



Sunnyvale

# SMaRT Station Operating Agreement

Ramana Chinnakotla  
David Krueger

City Council, 11/9/2021



# Agenda

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- ◆ Background
- ◆ Procurement & Term Options
- ◆ Major Cost Drivers
- ◆ Proposed Changes in the New Agreement
- ◆ Fiscal Impact

# Background

- Current Agreement expires 12/31/21
- Provides Option - 3-year extension at current compensation
- BCWS cannot extend at current compensation due to union contract
  - Current compensation only increases by 3% per year
  - Sorter wages increase 7% per year for 5 years
  - Need to catch up to average Bay Area sorter wages



# Procurement & Term Options

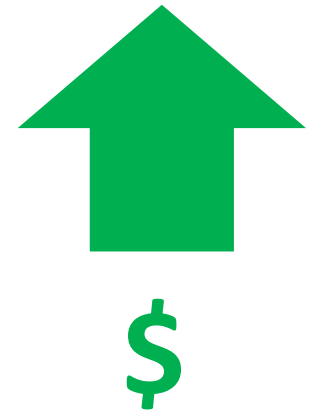
- ◆ Procurement Options
  - RFP – Takes 2-3 years
  - Single Source - Recommended
    - ◆ Not advised to change operators during retrofit
- ◆ Term Options
  - 3 years at current compensation
  - 3 years with increased compensation
  - 5 years - Alternative
  - 7.5 years - Recommended
    - ◆ Sufficient time to complete retrofit
    - ◆ Align contract year with fiscal year



# Major Cost Drivers

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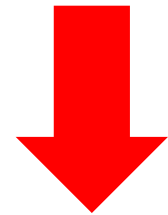
- Factors increasing BCWS' compensation
  - ◆ Union Labor Agreements (CBA's)
  - ◆ BCWS drivers to transport organics instead of 3<sup>rd</sup> party trucking companies
  - ◆ SB 1383 Sampling and Reporting



# Major Cost Drivers

- Factors decreasing BCWS' compensation:
  - ◆ Allowed to utilize existing equipment
  - ◆ Reduced tonnage
    - Palo Alto and some Mountain View
  - ◆ City to pay for SMaRT Station electricity
    - Decreases BCWS compensation but not total City cost
  - ◆ City to pay to recycle negative value recyclables
    - Decreases BCWS compensation but increases total City Cost

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# Proposed Changes to Agreement

- ◆ Compensation for union labor
- ◆ Use of existing equipment
- ◆ Depreciation of new equipment
- ◆ City to pay for electricity
- ◆ City to pay to recycle negative value recyclables
- ◆ BCWS drivers to transport organics
- ◆ Sharing recyclables market risk
  - BCWS' recyclables revenue “floor” & “ceiling”
- ◆ Reduced tonnage
- ◆ SB 1383 requirements



# Fiscal Impact

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- ◆ 6% increase in affected SMaRT Expenses in first year of the agreement
- ◆ 4%-5% annual increase thereafter
- ◆ The adopted FY 2021/22 budget and the garbage rates included in the adopted 20-year Financial Plan already account for these cost increases
- ◆ The affected expenses are shared between the cities of Sunnyvale (62%) and Mountain View (38%)



# Recommendation

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Staff recommends **Alternative 1**:

Award a seven and one-half (7.5) year agreement for operation of the SMaRT Station, in substantially the same form as Attachment 1 to the report, to Bay Counties Waste Services, Inc. and authorize the City Manager to execute the Agreement for the Operation of the Sunnyvale Materials Recovery and Transfer Station between the City of Sunnyvale and Bay Counties Waste Services, Inc. when all necessary conditions have been met.



Sunnyvale

# Questions