



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent
July 29, 2008

**Honorable Mayor and
 Members of the City Council**

Title: Green Waste Processing Elder Creek Transfer & Recovery, Inc. [2/3 Vote Required]

Location/Council District: All

Recommendation: Adopt a Resolution 1) suspending competitive bidding as in the best interest of the City; 2) authorizing the City Manager or designee to execute an agreement with Elder Creek Transfer & Recovery, Inc. for green waste processing services, for an annual amount not to exceed \$832,000.

Contact: Edison Hicks, Integrated Waste General Manager, 808-4949
 Marty Strauss, Integrated Waste Planning Superintendent,
 808-4934

Presenters: NA

Department: Utilities

Division: Solid Waste

Organization No: 3361

Description/Analysis

Issue:

The City of Sacramento generates approximately 90,000 tons of green waste per year. The City has existing agreements with two vendors for green waste processing - Recycle America, Inc. and Grover Landscaping Services. The annual cost for processing the City's green waste into compost and mulch is approximately \$2.4 million.

Green waste processing costs have been escalating over the past five years. In 2004, the City of Sacramento paid \$15 to \$25 per ton, depending on which of the two processors received the material. Since July 1, 2008, the cost of green waste processing is \$25 per ton for directly delivering to Recycle America, Inc. located on Ramona Road, and \$38.65 per ton for Grover Landscaping Services to pick up the green waste either at Sump 28, located off Freeport Blvd., or at the County's North

Area Recovery Station on Roseville Road, where an additional \$3.50 per ton tip fee is paid, making it a total of \$42.15 per ton.

Policy Considerations: The recommendation to suspend competitive bidding is in accordance with City Code section 3.56.230 C. Staff believes that it is in the best interest of the City to suspend competitive bidding in authorizing an agreement with Elder Creek Transfer & Recovery, Inc. for green waste processing because it will reduce the City's annual cost for processing green waste.

As a City with over a million trees, diversion of green waste is an integral component in meeting the diversion requirement mandated by state law, AB 939. In an effort to stabilize the cost for green waste processing while continuing to meet the City's diversion requirement, the Solid Waste Services Division solicited green waste processing facilities in the region to find out if they have capacity and the cost per ton to process the green waste collected by the City of Sacramento. Facilities were identified using the California Integrated Waste Board's Facility Data Base. Other than the City's current green waste processors, only two new vendors in the region were identified that had both capacity and interest in processing the green waste. They were NORCAL at \$39 per ton and Elder Creek Transfer & Recovery at \$32 per ton.

Environmental Considerations: The Elder Creek Transfer and Recovery facility is a state permitted facility. The facility is permitted for green waste and the receipt of the proposed tonnage of green waste will not be in conflict with the CEQA review completed when approving the land use permit.

Sustainability Considerations: Delivering green waste to a facility located within the City will promote sustainability by shortening the travel distance, thereby lowering greenhouse gas emissions.

Rationale for Recommendation:

The recommended agreement with Elder Creek Transfer & Recovery, Inc. will reduce the City's annual processing costs for green waste.

Financial Considerations:

Between 16,000 to 26,000 tons per year of green waste may be delivered to Elder Creek Transfer & Recovery for processing. This will result in a cost savings of \$263,900 per year in green waste processing cost. Cost of this agreement will be financed through the cost savings from the two existing green waste processing agreements.

Emerging Small Business Development (ESBD):

Elder Creek Transfer & Recovery, Inc. is not a certified Emerging and Small Business Enterprises.

July 29, 2008

Respectfully Submitted by: Willay Owen FOR E.HICKS
Edison Hicks
Integrated Waste General Manager

Approved by: Marty Hanneman
Marty Hanneman
Acting Utilities Director

Recommendation Approved:

Matt Kerridge
Ray Kerridge
for City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

**SUSPENDING COMPETITIVE BIDDING AND AUTHORIZING GREEN WASTE PROCESSING
AGREEMENT WITH ELDER CREEK TRANSFER & RECOVERY, INC.**

BACKGROUND

- A. The City of Sacramento generates approximately 90,000 tons per year of green waste. The City has existing agreements with two vendors for green waste processing - Recycle America, Inc. and Grover Landscaping Services. The annual budget for green waste processing for both vendors is approximately \$2.4 million.
- B. Green waste processing costs have been escalating over the past five years. In 2004, the City of Sacramento paid \$15 to \$25 per ton, depending on which of the two processors received the material. Since July 1, 2008, the cost of green waste processing is \$25 per ton for directly delivering the green waste to the Recycle America, Inc. facility located on Ramona Road, and \$38.65 per ton for Grover Landscaping Services to pick up the green waste either at Sump 28, located off Freeport Blvd. or at the County's North Area Recovery Station on Roseville Road, where an additional \$3.50 per ton tip fee is paid, making it a total of \$42.15 per ton.
- C. The Department of Utilities Solid Waste Services Division solicited other green waste processing facilities in the region to find out if they have capacity and the cost per ton to process the green waste collected by the City of Sacramento. Facilities were identified using the California Integrated Waste Board's Facility Data Base. Other than the City's current green waste processors, only two new vendors in the region were identified that had both capacity and interest in processing the green waste. They were NORCAL at \$39 per ton and Elder Creek Transfer & Recovery at \$32 per ton.
- D. Section 3.56.230 C allows the City Council to suspend competitive bidding for a purchase of services when, upon two-thirds vote, City Council determines it is in the best interest of the City to do so. It is in the City's best interest to suspend competitive bidding for this purpose because it will reduce the City's annual cost to process green waste while still meeting the City's diversion requirement mandated by state law, AB 939. It is anticipated that between 16,000 to 26,000 tons per year of green waste may be delivered to Elder Creek Transfer & Recovery for processing. This will result in a cost savings of approximately \$263,900 per year in green waste processing cost.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. It is in the best interests of the City to suspend competitive bidding in the purchase of green waste processing services.
- Section 2. The City Manager or designee is authorized to execute an agreement with Elder Creek Transfer & Recovery, Inc. for green waste processing services, for an annual amount not to exceed \$832,000.
- Section 3. The agreement provides for an initial term of one year, with the option to extend for additional one year terms, up to a total agreement term of five (5) years (including the initial term and all extensions). The City Manager may authorize such extension(s) for the annual not to exceed amount specified above, provided that sufficient funds are available in the budget adopted for the applicable Fiscal Year(s).