efforts



Edible food recovery program support

# Enhanced Services



Multi-family bulky item collection



Downtown service



Expanded use of technology

## Enhanced Services (continued..)

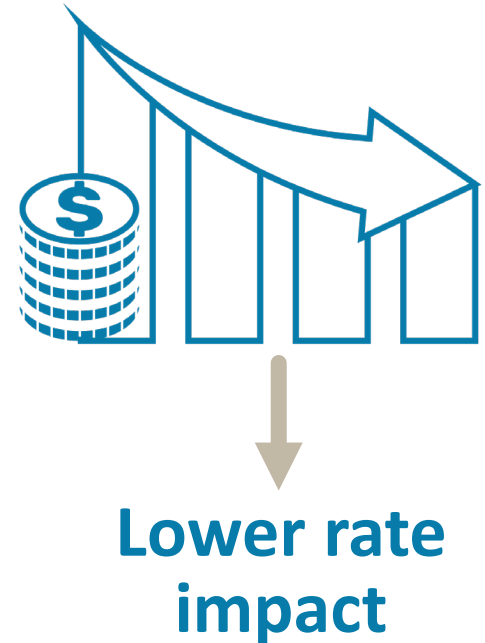
- CNG Fueling station Upgrade – Add Slow-Fill
- Fuel – Transition to RNG as Sources become Available
- Transition from RNG to EV (future)



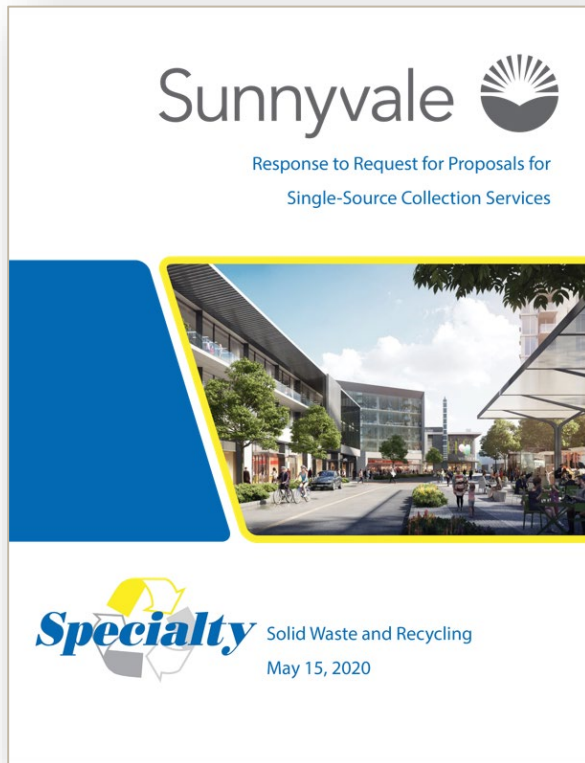
Photo: Specialty website (sswr.com)

# Specialty Financial Offers – Initial Proposal

- Maintain same profit level
- Freeze on executive compensation
- Freeze on facility rent charges
- New credit card vendor reduces cost
- Owner contribution towards food recovery
- No profit on interest charges
- Estimated combined annual value = \$80,000



# City Review and Analysis



- Addresses RFP requirements
- Accurate
- Contract term options
- Fine-tuning assumptions
- Cost is reasonable



# Key Cost Drivers

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- ◆ Compensation model is cost plus
- ◆ Replacing existing trucks and carts/containers (over time)
- ◆ Labor cost increases per new labor contract
- ◆ Capital and labor to add new routes and spare trucks
- ◆ Profit margin

# City Review – Assumptions



Truck replacement



Cart replacement

## Base Services

- Extend Truck Life from 10 to 12 years ✓
- Stagger Replacement ✓
- Extend Yard Trimming Cart Life from 10 to 14 years ✓
- Stagger Replacement ✓

# City Review – Assumptions

## SB 1383 Services



New multi-family food collection

- Reduce assumed new accounts ✓



Expanded commercial food collection

- Reduce assumed new tonnage ✓



Expanded yard trimmings collection

- Reduce assumed participation rates ✓

- Reduce number of new routes ✓



# City Review – Enhanced Services

## Enhanced Service

## Option



Multi-family bulky item collection

Postpone pilot to Year 4



Downtown service

Subscribe only if needed



Expanded use of technology

Still under review

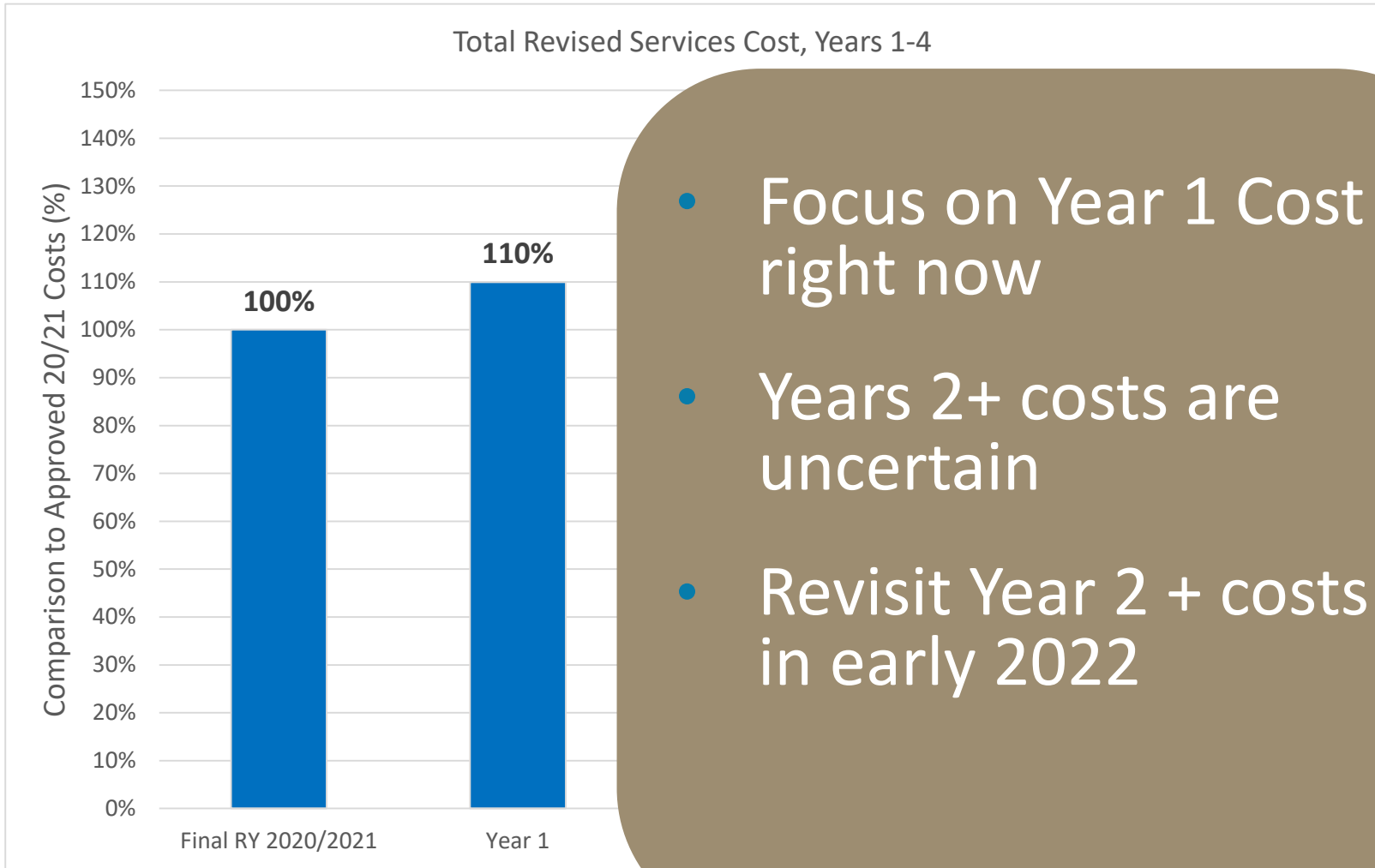


Fuel station upgrade

Still under review



# Latest Cost Proposal



# Items Still To be Addressed/Negotiated

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- ◆ Approach to technology and fueling station
- ◆ Operating ratio
- ◆ Agreement term
- ◆ Other business terms

# Negotiation Objectives

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- ◆ Avoid sudden impact to rate payers
- ◆ Add mandated services first
- ◆ Defer services deemed optional to future years

# Rate Impacts

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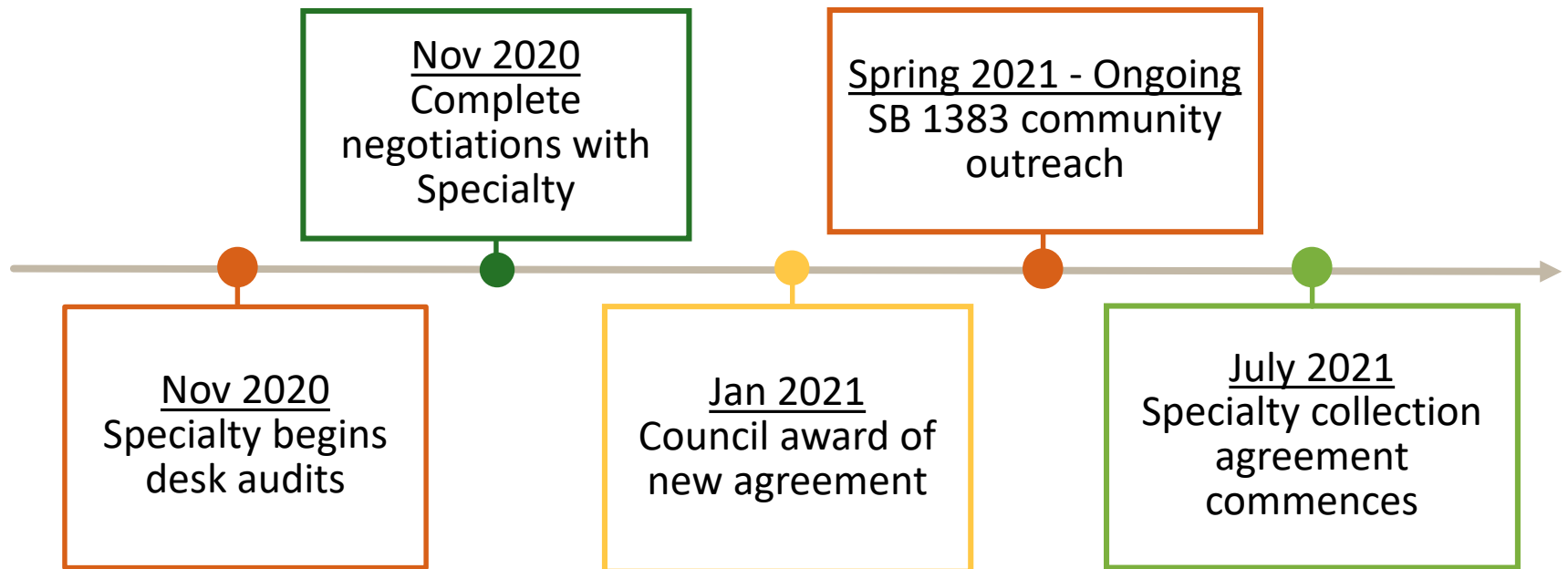
- Immediate Focus on FY 21/22 Compensation Only
- Current approximate rate impact: ~5%
- Goal: ~4%
- Rate increase affects all customer classes

# Next Steps

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- Complete negotiations with Specialty – Nov 2020
- Meet with Council Members 1:1 if requested to discuss cost and services in more detail – Dec 2020 & Jan 2021
- Seek Council approval for execution of new franchise and agreement – Jan 2021
- Seek Council approval of Year 1 (FY 21-22) compensation – Jan 2021
- Staff comes back to Council with Year 2 (FY 22-23) compensation in early 2022.

# Key Milestones – Specialty Agreement





Sunnyvale

# Questions and Council Feedback



# SB 1383 Services Roll Out Strategy

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- *Slow down* expansion of organics services
  - ◆ Start with multi-family food and yard trimmings service
  - ◆ Add businesses that proactively subscribe to organics service to multi-family routes
- *Speed up* - notifying multi-family account holders
  - ◆ Phase 1-Specialty begins desk audits now
  - ◆ Phase 2- Specialty/City develops outreach strategy/material
  - ◆ Phase 3-Specialty/City conduct outreach site visits

# Specialty Revisions to Proposed Routes

## SB 1383 Services



New multi-family food collection



Expanded commercial food collection



Expanded yard trimmings collection

Routes	Year 1	Year 2	Year 3	Total
Initial	5	3	1	<b>9</b>
Latest	2	3	4	<b>9</b>

## Enhanced Services



Multi-family bulky item collection

Routes	Year 1
Initial	1
Latest	0

# Specialty's Proposal – SB 1383 Additional Routes

New multi-family  
food collection



2 routes  
requested

Expanded commercial  
food collection





4 routes  
requested

Expanded yard  
trimmings collection



1 route  
requested

# Specialty's Proposal – Multi-Family Food

<div><b>MFD Food Scrap</b> Breakdown by Service Level</div>				
	0-2 cubic yards	2-4 cubic yards	4+ cubic yards	Total
Complexes	730	131	225	1,116
Units	2,799	1,126	20,033	23,958
Population	7,555	3,039	54,069	64,663
Estimated Disposal TPY	4,985	2,005	35,675	42,665
Estimated Food Waste in Disposal Stream	1,235	497	8,837	10,569

Request for  
2 new  
routes