



Request for City Council Committee Action from the Department of Public Works

Date: June 4, 2013

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: **Organized Collection of Garbage, Recyclables, Mattresses, Problem Materials and Seasonal Yard Waste**

Recommendation:

- A. End the 180 day planning and discussion period regarding our next contract for operation of our system of organized collection.
- B. Direct the proper city officials to begin the process for issuing an RFP (Request for Proposals) for the collection of garbage, recyclables, mattresses, problem materials and seasonal yard waste.

Previous Directives:

- January 29, 2013, receive and file update on the organized collection process
- October 25, 2012, publication of City Council action officially beginning the 180-day organized collection process
- October 19, 2012, City Council adopted Resolution of Intent to organize collection
- October 9, 2012, public hearing to consider adopting the Resolution of Intent to organize collection
- September 21, 2012, City Council set public hearing to consider adopting a Resolution of Intent to organize collection pursuant to Minnesota Statutes, section 115A.94, Subd. 4
- December 1, 2008, entered into a 5 year collection contract with Minneapolis Refuse Inc. (MRI) for the period of February 1, 2009 through January 31, 2014

Department Information:

Prepared by: Heidi Hamilton, Deputy Director, Public Works
David Herberholz, Director, Solid Waste and Recycling

Approved by: _____

Steven A. Kotke, P.E., Director of Public Works

Presenters in Committee: David Herberholz

Reviews

- Permanent Review Committee (PRC): Approval X Date _____
- Civil Rights Approval Approval Date _____
- Policy Review Group (PRG): Approval Date _____

Financial Impact

- No financial impact
- Action is within the Business Plan

Community Impact

- Neighborhood Notification: Letters were mailed to all neighborhoods served by contracted solid waste collection services notifying them of the 3 meetings conducted during the 90-day planning period. During the second 90-day planning period, the meeting notifications were sent to interested parties as per Minnesota Statutes, Section 115A.94, Subd. 4 as it existed at the time..
- City Goals: Maintain the physical infrastructure to ensure a healthy, vital and safe city.

Supporting Information

Legislative Changes to the Organized Collection Statute

On May 7, 2013, Governor Dayton signed into law legislation making substantial changes to Minnesota Statutes, Section 115A.94 regarding organized collection of solid waste. It substantially changed the process for organizing solid waste collection in a Minnesota city or town. It became effective May 8, 2013. It provides for a shorter, but significantly different process for organizing collection. For the last six months we have, as a precautionary measure, been following the old process that was in place prior to May 8, 2013.

The new law provides that: "A city or town that has organized collection as of May 1, 2013 is exempt from subdivisions 4a to 4d." Minneapolis had an existing system of organized collection on May 1, 2013 and is therefore exempt from following either the new statutory process or the old statutory process that existed on October 19, 2012 when the City adopted a resolution of intent to organize collection. We plan to finish out that process as described at the time the City adopted its' "Resolution of Intent" to organize collection of solid waste.

Planning and Discussion Period

The planning period began on October 25, 2012, with the City Council adoption of the Resolution of Intent to organize collection and invite the participation of interested parties licensed to operate solid waste collection services in the City to comment and collaborate on how the City should collect garbage, recyclables, mattresses, problem materials and seasonal yard waste for one half of the City's residential dwelling units.

Three planning meetings were conducted in the first 90 days during the planning period. Comments were solicited by the City regarding possible contracting methods for organized solid waste collection in the contracted half of the city. A list of interested parties was established and added to as new parties joined meetings, wrote letters or contacted the City to be added to the list.

Copies of all notes from meetings were posted on line and emailed to participants. Physical copies of meeting notices and copies of the previous RFP (Request for Proposals) and maps of the collection area were sent to interested parties via US Mail.

Two meetings were held during the 90 day discussion period that followed the 90 day planning period. Comments were received in person and via US Mail. All comments and letters were posted to the web site.

In order to ascertain the position of each interested licensed hauler, the city requested written response to a survey. Nineteen (19) signed survey responses from licensed haulers were received as of May 20, 2013. Three anonymous responses were received. The survey asked whether haulers agreed or disagreed with the two statements below, and if they disagree to explain why:

1. The City of Minneapolis should continue on with the current method of having one half of the City serviced by City crews and one half of the City serviced via contracts with licensed haulers for collection of garbage, recyclables, mattresses, problem materials and seasonal yard waste.

3 signed responses agree

16 signed responses disagree

3 **unsigned** responses agree

2. The City of Minneapolis should contract with one to four haulers to service the sections on the enclosed map.

1 signed response agrees

18 signed responses disagree

3 **unsigned** responses agree

Comments included on surveys indicate that MRI and its twelve (12) licensed haulers (13 total surveys), a majority of the licensed haulers, stated:

- City of Minneapolis should continue with the current method of having one half of the City serviced by City crews and one half of the City serviced via a single contract with Minneapolis Refuse Inc.

The additional six (6) signed surveys included the following comments:

- Fewer than 4 haulers should be contracted to provide services on the non-City collected half
- City should retain flexibility in awarding contract
- Existing haulers should continue to have an opportunity to retain current market share
- A single private sector hauler should service entire city.

Key Issues

Key issues discussed during the 180-day process centered around whether or not a labor peace provision should be included in the next solid waste collection contract.

Parties in support of labor peace (MRI members, their legal representation and labor union reps) strongly urged that labor peace remain a component of the solid waste collection contract.

The opinion of at least two private companies is that they will not submit a proposal to the City if a labor peace provision is required as part of the contract. More information from the planning and discussion process can be found in the attached report "Planning and Discussion Summary April 25, 2013."

Staff Recommendation - Competitive Process for Organized Collection Services

The Public Works Department recommends that the City issue a multi sector Request for Proposals for organized collection of garbage, recyclables, mattresses, problem materials and seasonal yard waste. We believe this will maximize the opportunity for the city to receive competitive pricing for the best available services, provide opportunity for small businesses to propose on the work and provide opportunity to minimize displacement of existing haulers. This strategy conforms to the City's charter mandate of maximum 5-year contract lengths. The contract period of 5 years or less provides the opportunity to seek competitive market pricing at least every 5 years. The current collection contract with MRI expires on January 31st, 2014.

Public Works recommends that the question of whether labor peace is a requirement of the contract be determined by the Council after a recommendation from the Permanent Review Committee (PRC) pursuant to the City Council resolution on labor peace.

Staff also recommends that the City officially conclude the planning and discussion process.

Encl. (Exhibit A) Planning and Discussion Participation Summary May 20, 2013
(Exhibit B) List of Interested Parties
(Exhibit C) Findings of Fact
(Exhibit D) Letters from Interested Parties
(Exhibit E) Notes from Meetings with Interested Parties and Surveys

cc. Corey Conover