



City of Omaha
Jean Stothert, Mayor

Office of the Mayor
1819 Farnam Street, Suite 300
Omaha, Nebraska 68183-0300
(402) 444-5000
FAX: (402) 444-6059

June 11, 2019

Dear President Jerram and City Council Members,

Based on the wide-ranging comments at the June 4 City Council meeting, it is not clear if there is agreement on the type of service the Council will support. I am requesting a written response that lists the specific services you want, which company you will support, the cost you are willing to pay and how you will reach consensus on these issues.

Our deadline to choose a contractor is imminent. The contractor selected needs 14-16 months to set up operations in Omaha including the construction of its facility, a CNG fueling station, purchase trucks, etc.

This final discussion must be about the services the majority of citizens want and the resources each bidder has available for collection every day, including exceptional and unexpected circumstances.

We were reminded last week that the citizens' number one priority is prompt daily collections. During the week June 3 – June 8, we received 2,598 valid service complaints for missed collections.

Waste Management fell behind on collections due to a high volume of yard waste following the May 27 hailstorm. It took extreme measures to get back on schedule, including the complete suspension of recycling for four days, the relocation of Waste Management employees from other communities to Omaha, and the reassignment of commercial collection trucks for residential pickups.

We all agree service delays are unacceptable. If a company like Waste Management, with immediate access to additional resources cannot manage an emergency, how can we be confident that the company that bid with fewer resources can be successful?

We have taken a number of steps to address the questions we heard at the June 4 City Council meeting.

We asked FCC Environmental and West Central Sanitation to extend their bids by 60 days and both agreed.

I met with representatives of FCC last week and I will meet with West Central this week.

The Request for Bids (RFB) for the Spring and Fall Yard waste collection contract will be advertised July 17, bids will be opened August 7, providing the range of costs you asked for.

Finally, I urge you to consider the data we have provided on the high cost of separate collection of yard waste, and the lower cost alternatives available to the citizens.

A primary reason to offer separate collection is to produce OmaGro.

The annual cost (collection & production) is \$6.5 - \$6.8 million. The annual revenue from OmaGro sales is less than \$100,000. (2017 revenue: \$90,388, 2018 revenue: \$67,600)

The annual net loss to the City is approximately \$6.4 - \$6.7 million dollars.

Why would we choose an option that operates at a proven loss of taxpayer dollars? No business would produce and sell a product that loses money, it is not a good business decision.

By choosing the 3-cart option for separate yard waste collection, citizens will be limited to the single 96-gallon cart each week. All additional yard waste will be collected only in bags with pre-paid stickers. Does this address your objectives about yard waste and OmaGro?

On the other hand, we have recommended the 2-cart option, plus the Saturday unlimited yard waste collection for the peak spring and fall seasons.

If the numbers West Central has provided do not work, we will face the same situation Waste Management faces each year, unable to collect yard waste separately.

Waste Management bought Deffenbaugh in 2014 and assumed the existing contract. Waste Management knows the challenges of collecting solid waste in Omaha and believes the cost of a 2-cart system is \$29.2 million, far more than the other bidders and \$15 million more than what we pay today. While we did not consider this high bid, we should take note that our current contractor, thinks the job requires far more resources to be successful over the life of the next contract.

I look forward to your response.

Sincerely,



Jean Stothert
Mayor, City of Omaha