



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604

www.CityofSacramento.org

CONSENT

January 7, 2010

Honorable Mayor and
Members of the City Council

Title: Contract: Green Waste Processing

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) suspending competitive bidding, in the best interests of the City, to award a nonprofessional services contract to WM Recycle America, LLC to accept and process green waste collected by the City for an annual amount not to exceed \$1,100,000; and 2) authorizing the City Manager or designee to execute the contract and renewal options provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

Contact: David Levine, Support Services Manager, 808-7943; Edison Hicks, Integrated Waste General Manager, 808-4949

Presenters: N/A

Department: Utilities

Division: Solid Waste

Organization No: 14001711

Description/Analysis

Issue: As a City with over a million trees, diversion of green waste from the residential waste stream is an integral component in meeting the overall diversion requirements for the City of Sacramento, as required by State law. Through the current contracted vendors for garden refuse processing, the City achieves 100% diversion of City collected material.

The City has an existing contract for green waste processing services with WM Recycle America, L.L.C ("Recycle America") that will expire on June 30, 2010. Staff is seeking City Council approval to suspend competitive bidding and award a new two-year agreement with three one-year renewal options to Recycle America.

Policy Considerations: City Code Section 3.56.230 allows the City Council to suspend competitive bidding for nonprofessional services upon determining by a 2/3 vote that it is in the City's best interests to do so. Staff believes that suspending competitive bidding to allow award of the green waste contract to

Recycle America is in the City's best interest because Recycle America's per tonnage rate is the lowest in the Sacramento region for green waste processing services (see Attachment 1) and its facility is centrally located within the City which will contribute to reducing the City Solid Waste Services operating costs to deliver green waste to the facility.

Environmental Considerations:

California Environmental Quality Act (CEQA): Recycle America has all of 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 their site and is 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 greenhouse gas generated by the City of Sacramento. Additionally, transporting green waste to a facility located within the City will promote sustainability by shortening the travel distance, thereby lowering greenhouse gas emissions.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Recycle America has a long standing relationship with the City for providing quality green waste processing services at very competitive prices and is centrally located within the City.

Awarding this contract to Recycle America will allow the City flexibility by route where to deliver green waste collected and maximize Recycle America's lowest cost for providing green waste processing. In addition with the City's other contractors for green waste services, the City will always have an available facility to handle the increased volume of green waste collected during leaf season and for unexpected weather events or when a facility is unable to receive green waste due to equipment failure.

Financial Considerations: The contract with Recycle America has a fixed 3% price adjustment per year. The annual not to exceed cost for the contract is \$1.1 million. The cost to process green waste collected by the City is financed through the green waste collection revenue. The award of this contract will provide approximately 20 employment opportunities per year.

The table below summarizes the per tonnage rate for each contract year:

Recycle America Tonnage Rates

Year	Period	Per Ton Rate
1	7/1/2010 - 6/30/2011	\$27.30
2	7/1/2011 - 6/30/2012	\$28.12
3*	7/1/2012 - 6/30/2013	\$28.96
4*	7/1/2013 - 6/30/2014	\$29.83
5*	7/1/2014 - 6/30/2015	\$30.73

* Applicable tonnage rate if renewal option is exercised

Emerging Small Business Development (ESBD): WM Recycle America, L.L.C. is not an Emerging Small Business Development or Small Business Enterprise registered with the City of Sacramento.

Respectfully submitted by: W. Edison Hicks FOR EDISON HICKS
Edison Hicks
Integrated Waste General Manager

Approved by: Marty Hanneman
for Marty Hanneman
Director of Utilities

Recommendation Approved:

Cassandra B. Jones
for Ray Kerridge, City Manager

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Attachment 1

Background

With over one million trees, the City of Sacramento collects over 80,000 tons of green waste per year. In previous years, two green waste processing contracts have been in place which allowed the City to split the amount of green waste collected between the two vendors and avoid over loading any one facility. One contract was with Grover Landscaping Services and the other was with Recycle America Alliance, now WM Recycle America, L.L.C. ("Recycle America"). The contract with Grover Landscaping Services expired in June 2009 while the contract with Recycle America is set to expire in June 2010.

Due to the growing amount of green waste and fluctuations in volume during certain times of year, two contractors often do not have sufficient capacity to receive and process the volume collected by the City. To address this problem, when the green waste contract with Grover Landscaping Services was set to expire in June, 2009, the City Council suspended competitive bidding and authorized multiple contract awards. 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.

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. The table below summarizes the bid results:

Per Ton Pricing For Green Waste From Last Bids Received (4/15/09)		
Processor	Price Per Ton	Location
Northern Recycling (1)	\$44.25	Zamora
Allied Waste Services (1)	\$30.00	Sacramento
Grover Landscape Services (1)	\$35.16	Modesto
Waste Management	\$42.00	Sacramento
Lopez Ag Services (2)	\$31.25	Sacramento
Zanker Road Resource	\$68.22	San Jose
VR Farms (3)	\$27.13	West Sacramento
(1) Contract awarded on May 19, 2009 (Resolution 09-313) (2) Disqualified for not having a permitted facility for green waste processing (3) Disqualified for not having a permit to receive residential green waste		

In comparison with the rates above, Recycle America’s pricing at \$27.30 is 10% less than the lowest bid received. When compared to the future year costs associated with the City’s existing green waste processors, the savings generated by Recycle America’s proposal is potentially even greater – 27% less than the previous lowest bidder in FY2013/14. The table below compares the future year costs associated with the green waste processors awarded during the last bid to the proposal by Recycle America.

Per Ton Pricing For Green Waste Cost Comparison					
Processor	FY10	FY11	FY12	FY13	FY14
Allied Waste Services (1)	\$30.00	\$31.80	\$33.71	\$35.73	\$37.87
Grover Landscape Services (1)	\$35.16	\$37.27	\$39.51	\$41.88	\$44.39
Northern Recycling (1)	\$44.25	\$46.91	\$49.72	\$52.70	\$55.86
WM Recycle America, L.L.C. (2)		\$27.30	\$28.12	\$28.96	\$29.83
(1) Assumes the maximum price increase of 6% per contract awarded May 19, 2009. (2) Future price increases fixed at 3% per contract.					

Attachment 2

RESOLUTION NO.
Adopted by the Sacramento City Council

CONTRACT: GREEN WASTE PROCESSING SERVICES

BACKGROUND

- A. The City of Sacramento collects over 80,000 tons of green waste per year. The average daily tonnage of green waste collected is 250 tons per day.
- B. In the past, the City has awarded contracts for processing green waste collected by the City to two contractors. Due to the large volume of green waste collected by the City during the fall and spring seasons, two contractors often do not have sufficient capacity to accept and process the daily volume of green waste collected by the City. To address this problem, the City awarded multiple contracts for green waste processing in June 2009 to Allied Waste, Grover Landscaping Services and Northern Recycling.
- C. In addition to the three contracts for green waste processing awarded in June of this year, the City has an existing contract with WM Recycle America, L.L.C. (formerly Recycle America Alliance) that is set to expire on June 30, 2010.
- D. It is in the City's best interests to award a new contract for green waste processing to WM Recycle America L.L.C. because its pricing is lower than any of the rates the City currently has with the other contractors and its facility is centrally located within the City which will contribute to reducing the City Solid Waste Services operating costs to deliver green waste collected to the facility.

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

- Section 1. In the best interests of the City, competitive bidding is suspended to award a nonprofessional services contract to WM Recycle America LLC to accept and process green waste collected by the City, for an annual amount not to exceed \$1,100,000.
- Section 2. The contract provides for an initial term of two years, with the option to extend for additional one-year terms, up to a total agreement term of five years (including the initial term and all extensions). The City Manager or designee is authorized to execute the contract and 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).