

**ASSEMBLY STANDING COMMITTEE
PUBLIC WORKS AND FACILITIES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

May 8, 2018 12:00 PM
City Hall, Assembly Chambers

I. CALL TO ORDER

II. INFORMATION ITEMS

- A. RecycleWorks Site Options
- B. Site Tour: CMI Property, Waste Management

III. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org



City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801

Telephone: 586-5240 | Facsimile: 586-5385

DATE: May 7, 2018

TO: Loren Jones, Chair, Assembly Public Works & Facilities Committee

FROM: Rorie Watt, City Manager

A handwritten signature in black ink, appearing to read "Rorie Watt".

RE: RecycleWorks Site Decision

It is time to make a decision on the siting of our RecycleWorks facilities for the following reasons:

1. The Waste Management building that houses the contracted recycling program has fallen into disrepair, is not safe for continued use. The recycling program is running in an ad hoc and inefficient manner, not protected from the elements.
2. Our contract with Waste Management to provide recycling services is coming due in July.
3. Staff has long been working on a three way deal between the Alaskan Brewery (AKBEV) and CMI. The proposal has been before the Assembly several times has been before the Planning Commission. The CMI property availability is likely limited.
4. Waste Management has made a new proposal to keep the services at the privately owned landfill.

Today:

Determine if the Committee feels additional information is necessary for the Assembly to make this program site decision. If additional information is necessary, make request of staff, decide to receive that information at an additional PWFC next week, or forward entire issue with requests for additional information to the COW.

RecycleWorks Site Decision

| | CMI (Anka Street Property) | WM Landfill | Issues Unrelated to either Option |
|--|----------------------------|-------------|---|
| <u>Distinguishing Characteristics:</u> | | | <u>Notes</u> |
| Up Front Land Cost | | X | CMI property for sale for \$3.3M, WM Land available for minimal fee. |
| Value at 30 years | X | | CBJ could sell CMI property after 30 years (or at any time), recoup purchase price. WM owns recycling building. |
| Program Flexibility | X | X | CBJ autonomous at CMI, negotiated at WM. |
| Size of Site | X | X | 5 Acres vs. up to 3 Acres |
| Site Control | X | X | Sole autonomy vs. Combination of upfront negotiations, later mutual agreements |
| Public Convenience | X | X | Public equally trained to go to landfill and LC Commercial Area. |
| Adjacency Benefit | X | X | Adjacent to junk car/scrap metal or landfill is equally beneficial. |
| CBJ Program Bidding Flexibility | X | X | CBJ to bid at CMI, hybrid of direct contract with WM for Recycling, bid for HHW |
| HHW Infrastructure Cost | X | | CMI includes 8,000 SF Building (can be modified). WM proposes that CBJ renovate or demo existing quonset hut. |
| Recycling Infrastructure Cost | X | X | Similar at Either Site, Incinerator building at WM must be demolished. |
| Program Operational Costs | X | X | Similar, greater bidding flexibility at CMI. |
| Program Timing | X | X | CMI presents early move in option. |
| Property Sale to Brewery | | | X CBJ Holdings not efficient for goals, FMV sale to AKBEV makes equal sense for either option. |
| WM as Recycling Vendor | | | X Waste Management has significant advantage in access to recycled goods markets. |
| Consolidation Preferred | | | X Consolidation of Recycling and HHW in CBJ's interests. |



WASTE MANAGEMENT

5600 Tonsgard Court
Juneau, AK 99810

May 7, 2018

Ms. Michele Elfers
RecycleWorks Manager
City and Borough of Juneau
105 Municipal Way
Juneau, AK 99801

*** sent via email only ***

Dear Michele:

Thank you for your letter dated May 3, 2018. We appreciate the opportunity to clarify Waste Management's (WM) offer for the City and Borough of Juneau's (CBJ) consideration. As your long-term environmental partner, we appreciate the great working relationship with CBJ. Here's to our next chapter together!

Response to Question 1:

- We are happy to accommodate a 10-year contract with four 5-year renewal periods, as requested by CBJ.
- The offer does not include transferring building/land ownership to CBJ at the end of the contract. However, as described in our responses to Questions 2 and 3, we are flexible in permitting others access to our site during the contract term.
- Our new recycling center will be approximately 80' by 60', sized to accommodate CBJ's program needs.
- Throughout the contract term, WM will maintain the building in safe, working condition.

Response to Question 2:

- Based on CBJ's commitment to fund the upgrades to the Quonset hut, WM will lease CBJ the required footprint for the HHW program based on fair market value, for the duration of our recycling contract.
- This will facilitate a seamless continuation of CBJ's HHW program from the current contract to the next contract.

Response to Question 3:

- We are happy to accommodate CBJ's composting plans as part of an amended contract.
- We welcome the opportunity to provide technical guidance based on WM's experience with other organics programs.

- WM will make one acre of land adjacent to the north fence line, and related access, available to CBJ.
- The lease rate will be developed based on fair market value, which we understand is closer to 8%.

Response to Question 4:

- As your partner, we want to make it easy for CBJ to add other services for the community's benefit.
- Given our site responsibilities and obligations, new services must be added upon mutual agreement. However, WM will not unreasonably withhold approval.

Response to Additional Questions:

- Administrative Office Space - To provide the greatest flexibility for CBJ, we suggest placing an office trailer onsite (furnished by CBJ). We will provide the space and access.
- Hours & Days of Operation - We will entertain mutually acceptable changes to the hours and days of operations with commensurate compensation.
- Profit Sharing for Commodity Values - Our offer continues the current commodity revenue sharing arrangement.
- Two Free Spring/Fall Clean-Up Days - The spring "Litter Free" program is a resounding success due to its extraordinary community engagement. We are supportive of adding an additional "Litter Free" event in the fall, and are happy to participate under the same parameters as the current program.

We're pleased to offer this cost-effective plan to address CBJ's needs for the next thirty years, while supporting sustainability by utilizing existing infrastructure.

Waste Management is proud of our partnership with CBJ and thankful to be your service provider. Together, we can save money and deliver even greater value for the community.

Sincerely,



Eric Vance
District Manager



Eric Vance, District Manager
Waste Management
5600 Tongsgard Court
Juneau, AK 99801

May 3, 2018

Dear Eric,

Thank you for submitting your proposal for a City and Borough of Juneau (CBJ) and Waste Management (WM) partnership for Recycling, Household Hazardous Waste and Composting services. We hope to clarify the general terms that WM wishes to propose so that CBJ staff can advise the Assembly on how to evaluate their choices for our RecycleWorks program. We recognize there will be many additional supporting details to determine as we move forward.

Regardless of the location decisions, CBJ's intent for a long term RecycleWorks program includes:

1. Maximize beneficial reuse and recycling of waste in Juneau including safe and legal disposal when necessary.
2. Consolidate Recycling, Household Hazardous Waste (HHW) and composting programs at one location for better public service and efficient operations.
3. Invest in programs and infrastructure to create a long term asset for the City and Borough of Juneau.
4. Integrate RecycleWorks program goals with landfill lifespan and community needs for long term waste management.
5. Maintain leverage over operations and services and maintain program costs that are fair market value.

We have reviewed your proposal and have the following understanding and comments. Please advise if our understanding is incorrect:

1. Waste Management proposes to finance and construct a building for commercial and residential recycling and operate the program for 10 years under an operational contract. WM proposes that the initial fee be \$24,000/month.
 - a. CBJ Comment – CBJ is interested in a 30 year outlook and program understanding the life of the landfill to be 23+ years. A ten year contract with (4) five year renewal periods meets our program intent. The \$24,000 fee over ten years includes operations costs at current level of service plus amortized cost of the building construction. After ten years of the contract, CBJ will have effectively paid for the cost of the building. To retain this

asset and ensure the sustainability of the program, Waste Management shall continue the contract for an additional 20 years and provide CBJ the option to buy or otherwise control the land and building to the end of the 30 year term. At the time that service is no longer provided by Waste Management, the building, land and access rights will be available to CBJ for purchase or lease.

- b. We are unclear as to the exact size of building that you propose.
 - c. We assume that WM proposes to maintain the building in working condition for the life of the contract.
2. We understand that Waste Management is willing to host Clean Harbors (CH) as the operator of the HHW program at Capitol Disposal for the duration of the existing CBJ/CH contract.
- a. CBJ comment – CBJ is willing to finance the construction of a new HHW facility or renovation of the existing Quonset hut. Clean Harbors would continue as operator for the duration of our contract with them. CBJ would then bid the HHW services at the end of that period. It is unclear if Waste Management proposes to charge a land lease fee at this time for use of this land.
3. Waste Management will discuss composting options with CBJ and land availability.
- a. CBJ comment – As consolidated services and composting is part of our long term planning, CBJ needs to include this in the agreement now. CBJ will lease one acre of land adjacent to the north fence line of the landfill property and access for in vessel composting. CBJ will partner with Waste Management or another qualified operator to provide the composting service. Lease rate will be 5% of land value.
4. Other services. It is unclear if WM is willing to allow CBJ to fund and decide to provide new services at its sole discretion, or if those new services may only be provided if agreed to by WM.

Additional needs for the program include administrative office space, agreement on hours and days of operation that can be modified at any time in the contract with appropriate compensation for costs, and profit share on material sales. The CBJ also requests that Waste Management offer 2 free spring/fall clean up dump days for the community.

As you know, we have a public meeting planned Tuesday, May 8 to discuss Waste Management's proposal. Please let us know if our understanding of these general terms is properly characterized.

Thank you for your interest and consideration.

Sincerely,



Michele Elfers

RecycleWorks Manager

Engineering and Public Works Department