



REPORT TO COUNCIL

City of Sacramento

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

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Consent
May 19, 2009

Honorable Mayor and
Members of the City Council

Title: Contract: Green Waste Processing Services

Location/Council District: City Wide.

Recommendation: Adopt a resolution: 1) awarding a contract for green waste processing services through June 30, 2010 with four one-year renewal options (a) to Allied Waste at \$30 per ton; (b) to Grover Landscaping Services at \$35.16-\$41.09 per ton; and (c) to Northern Recycling at \$44.25 per ton; and 2) authorizing the City Manager or designee to execute said contracts and renewal options under the same terms and conditions as the initial contract term for each renewal year. The total amount for all three contracts will not exceed \$1,400,000 per year.

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

Presenters: NA

Department: Utilities

Division: Solid Waste Services

Organization No: 14001711

Description/Analysis

Issue: On December 9, 2008 the City Council authorized suspension of competitive bidding to allow staff to issue an invitation for bids to provide green waste processing services with the potential to award contracts to multiple bidders to ensure there is an available facility with sufficient capacity to handle the increased volume of green waste collected during peak times of the year and/or when a storm occurs. Having multiple green waste processing contractors will reduce delays in collecting and processing green waste and minimize problems

associated with untimely processing. Staff reviewed the three vendors being recommended for contract award for regulatory compliance and environmental monitoring requirements by contacting the Local Enforcement Agency, Water Board and the California Integrated Waste Management Board. No notices of violation or other notices were reported.

In March 2009, the City issued Bid no. B093246017 for potential vendors to receive and process up to 200 tons per day of green waste collected by the City for direct haul and delivery to the vendor's facility. Five of the seven vendors were found to comply with the bid specifications. Two vendors were not qualified: VR Farms has no permitted facility at this time for green waste processing and Lopez Agricultural Services is not permitted to receive residential green waste.

Of the five qualified vendors, two are not being recommended for contract awards - Waste Management and Zanker Road Resources Management for the following reasons. The City has an existing agreement with Waste Management for processing of green waste that will expire in June 2010. Waste Management's bid pricing is \$10.50 higher than its current rate of \$25 per ton. Zanker Road Resources Management's bid pricing is for a substantially higher cost of \$68.22 per ton for the City to deliver to the same locations as the above recommended bids. A summary of the bids and the pricings received is shown in Attachment 2. The total cost to the City per ton was calculated by adding the gate cost per ton submitted by the vendors to the City's cost to transport the green waste to the vendor's proposed facility from a North and a South centroid point as identified in the bid specifications.

Policy Considerations: Awarding multiple contracts for green waste processing will reduce delays in collecting and processing green waste, and will contribute to the City's ability to meet the State's mandate to divert a minimum of 50% of the total waste generated in the City away from landfills.

Environmental Considerations:

California Environmental Quality Act (CEQA): The vendors' facilities - Elder Creek Transfer Station, L&D Landfill, and the Sacramento Recycling and Transfer Station - all have the required permits for the transfer and reload of green waste. The estimated 200 tons per day or 35,000 tons per year of green waste will not exceed the permitted capacity of these sites and are included in their CEQA certification for land use permit. Therefore no further CEQA analysis is needed at this time.

Sustainability Considerations: The proper and timely processing of green waste will prevent the creation of methane gas and therefore contribute to lowering the amount of green house gas generated by the City of Sacramento.

Rationale for Recommendation: Awarding multiple contracts for green waste processing service allows the City flexibility by route where to deliver green waste collected and therefore control total cost. Having multiple contractors for green

waste processing also ensures that the City will have an available facility to handle the increased volume of green waste collected during leaf season and for unexpected events such as a storm or when a facility is unable to receive green waste due to equipment failure.

Financial Considerations:

The anticipated cost for all three contracts is \$1.4 million per year. If renewed, there is a bi-annual price adjustment per renewal year based on the Consumer Price Index, CPI-U (San Francisco-Oakland-San Jose), not to exceed 6% per year. Based on routing and transport cost, the Department of Utilities will determine the total amount of the individual purchase orders to be opened for each agreement. The cost to process the green waste by the above vendors will be financed through green waste collection revenue. The award of the green waste processing contracts will provide approximately 46 employment opportunities per year.

Emerging Small Business Development (ESBD): None of the qualified bids received were from a Emerging Small Business Development or Small Business Enterprise registered with the City of Sacramento.

Respectfully Submitted by: 
Edison Hicks
Integrated Waste General Manager

Approved by: 
Marty Hanneman
Assistant City Manager
Director of Utilities

Recommendation Approved:

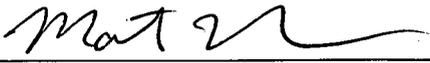
for 
Ray Kerridge
City Manager

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Attachment 1**Background**

The City of Sacramento collects approximately 80,000 tons of green waste per year. The award of Bid no. B093246017 is for up to 35,000 tons of green waste per year. In previous years two green waste processing contracts have been in place. This has allowed the city to split the amount of green waste collected between vendors and avoid over loading any one facility.

Due to the growing amount of green waste and fluctuations in volume during certain times of year, the City Council suspended bidding at the December 9, 2008 Council meeting and authorized staff to recommend multiple awards to more than one bidder. This was done in order to assure there is an available facility with adequate capacity to handle and process green waste collected by the City during peak times of the year and/or a storm event that may increase the volume, exceeding the permitted capacity of any one facility over a short period of time.

A total of seven bids were received. After reviewing the bids received, five were found to be complete and in compliance with the bid submittal requirements. VR Farms and Lopez Agricultural Services were found not to be complete. VR Farms has no permitted site at this time to receive the green waste. According to the City's Planning and Development Department, VR Farms has not submitted an application to build and construct a green waste processing facility where the City can deliver green waste. Lopez Agricultural Services' current permit does not allow the site to receive residential green waste. To date, Lopez Agricultural Services has not submitted an application to amend its current permit.

The bids found to be complete were reviewed for cost per ton and the cost for the City to transport green waste to the facility from identified centroids in the north and south defined in the bid package. The total cost to the City per ton was computed by adding the cost per ton at the gate of the facility and the cost to the City to transport the materials to the facility. Based on this methodology, Allied Waste at Elder Creek Transfer and Recovery Station for \$30 per ton, Grover Landscaping Services at L&D Landfill for \$35.16-\$41.09 per ton (depending on volume), and Northern Recycling at the Sacramento Recycling and Transfer Station for \$44.25 per ton were found to be the three lowest bids received.

A fourth qualified bid was received from Waste Management, Inc. The bid was \$35.50 per ton to deliver to its facility at Ramona off Power Inn Road, \$10.50 higher than their current agreement with the City which expires June 30, 2010. Due to the cost difference, Waste Management was not considered further.

The fifth qualified bid was received from Zanker Road Resources Management which had the highest proposed cost of \$68.22 per ton for the City to deliver to the same locations as the above recommended bids.

Attachment 2

GREEN WASTE BID REVIEW
Apr-09

COMPANY	GATE PRICE	MILES FROM CENTROID	City's Transport Cost Per Ton	Total Cost To City Gate Price & Transport Cost Per Ton
Northern Recycling				
Zamora				
North	\$25.00	57.6	\$45.50	\$70.50
South	\$25.00	68.2	\$53.87	\$78.87
BLT Enterprises				
North	\$44.25	32.8	\$25.91	\$70.16
South	\$44.25	15	\$11.85	\$56.10
Allied Waste				
North	\$30.00	37.8	\$29.86	\$59.86
South	\$30.00	20	\$15.80	\$45.80
Grover Landscaping				
L&D Landfill Less than 20,000 TPY				
North	\$41.09	35.2	\$27.80	\$68.89
South	\$41.09	17.4	\$13.74	\$54.83
L&D LANDFILL 20,000 TPY				
North	\$38.11	35.2	\$27.80	\$65.91
South	\$38.11	17.4	\$13.74	\$51.85
L&D LANDFILL 30,000 TPY				
North	\$35.16	35.2	\$27.80	\$62.96
South	\$35.16	17.4	\$13.74	\$48.90
Waste Management				
Alternate Bid				
North	\$35.50	29.4	\$23.22	\$58.72
South	\$35.50	11.6	\$9.16	\$44.66
Regular Bid				
North	\$42.00	29.4	\$23.22	\$58.72
South	\$42.00	11.6	\$9.16	\$51.16
Lopez Ag Services Inc				

Contracts: Green Waste Processing Services

May 19, 2009

North		\$31.25	32.8	\$25.91	\$57.16
South		\$31.25	15	\$11.85	\$43.11
Zanker Road					
Resources Mgt					
Florin Perkins Landfill	Limited to 100 tpd				
North		\$68.22	30.1	\$23.77	\$91.99
South		\$68.22	13.2	\$10.42	\$78.64
Waste Management					
North		\$68.22	29.4	\$23.22	\$91.44
South		\$68.22	11.6	\$9.16	\$77.38
Elder Creek					
North		\$68.22	37.8	\$29.86	\$98.08
South		\$68.22	20	\$15.80	\$84.02
VR Farms Inc					
North		\$27.13	4.5	\$3.50	\$30.63
South		\$27.13	10	\$7.90	\$35.03
VR Farms Submitted for North Only					
No Planning Application To Date					

RESOLUTION NO.

Adopted by the Sacramento City Council

GREEN WASTE PROCESSING SERVICE CONTRACTS

BACKGROUND

- A. The City of Sacramento collects approximately 80,000 tons of green waste per year. The average daily tonnage of green waste collected is 250 tons per day.
- B. During peak times of the year or storm events, the volume of green waste collected by the City can increase to 500 to 700 tons per day. In the past, the City has awarded contracts for processing green waste collected by the City to two contractors who often do not have sufficient capacity to handle and process the increased volume of green waste collected by the City. In addition, temporary equipment failure sometimes prevents a contractor from receiving and processing green waste delivered by the City. This causes delays in the City's ability to pick up the green waste put out by residents, and often is the cause of odors due to the anaerobic break down of green waste either still on the street or stored at the facility waiting to be processed.
- C. In December 2008, the City Council suspended competitive bidding for green waste processing services to allow staff to issue a request for bids with the potential for multiple contract awards, because having multiple green waste processing contractors will reduce delays in collecting and processing green waste, will reduce the occurrence of odors resulting from such delays, and will contribute to the City's ability to meet the State's mandate to divert a minimum of 50% of City waste away from landfills (Resolution No. 2008-813).
- D. In March 2009, the City issued Bid no. B093246017 for potential vendors to receive and process up to 200 tons per day of green waste collected by the City for direct haul and delivery to the vendor's facility.

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

- Section 1. A contract for green waste processing services through June 30, 2010 with four one-year renewal options is awarded to: a) Allied Waste at \$30 per ton for delivery to the Elder Creek Transfer Station; b) to Grover Landscaping Services at \$35.16-\$41.09 per ton for delivery to the L&D Landfill; and c) to Northern Recycling at \$44.25 per ton for delivery to the Sacramento Recycling and Transfer Station. The total amount for all three contracts will not exceed \$1,400,000 per year.

Section 2. The City Manager or designee is authorized to execute the above contracts and renewal options under the same terms and conditions as the initial contract term for each renewal year provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).