



New Solid Waste Service Agreements – Status Report

August 31, 2020

[On October 29, 2019](#), the City Council authorized staff to begin negotiations with the current service providers (Recology, City of Sunnyvale, and Waste Management) to establish new agreements for solid waste collection and processing services. On [January 28, 2020](#), they approved a scope of services for Recology and negotiating parameters for a new SMaRT® Station Memorandum of Understanding (MOU).

This status report provides an update on the negotiation process.

The Recology collection agreement will likely be presented for Council approval in fall 2020. The SMaRT Station processing and Waste Management disposal agreements are likely to be presented to Council in early 2021.

Please contact Recycling and Zero Waste Program staff with comments or questions about the information in this memo, other aspects of the new agreements, or about the City’s adopted Zero Waste Plan. recycle@mountainview.gov or (650) 903-6311.

Table 1 – Overview of New Recology Programs and Services

Service	Description
Organics Collection	Add two new routes to provide all accounts with organics collection services as required by Senate Bill (SB) 1383. One additional cart route to accommodate multi-family accounts; one additional bin route for commercial and larger multi-family accounts (to be added year two or three).
Technical Assistance	Add one additional Technical Assistance Specialist to assist all commercial and multi-family customers with recycling and organics services and provide expanded assistance to schools and special events. Recology will supply residential organics starter kits, limited number of commercial internal collection containers, all needed collection supplies for schools, and attendee collection containers for events.
Cleanup and Bulky Goods	Changes to increase the reuse of collected materials which are not yet defined and offer some bulky goods (e.g., furniture, appliances) collection services to apartment complexes. Add collection of illegally dumped bulky items in neighborhoods (formalize current pilot program).

Table 1 – Overview of New Recology Programs and Services

Service	Description
Container Replacement	Replace recycling and organics containers to meet new requirements of SB 1383 (blue for recycling and green for organics). Recycling split-carts replaced in year one with two different colored blue lids; multi-family recycling carts in year two; and residential organics carts in year three. Commercial recycling bins to be repainted from white to blue.
Renewable Diesel Fuel Powered Vehicles	Convert collection fleet from Compressed Natural Gas (CNG) to Renewable Diesel (produced using fats and vegetable oils). Compared to CNG, renewable diesel vehicles emit less carbon monoxide and particulate matter, have lower lifecycle GHG impacts and are less expensive. Electric collection vehicle are in the early development stages; when and if ready for further deployment, the truck replacement schedule can be revisited.
Route Audits	Add route auditor to comply with SB 1383 contamination and participation compliance monitoring requirements. Position will also perform other auditing and customer technical assistance duties.
Weekly Residential Recycling Collection	Weekly recycling can be chosen by Council at the outset or be added anytime during the life of the new agreement.
Processing Services	Continue composting commercial food waste; consider adding additional services currently done at the SMaRT Station: 1) compost residential food waste; 2) process construction and demolition debris (C&D); and, 3) process commercial recycling.

Recology Overall Cost

Final pricing for new collection services is still under negotiation. Overall contract costs are anticipated to increase by 6 to 7 percent in year one, an additional 2 to 3 percent year two or three (for second commercial organics route), and an additional 2 to 3 percent for weekly recycling (should Council choose this service). There will also be an as-yet determined CPI increase for existing base services in Fiscal Year 2021-22. Cost increases appear reasonable given the need to meet the requirements of SB 1383 to divert 75 percent of organics from landfill. A benchmark pro forma to evaluate Recology’s service costs against industry standards indicates that Recology’s costs are within a reasonable range.

Processing costs are paid on a per-ton basis and are not included in the base payment to Recology for collection services. The per-ton rates and tonnage estimates are not yet finalized, so total processing costs have yet to be determined. However, new Recology costs for residential organics, C&D, and commercial recycling processing would be countered by reductions in SMaRT Station expenses for these same services.

To offset costs for new services, several cost reduction measures for existing services are being evaluated and may be presented to Council for consideration with the final agreement. The annual cost savings are estimates:

- Eliminate CRV Redemption Service at the Mountain View Recycling Center.** Discontinuing buy-back services at the Recycling Center would save the City about \$225,000 annually. This service would still be offered at the SMaRT Station (based on MOU discussions to date) and at some local grocers. Mountain View is working with the County, several other jurisdictions, and a local company to obtain a grant from CalRecycle to expand buy-back opportunities at Safeway stores. Surveys done at the center in the last year indicate that less than 30 percent of CRV buy-back customers are Mountain View residents.
- Eliminate Separate Multi-Family Garbage Routes.** Some multi-family accounts require a two-person truck to collect garbage (due to bin or vehicle movements). Currently, Recology operates 2 two-person multi-family-only routes. These routes can be combined with the commercial garbage routes, and the accounts needing two-person service can be isolated and collected separately. This would create an efficiency savings of about \$128,000 annually.

Table 2 – Overview of New SMaRT MOU	
Agreement Term	Term lengths between 10 and 20 years are being evaluated for cost and various other implications such as alignment with the depreciation schedule for capital improvements.
Member Agencies	Only Mountain View and Palo Alto are participating in discussions with Sunnyvale. Palo Alto is less committed. Cost and operational impacts of having only two partners are not yet clear.
Processed Materials	SMaRT Station may no longer process C&D materials. Mountain View can contract for this service through Recology. Higher diversion may be achieved. Commercial recycling and residential organics may be taken directly to other processing facilities either through the Recology agreement or a joint agreement with Sunnyvale (organics only).
Completion Dates	Sunnyvale agreeable to developing mutually acceptable incentives to ensure capital improvements stay on track.
Diversion	Mountain View hopes to achieve an additional 2,700 tons of diversion

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	from improvements in processing (per Zero Waste Plan). New equipment will focus on capturing additional organics and paper from the mixed solid waste sorting.
Cost-Sharing Methodology	Cost-sharing methodology changes include partners to pay a specified “tip fee” for each ton delivered of each type of material (garbage, recycling, organics), rather than all operating costs based only the tons of garbage delivered. Result should be more predictable costs.
Operator Contract	New operator contract will include compensation in line with new cost-sharing methodology, revised incentives to maximize and maintain diversion, and rewards for Operator-suggested innovations that reduce cost or increase efficiency.

SMaRT Overall Cost

Only preliminary cost estimates for future SMaRT Station operations are available and have not been fully reviewed. Cost information is expected to change as the many assumptions are refined. Completion of a feasibility study for the proposed equipment and building improvement is the next step to refining costs. A comparison of the preliminary costs for all services currently provided by the SMaRT Station in Fiscal Year 2020-21 against the costs for Fiscal Year 2021-22 (under a new MOU and with some services provided by SMaRT and some by others) indicates the City’s cost could increase by 10 to 15 percent under a three-partner scenario and 20 to 25 percent under a two-partner scenario. Major cost increase factors include: 1) a new labor agreement for to bring wage and benefit parity to sorters; 2) capital costs for new equipment and building improvements, amortized over 15 years (the City’s current annual SMaRT budget does not include capital costs as Mountain View paid off its share of the existing equipment and building several years ago); 3) a new Operating Reserve to smooth over year-end discrepancies between budgeted and actual expenses; and, 4) the addition of land rent paid to City of Sunnyvale.

Waste Management Disposal Agreement

Discussions with Waste Management have not commenced, as preference is to discuss the landfill agreement in the context of the SMaRT MOU with all potential partners involved. These discussions will be undertaken soon.

Rate Impacts

A cost-of-service study to realign rates must be completed following approval of the new agreements. Updated cost assignments to each rate category are needed as a result of significant new program additions and expected shifts in tonnage collected. In

addition, separate multi-family and commercial rates may be needed. Rate estimates will be provided when Council reviews the final proposed agreements.