REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
NOVEMBER 6, 2008

Honorable Mayor and
Members of the City Council

Title: City-County NARS Disposal Agreement

Location/Council District: 1 and 2

Recommendation: Adopt the attached Resolution: 1) determining it is in the best interest of the City to suspend competitive bidding and; 2) awarding a contract for one year to Sacramento County for transfer of up to 25,000 tons of municipal solid waste at a cost of $45.00 per ton (unless the City does not comply with the terms of the agreement with the result of payment of the Sacramento County gate rate, currently $48.00 per ton) for an anticipated not to exceed amount of $1,125,000 and authorizing the City Manager to extend the agreement for one additional year for transfer of up to an additional 25,000 tons under same terms and conditions as the first year with a 3% CPI increase. The anticipated total amount to be paid under this agreement, including the extension, is $2,283,750.

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: They City of Sacramento generates approximately 41,600 tons per year of municipal solid waste north of the American River (North Natomas and Del Paso). Since 2005, Solid Waste Services has been delivering 25,000 tons per year of municipal solid waste to the County of Sacramento's, North Area Recovery Station, where it is reloaded and disposed of at the Kiefer Landfill, owned and operated by the County of Sacramento. The balance of the

municipal solid waste is taken to the Sacramento Recycling and Transfer Station where it is reloaded and disposed of at Lockwood Landfill in Nevada.

Approval of the City-County NARS Disposal Agreement, attached, will result in savings through a reduction in fuel cost and increased route time, resulting in savings in labor by allowing drivers to pick up more residents per route. The total projected savings is estimated to be $ 45,000 per year.

Policy Considerations:

Suspension of competitive bidding is recommended. Solid Waste Services has determined that because of distance from the City of Sacramento, there are only two entities, Sacramento County at NARS and the Keifer Landfill and Yolo County at the Yolo County Landfill, that could generate savings to the City for transfer and/or disposal of the approximately 25,000 tons of City municipal solid waste generated north of the American River for the proposed time period. Of the two sites, the one operated by Yolo County includes an unlined cell for disposal and the cell is non-Sub Title D Compliant. Solid Waste Services has determined the unlined cell at the Yolo County site creates a greater risk of potential environmental liability then the Sacramento County sites at NARS and the Keifer Landfill. Additionally, the Yolo County site does not provide refueling for City trucks, thereby increasing costs to the City.

Approval of the City-County NARS Disposal Agreement will support the City's sustainability policies by reducing the amount of municipal solid waste being disposed of in Nevada, thereby reducing the amount of green house gas generated by the City of Sacramento.

Approval of the City-County NARS Disposal Agreement will support the City's policy to stabilize utility rates by reducing cost.

Environmental Considerations:

California Environmental Quality Act (CEQA): The North Area Recovery Station is a State permitted facility for the transfer and reload of municipal solid waste. The 25,000 tons per year will not exceed its permitted capacity, and included in their CEQA certification for their land use permit. Therefore, no further CEQA analysis is needed at this time.

Sustainability Considerations:

Approval of the City-County NARS Disposal Agreement will result in a reduction of green house gas emissions by reducing the total amount of miles driven to dispose of the waste.

Commission/Committee Action: None

Rationale for Recommendation:

Approval of the agreement will result in a total savings of $ 45,000, contributing to

stabilizing solid waste rates.

Financial Considerations:

The disposal agreement at NARS is for up to 25,000 tons of MSW per year at a cost of $45 per ton, with an increase in the second year of a CPI adjustment of 100% of the "Northern California All Urban Consumers" Consumer Price Index, not to exceed 3%. The cost for 25,000 tons of MSW at $45 per ton is $1,125,000. The maximum cost the second year with a 3% CPI adjustment is $1,158,750, for a total of $2,283,750.

A total savings of $ 45,000 will be realized by reducing the total amount of fuel used to transport waste and more time on route, thereby reducing labor cost.

Emerging Small Business Development (ESBD): NA

Respectfully Submitted by: _____
Edison Hicks
Integrated Waste General Manager

Approved by: _____
Marty Hanneman
Assistant City Manager
Utilities Interim Director

Recommendation Approved:

_____
for Ray Kerridge
City Manager

Table of Contents:

	Report	pg. 2
Attachments		
1	Background	pg.5
2	Resolution	pg. 7

Background

The City of Sacramento's Department of Utilities, Solid Waste Services, in an effort to save disposal cost and stabilize customers' monthly solid waste fees, has been negotiating with both Sacramento County and Yolo County for disposal of municipal solid waste (MSW) generated north of the American River. The City of Sacramento generates 41,600 tons of MSW from residential customers north of the American River. Since 2005, Solid Waste Services has taken 25,000 tons per year of MSW to the County of Sacramento's North Area Recovery Station (NARS) for reload and transfer to Kiefer Landfill for disposal. This has resulted in a cost savings in both fuel and labor.

Solid Waste Services has determined that because of distance from the City of Sacramento, there are only two entities, Sacramento County at NARS and the Keifer Landfill and Yolo County at the Yolo County Landfill, that could provide costs savings to the City for City municipal solid waste generated north of the American River for the two year time period covered by the proposed agreement. Solid Waste Services has determined NARS and the Keifer Landfill to be best of the two alternatives for continued disposal of MSW generated north of the American River. The reasons for this finding are described below.

- Yolo County operates an unlined cell and non-Sub Title D compliant.
- NARS is a permitted transfer station with all its permits and Kiefer Landfill is Sub Title D compliant.
- Yolo County is unable to provide refueling for trucks using the Yolo County Landfill, making it necessary to return to the City's North Area Corporation Yard to refuel, therefore not saving any time on route.
- NARS has refueling for City trucks.

The cost is $45 per ton to tip MSW at NARS and have the County reload the waste so that it can be transferred to Kiefer Landfill for disposal. The agreement is for one-year, with a one year extension approved by the City Manager. The total amount of waste to be disposed of at NARS will not exceed 25,000 per year, for a potential cost of $1,125,000 the first year. The cost for 25,000 tons per year will increase to no more than $1,158,750 with the agreed cost increase to adjust for inflation, for a total potential cost of $2,283,750 for the two year period of the agreement. The cost per ton was negotiated by Solid Waste Services with the goal of achieving disposal cost savings due to not transporting waste south to Sacramento Recycling and Transfer Station for disposal. The savings to City is projected to be $45,000 per year in fuel and labor.

Finally, the proposed agreement provides for mutual indemnity between the City of Sacramento and the County of Sacramento. The Yolo County offer was on the same terms. This differs from the City's current agreement with BLT which provides that BLT

will indemnify the City, including indemnity for potential environmental liability, except in very limited circumstances.

RESOLUTION NO.

Adopted by the Sacramento City Council

CITY-COUNTY NARS DISPOSAL AGREEMENT

BACKGROUND

A. The North Area Recovery Station is the only site in the County of Sacramento north of the American River where municipal solid waste may be received for disposal.

B. The City of Sacramento generates approximately 41,600 tons per year of municipal solid waste in the North Natomas and Del Paso communities.

C. The County's North Area Recovery Station's tip fee per ton is $45

D. Disposal of up to 25,000 tons per year of municipal solid waste at NARS will result in a cost savings of $ 45,000 in fuel and labor cost.

E. Because of distance from the City of Sacramento, there are only two entities, Sacramento County at NARS and the Keifer Landfill and Yolo County at the Yolo County Landfill, that could generate savings to the City for transfer and/or disposal of the approximately 25,000 tons of City municipal solid waste generated north of the American River for the proposed time period. Of the two sites, the one operated by Yolo County includes an unlined cell for disposal and the cell is non-Sub Title D Compliant. Solid Waste Services has determined the unlined cell at the Yolo County site creates a greater risk of potential environmental liability then the Sacramento County sites at NARS and the Keifer Landfill. Additionally, the Yolo County site does not provide refueling for City trucks, thereby increasing costs to the City.

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

Section 1. For the reasons stated above in the background Section E, it is in the best interest of the City to suspend competitive bidding and competitive bidding is suspended.

Section 2. A contract for one year for transfer of up to 25,000 tons of municipal solid waste to Sacramento County's North Area Recovery Station at a cost of $45.00 per ton (unless the City does not comply with the terms of the agreement with the result of payment of the gate rate, currently $48.00 per ton) for an anticipated not to exceed amount of $1,125,000 and authorizing the City Manager to extend the agreement for one additional year for transfer of up to an additional 25,000 under the same terms and conditions as the first year with a 3% increase is awarded to Sacramento County. The anticipated total amount to be paid under this agreement, including the extension, is $2,283,750.