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TO: Mayor and City Council

FROM: Howard S. Lazarus, City Administrator

DATE: December 24, 2018

SUBJECT: Solid Waste Program Area Contracts Status

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The delivery of services in the solid waste programs area has evolved over the years resulting in multiple parties, City staff and multiple contractors, providing different aspects of services associated with the programs area. The City currently has eleven separate contracts through seven contractors in the solid waste programs area. Three of the current contracts for collections and processing services will be expiring at the end of the current fiscal year: the commercial solid waste collection franchise contract with Waste Management of Michigan (WMM); the recycling collections contract with Recycle Ann Arbor (RAA); and, the interim operations contract for the Materials Recovery Facility (MRF) with RAA. A specific task in the City's contract with APTIM for the Solid Waste Resources Management Plan (SWRMP) is for their team to assist City staff in developing a Request for Proposals (RFP) to procure contractor services to replace these expiring contracts.

During the first meeting of the SWRMP Advisory Committee on November 14, 2018, the project team gave a presentation providing an overview/status on the SWRMP project that included a statement that the City is developing a consolidated Request for Proposals (RFP) for replacement of the existing contracts that will be expiring on June 30, 2019. Following the presentation, a question was raised by some of the participants as to whether or not this RFP should be delayed until after the SWRMP is completed.

On December 6, 2018, the Environmental Commission passed a resolution requesting that the City Council have the City Administrator consider not issuing the RFP until the SWRMP process is complete, which is anticipated for July, 2019. As per standard practice, the Environmental Commission's resolution is being forwarded to the City Council as a communication item on the January 7, 2019 agenda.

Rather than wait until a future date when City Council might act upon the Environmental Commission's request, staff and administration have discussed and considered the advantages of delaying the RFP process versus proceeding at this time. Though there are considerations, and even some advantages to issuing the RFP as soon as possible, there are several advantages and reasons to delay issuing the RFP as requested in the Environmental Commission resolution, including:

- If the SWRMP process results in recommendations proposing significant changes to existing services that would be covered by the replacement contract, they can be incorporated into the RFP.
- It would provide the opportunity for input from the informed members of the community through the SWRMP Advisory Committee; and, as Advisory Committee members raised the question of a possible extension to the existing contracts, delaying the RFP process would increase the trust and confidence of the Advisory Committee in the SWRMP process.
- There is a potential that a regional authority for solid waste materials management may be established in early 2019, and if so the City will have the opportunity to become a member of the authority; if the authority is formed, and the City decides to participate, delaying the RFP provides time to determine if/how to factor the authority into the RFP.
- If a Regional Authority is formed and the RFP is issued after it is established, the RFP may garner more interest from proposers interested and willing to invest in restarting the Ann Arbor Material Recovery Facility (MRF) as a processing facility to serve the greater region.
- The City will be able to continue to develop a beneficial plan for in-house services (at a minimum protecting current positions) and efficiently expanding services (e.g., looking to being able to extend residential organics collection to year-round service at no additional cost) by exercising management's right to assign work with an eye on evolving the "means and methods" of the City's delivery of services to embrace best practices, consistent with the spirit of City Council's approval of Resolution R-18-194, and reporting back to Council as these changes are made to ensure that there is no perceived conflict with the Council resolution.
- Several representatives of downtown merchant associations let staff know that they want to explore the potential of a new downtown solid waste district that would be managed by the DDA, as a way for them to have more opportunities to weigh-in on management decisions and flexibly adjust their solid waste service levels. Delaying the RFP allows for further development of this service delivery model to determine whether or not to include downtown services in the City's RFP.
- More time would be available for vendors to develop proposal responses.
- Delaying the RFP provides greater time for Council deliberations on and award of the contract, and for the selected contractor(s) to procure necessary equipment to perform the contracted service(s).

Taking into account all of these factors and considerations, I have determined that it is in the City's best interest to delay the issuance of the RFP until the conclusion of the SWRMP process. Staff is reaching out to WMM and RAA requesting that they agree to extend their expiring contract(s) for a one-year period to June 30, 2020 to ensure continuation of their services until the delayed RFP process takes place and replacement contract(s) are awarded. Once agreement to this request is received from the contractors,

staff will present a resolution to City Council to authorize the necessary contract amendments to put these extensions into place.

Cc: John Fournier, Assistant City Administrator  
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