



Legislation Details (With Text)

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**Title:** Resolution to Approve Amendment Number 3 to Contract with Waste Management of Michigan, Inc. for Commercial Refuse Collection Services (estimated \$4,342,600.00 for an Estimated Total Contract Value of \$20,172,000.00)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. AMENDMENT - 2 for WASTE MANAGEMENT OF MICH. INC. - PUBLIC WORKS 7-3-2019.pdf, 2. WM Amendment #1 signed.pdf, 3. wm franchise contract.pdf, 4. City of Ann Arbor MI Draft Amendment 3 for 2 yr Extension WM \_06.07.21 (Redlined 6-15-21) v3 tsw edits.pdf

Date	Ver.	Action By	Action	Result
6/21/2021	1	City Council	Approved	Pass

Resolution to Approve Amendment Number 3 to Contract with Waste Management of Michigan, Inc. for Commercial Refuse Collection Services (estimated \$4,342,600.00 for an Estimated Total Contract Value of \$20,172,000.00)

Attached for your review and consideration is a resolution to approve an amendment to the City’s contract with Waste Management of Michigan, Inc. (WM) for Commercial Refuse Collection Services. This amendment will extend the contract for two years with an option for one additional one-year renewal. In addition to the duration of the contract, this amendment additionally changes waste delivery from the City Transfer Station, to direct delivery to the Woodland Meadows landfill. This elimination of the waste transfer will reduce greenhouse gas emissions, positively contributing to the City’s carbon neutrality goal. The contract extension also provides an expanded option for Sunday franchise waste collection services to customers in the City’s Downtown Business District.

The current contract with Waste Management will expire on June 30, 2021. With this two-year extension of the contract with Waste Management under amended terms and conditions, the City is undertaking a two-step process to implement changes to downtown and commercial solid waste collection as discussed in the Solid Waste Resource Management Plan: 2019-2023 (SWRMP), completed in November 2019 and approved by City Council on October 5, 2020 R-20-395:

**Step 1 - Two-year amendment and extension of the current commercial refuse collection contract.** The City is proposing a two-year amendment and extension of the current commercials refuse collection contract. In addition to more comprehensive changes to downtown and commercial solid waste collection envisioned by the SWRMP, City stakeholders including downtown area associations and business leaders have expressed a desire for more immediate changes to the city’s refuse collection contract, including expanded weekend

collection options. Under the two-year extension, WM will extend Sunday service options to all commercial customers in the Downtown Business District.

Additionally, the City will realize estimated savings as a result of diverting refuse collected from commercial establishments directly to the Waste Management-operated Woodland Meadows Landfill. The City is currently analyzing what, if any, impact this reduction will have on the additional administrative fees associated with managing the WM refuse collection contract to determine if we can provide more cost-effective service options to customers. We also anticipate reduced traffic and vehicle miles traveled associated with commercial waste collection because WM trucks will now travel directly to Woodland Meadows rather than first stopping at the City Transfer Station. The City does not anticipate any changes or impact on our Transfer Station Contract.

The following chart summarizes estimated savings associated with the commercial refuse collection contract amendment and extension:

Year ending	Estimated Savings
6/30/2022	\$68,535.36.00
6/30/2023	\$75,970.80.00
6/30/2024	\$83,567.88.00

Amending and extending the current commercial refuse collection contract will allow the City to realize some savings and extended service options while allowing City staff time to undergo a more extensive stakeholder-engagement and Request for Proposal (RFP) development for Step 2.

**Step 2 - Develop a long-term downtown and commercial solid waste collection contract that implements changes proposed in the SWRMP.** The SWRMP discusses more extensive changes to downtown and commercial solid waste collection that will require a detailed stakeholder-engagement and RFP-development process to implement. Work on these changes is underway-City staff have initiated meetings with downtown area associations and business leaders to better understand their unique needs and have also engaged the services of a local consulting firm to assist with RFP-development. Despite this progress, due to the complexity of the undertaking, as well as the need to simultaneously expend staff time on other priority solid waste projects, staff anticipate needing a two-year timeframe to complete stakeholder engagement, RFP-development, bidding, and contract negotiations for this project.

Waste Management has agreed to an amendment and extension of the contract under the current terms, including the annual Price Adjustment of 2.5% to 72% of the pricing, resulting in a 1.8% adjustment to the overall pricing.

Budget/Fiscal Impact: The funding for this contract is included in the approved FY22 Solid Waste Fund operating budget and in future fiscal years, if so, approved by City Council.

Sustainability Framework: The work performed under this contract furthers the Safe Community, Economic Vitality, Integrated Land Use, and Clean Air and Water goals of the City's Sustainability Framework.

Prepared by: Eileen Naples, Resource Recovery Manager

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Tom Crawford, City Administrator

Whereas, The City's contract with Waste Management of Michigan, Inc. for Commercial Refuse Collection Services as authorized by Chapter 26 of the City Code will expire on June 30, 2021;

Whereas, The City is undertaking a two-step process to implement changes to downtown and commercial solid waste collection as discussed in the Solid Waste Resource Management Plan: 2019-2023 (SWRMP);

Whereas, The first step is a two-year amendment and extension of the City's contract with Waste Management of Michigan, Inc., for Commercial Refuse Collection while the City undertakes negotiations for longer-term changes to downtown and commercial solid waste collection;

Whereas, The first step will include expanded weekend collection options, contract cost savings, and reduced vehicle miles traveled associated with commercial refuse collection in the City;

Whereas, The second step will include long-term stakeholder negotiations and Request-for-Procurement development to realize changes proposed in the SWRMP;

Whereas, City Council Approved the SWRMP October 5, 2020 R-20-395, allowing for its recommendations related to downtown and commercial service delivery methods to be utilized in the procurement of necessary contracted services to replace the existing Commercial Refuse Collection Services contract;

Whereas, City staff are simultaneously undertaking several solid waste priority projects, necessitating a longer lead time for developing and procuring contracted services to replace the existing Commercial Refuse Collection Services contract and implement more extensive changes to downtown and commercial solid waste collection;

Whereas, City staff desire to amend and extend the currently contracted collection services by Waste Management of Michigan, Inc. without interruption until the replacement services commence;

Whereas, These services will be provided for an additional period of one (2) year term from the expiration of the current contract, with the City reserving an option to extend the agreement term for one additional year;

Whereas, Funding for this extension is included in the FY22 Solid Waste Operation and Maintenance budget and in future fiscal years, if so approved by City Council;

Whereas, Waste Management of Michigan, Inc. is in compliance with the requirements of the City's Non-Discrimination and Living Wage ordinances; and

Whereas, Waste Management of Michigan, Inc., has satisfactorily performed its existing contract with the City and provided the service the City required and is best qualified and competent to continue through the two-year extension, the terms of which are fair and reasonable, and which are deemed practical and reasonable for the City to enter;

RESOLVED, That City Council approve Amendment Number 3 to the contract with Waste Management of Michigan, Inc. for Commercial Refuse Collection Services extending the contract

term for the two years in the estimated amount of \$4,342,600.00.

RESOLVED, That the City Administrator be authorized to extend the agreement for an additional one-year period;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said agreement after approval as to form by the City Attorney and approval as to substance by the City Administrator; and

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.