

2.01: Curbside Recycling Contract

Senior Planning Anderson reviewed the Staff report in regard to the curbside recycling contract with ACE Solid Waste. He shared the EPB's recommendation to stay with a single contracted service rather than an open hauling system.

Councilmember Buscher said she would not want to have an open hauler system, but she does not feel strongly whether they stay with ACE or get bids from other companies. She noted an RFP would be nice to see if their current contract is competitive. She added that she would like to implement a labor agreement with the next contractor.

Councilmember Specht asked how many residents utilize the recycling service.

Senior Planner Anderson shared that he gets a monthly report from ACE and about 90% of residents are using this service every month.

Councilmember Specht asked if there is an option for residents to opt out of using ACE.

Senior Planner Anderson said residents can opt not to recycle; however, they would still be responsible for paying the \$3.98 for the service.

Councilmember Specht asked if it would be feasible to offer an opt out option. He shared that he hears from residents who are frustrated that they have to pay for the service when they do not recycle.

Senior Planner Anderson said they could explore this; however, he thinks it would be very challenging to implement and would also make it difficult to negotiate a contract.

Councilmember Specht asked how much of the recycled materials are actually able to be recycled rather than what is contaminated and has to be disposed of.

Senior Planner Anderson explained that in 2017 and 2018, very strict contamination levels were implemented where almost all recyclers stopped exporting their materials. He noted that he gets a tonnage report from ACE and he is required to report this data to the County. He shared that he has reached out to ACE to ask if this tonnage report is from before or after the contaminated materials were disposed of. He said he has not gotten an answer on this yet.

Councilmember Riley shared that he agrees with the recommendation of the EPB and if the current system is working he does not see a need to change it. He said they do need to be confident that they are getting the best price for this service and if they feel they can do this through negotiations with ACE then he is supportive of that, or if it would be better to have an RFP, he would support that as well.

Councilmember Stewart asked when the City did an RFP last for this service.

Senior Planner Anderson shared that through his research he believes the last RFP was done before the initial contract for service was signed which was in the early 1990s. He noted that direction since he has been on Staff has always been to negotiate with ACE since everything had always worked well with them. He stated they normally will survey other cities around to see what prices they pay for recycling; however, it is a hard comparison to make as each city handles recycling and trash services differently.

Councilmember Stewart asked about the risk associated with doing an RFP.

Senior Planner Anderson noted that ACE would be allowed to submit a bid and he assumes that they would.

Councilmember Buscher added that there are only a few services in the area that offer recycling services so the bid process would likely not take a very long time.

Senior Planner Anderson shared that there are currently eight to ten licensed recycling haulers in the City; however, some only do commercial properties or apartment buildings. He added that services that are not currently licensed in the City can still submit a bid.

Councilmember Specht asked if they moved to an open hauling system if they would still require each hauler to report the tonnage of recycling that they collect so it can be reported to the County.

Senior Planner Anderson noted that the reporting would take more administrative time in an open hauler system to track this information down. He added that they would also have to update City Code to make it very clear that reporting is mandatory and failure to report could result in the revocation of their license to operate in the City. He explained that if they were with an open hauler system then the education on what can and cannot be recycled becomes more generalized as each hauler will have different standards for what they will and will not pick up.

City Administrator Hagen asked how organics recycling would come into play with this. He asked if this has to be available to residents through a County requirement.

Senior Planner Anderson said this is not yet a requirement; however, beginning in 2030, the seven-county metro will have to have an option for curbside organics recycling per a State mandate. He shared that they currently have an organics drop-off space at Public Works.

Mayor Heineman asked if the last time they extended this contract it was for another five years.

Senior Planner Anderson said yes.

Mayor Heineman said that he has experience with RFPs for work and he does not like them as they end up paying more in the end because the companies have to build into this contract what they estimate their costs will be in five years. He noted that the longer the term of the contract, the more waste there is built in to accommodate for inflation and other unknowns. He asked if they have ever done a year-by-year contract.

Senior Planner Anderson said they have done three-year contracts in the past with one-year extensions so it will be up to the Council to determine the duration of a contract they would be looking at.

Mayor Heineman asked if they had ever requested three bids rather than going out for an RFP.

Senior Planner Anderson said no.

Mayor Heineman noted that having three bidders seems to be an easier way to go about this rather than having to go through the entire RFP process. He asked Councilmember Buscher what she meant by wanting to add a labor agreement.

Councilmember Buscher explained this would require whoever is awarded the contract to remain neutral if the haulers decide to unionize.

Mayor Heineman disagreed with this and noted that he does not believe it is the City's business to have a say in this.

Councilmember Peters asked if they would be legally allowed to just request three bids rather than doing an RFP.

City Attorney Knaak noted that requesting bids and doing an RFP are very similar. He said they are always able to go out for bids rather than do an RFP.

Councilmember Specht asked about the difference between an RFP and a bid.

Mayor Heineman explained that an RFP is when a municipality issues a formal request for proposals that gets posted online and anyone can submit a proposal and all of the results have to be published publicly which causes a lot more scrutiny. He said a bid is easier as they can choose trusted vendors and ask for their best price.

City Attorney Knaak noted that RFPs tend to be for services and bids tend to be for goods. He said the advantage of getting bids is that they have the responsibility of deciding who is the responsible bidder.

Councilmember Specht stated that if they decide to just stay with a single contracted hauler then he thinks they need to open it up for bids; however, he is supportive of an open hauler system.

Councilmember Stewart said she would like them to stay with a single hauler and would prefer to go the bid route rather than an RFP so the Council can maintain some control. She added that she also disagrees with the labor agreement suggested by Councilmember Buscher.

Councilmember Riley shared his support for requesting three bids.

Councilmember Olson agreed.

Councilmember Buscher said she does not have a preference for whether they go with an RFP or bids.

Mayor Heineman noted that this has been the system for a while and while he likes the freedom that an open hauler system would provide, he thinks the current system is working well and is not as hard on the roads. He said he would like to get three bids.

City Administrator Hagen asked how long they would like the contracts to be.

Councilmember Stewart suggested another five-year contract since there will be a new requirement come 2030 for organics recycling.

Senior Planner Anderson said they would need this contract to end in 2029 to give Council and Staff time to discuss what they will do in 2030 and beyond.

Councilmember Buscher stated she hopes the current Council will discuss how they would like to approach the organics recycling requirement and not just pass it off to whoever will be on the next Council.

Senior Planner Anderson asked if the discretion for who to request bids from will be left up to Staff.

Mayor Heineman said yes.

Councilmember Specht said it would be interesting to know during the bidding process what percentage of their materials they are able to recycle versus dispose of.

Mayor Heineman asked if they would like to ask the companies that they are requesting bids from to include a price analysis if users were to opt-out.

City Administrator Hagen said he is not sure what this would look like from a utility billing standpoint.

Senior Planner Anderson explained that ACE bills the City on a monthly basis based on the number of households and he gets an updated count of households on a quarterly basis.

Councilmember Buscher shared that she was opposed to the option to opt-out.

Councilmember Stewart agreed.

The consensus of the Council was to stay with a single hauler system and request three bids for service with a contract ending on December 31, 2029.