



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

Date: March 24, 2015

To: Honorable Kevin Reich, Chair, Transportation & Public Works Committee

Referral to: Honorable John Quincy, Chair Ways and Means Committee

Subject: **Contract with Minneapolis Refuse, Inc. (MRI) for the Collection of Garbage, Recycling, Problem Materials, Large Items, Mattresses, Yard Waste and Source Separated Organics (SSO)**

Recommendation:

Authorize the proper city officials to negotiate and enter into a contract with Minneapolis Refuse, Inc. (MRI) for the collection of garbage, recycling, problem materials, large items, mattresses, yard waste and source separated organics for approximately one-half of the City's dwelling units for a five-year term from August 31, 2015 through August 30, 2020.

Previous Directives:

December 10, 2014 - Direction to provide City-wide, opt-in, source separated organics collection was provided to the Department of Public Works, Division of Solid Waste and Recycling through the 2015 Council Adopted budget.

September 10, 2013 - Authorization to negotiate and execute an agreement with Minneapolis Refuse, Inc. for the collection of garbage, recycling, problem materials, and yard wastes for approximately one-half of the city's dwelling units.

Department Information:

Prepared by: David Herberholz, Director, Solid Waste and Recycling Division, 673.2433

Approved by: _____
Steven A. Kotke, P.E., Director of Public Works

Presenters in Committee: David Herberholz, Director, Solid Waste and Recycling Division

Reviews

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

Financial Impact

Action is within the approved budget.

Community Impact

City Goals: Great Places - Natural and built spaces work together and our environment is protected.

Supporting Information

On December 10, 2014, the City of Minneapolis Public Works Department received City Council direction to offer City-wide, opt-in, Source Separated Organics (SSO) collection services. A critical component of rolling out the program is amending the agreement with MRI to include SSO. The current agreement runs through January 31, 2019. Through negotiations with MRI, it was determined that the best option would be to enter into a new 5 year contract when City-wide organics collection begins in August 2015, which will allow MRI to amortize the cost of trucks needed to take on SSO collection over a longer time period. We will operate under the existing agreement until the start of the new 5 year contract on August 31, 2015.

The base service fee in the existing agreement is currently \$10.02, raised from the original \$9.94 on February 1, 2015 during a scheduled Consumer Price Index (CPI) increase of 0.8%, calculated using the average CPI from 2014. Public works negotiated the organics collection starting rate from \$3.98 down to \$3.25 per dwelling unit per month, in exchange for a starting base service fee of \$10.24 per dwelling unit per month with scheduled CPI increases of at least 1.5% to 2.5% at six points throughout the term of the 5 year agreement, offsetting the risk to MRI.

The cost to provide SSO collection services under a new five (5) year collection agreement will vary based on the date of service, and the percentage of dwelling units signed up to participate. The trigger point for each rate increase is based on the number trucks needed to effectively service the participating dwelling units, and/or a set calendar driven increase based on the Consumer Pricing Index (CPI) as shown in Attachment A. MRI will be paid the SSO Service Rate for each of the serviced dwelling Units with SSO collection service available. The cost to provide the collection of garbage, recycling, problem materials, large items and yard waste will start at \$10.24 per dwelling unit, per month, and is referred to as the Base Service Fee. MRI will be paid the Base Service Fee for each Dwelling Unit actively serviced by MRI. The Base Service Fee will increase throughout the term of the Agreement on a calendar driven cycle using CPI as outlined in Attachment A.

The cost to provide mattress collection services will be paid as a Per Piece Fee starting at \$7.90 per piece. The per piece fee will increase throughout the term of the Agreement on a calendar driven schedule utilizing CPI as shown in Attachment A. MRI will be paid for all mattresses and/or box springs properly documented and collected for recycling.