



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 1-8-07

Approved

Date

1-17-07

COUNCIL DISTRICT: City-Wide

SUBJECT: AGREEMENT FOR NEIGHBORHOOD CLEAN UP SERVICES IN RECYCLE PLUS HAULER DISTRICTS A AND C

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with GreenWaste Recovery, Inc. for Neighborhood Clean Up services in Districts A and C for an eighteen month term from July 1, 2007, through December 31, 2008, at a cost not to exceed \$550,000, subject to annual appropriation of funds.

OUTCOME

This recommendation allows the City to offer uninterrupted Neighborhood Clean-Up (NCU) services in Districts A and C as provided under the current Recycle Plus contracts. The time provided by this contract allows the City to prepare and release a Request for Proposals for these services and provides sufficient start-up time for the selected contractor to obtain equipment and to site and permit a facility for equipment staging and processing of NCU recovered materials for recycling.

BACKGROUND

During the January 24, 2006 Council meeting, staff was directed to consider options to increase competition and allow smaller firms to participate in the Recycle Plus proposal process. As a result, the collection services for garbage were split from the collection and processing services of recyclables. Neighborhood Clean Up services were also separated for a future Request for Proposals (RFP) that would allow small businesses the opportunity to compete for the City's business.

Two new haulers were selected by Council on August 22, 2006 to provide garbage and recycling services. Due to the fact that staff resources have been fully allocated to the Recycle Plus contractor negotiation process and related preparations for the July 2007 transition, it was necessary to schedule the NCU RFP process as shown below, resulting in a start date of January 1, 2009.

The timeline for this RFP process is as follows;

Date	Action
7/2/07	New Recycle Plus garbage and recycling haulers start service <i>Stabilization of new Recycle Plus services</i>
10/30/07	Draft new NCU RFP
2/8/08	Issue the NCU RFP
4/3/08	Proposals due
6/6/08	Recommendation memo to Council
6/30/08	NCU contract signed & equipment ordered
1/1/09	New NCU services begin

ANALYSIS

In order to ensure that services are available between July 1, 2007 and January 1, 2009, an agreement is needed. Price quotes were solicited from four companies with current City garbage, recycling, or yard trimming contracts. Responses were received from GreenWaste Recovery, Garden City Sanitation and California Waste Solutions. GreenTeam, the current and on-going service provider in District B, was also asked to submit pricing for District A and C NCU services; They declined due to their other resource commitments.

For the same level of service that the City received during the 2005-2006 fiscal year, the following pricing was offered by the three respondents.

Fiscal Year 2007-2008

	GreenWaste	Garden City	California Waste Solutions
Estimated cost per year	\$350,000 *	\$477,000 *	\$677,000 *
Percent increase over estimated FY 07-08 cost of \$225,000**	56% increase	112% increase	209% increase

* Pricing is based on 864 bins, the number used during FY 05-06 Neighborhood Clean Up events (five events per Council District per year), plus the provision of up to 60 additional bins for Code Enforcement use to address individual cases of extreme blight.

** Estimated FY 2007-08 cost had NCU services been extended under the Norcal Agreement. Factors contributing to the increased costs are due to the fact that this is a stand alone contract of very short duration. In the past, the neighborhood clean-ups were included as part of the larger garbage and recycling contract, therefore reducing the overhead costs apportioned to the clean-ups. Typically the hauler would amortize costs over a much longer term than eighteen

months, and in Norcal's case the pricing was likely based on eleven years – five for the original contract and 2 three-year extension options. Staff attributes these examples as some of the reasons for the increase in cost to the City.

Contracting with GreenWaste allows the City to provide the current service level at the least cost. GreenWaste is able to provide these prices, in large part, because the company manages a commercial roll-off operation and currently owns all required equipment including the bins. GreenWaste also has a fully permitted corporation yard allowing the company to sort and recycle the collected material and to meet the 50% recycling requirement.

The ability to increase the number of annual clean-ups, as requested by Council, is extremely limited. Funding for NCU's comes from a variable source of interest related revenue in the Integrated Waste Management Fund (Fund 423), which fluctuates from year to year based on fund balance levels. Therefore, the cost of the services limits the City's ability to maintain and/or increase the current scope of the NCU program.

Planning, Building and Code Enforcement (PBCE) will continue to manage and staff the NCU's, the costs of which are offset by Solid Waste Enforcement Fee revenue. Code Enforcement continues to seek alternative staffing resources to augment the limited number of Code Enforcement Inspectors necessary to ensure that these events run smoothly. The presence of Code Enforcement Inspectors ensures that hazardous materials are not discarded and traffic is monitored as vehicles line up at the dumpster locations, and provides an enforcement presence that maintains order as residents discard items to minimize illegal dumping. Code Enforcement anticipates that an increase in the number of NCU's will necessitate an increase in the Solid Waste Enforcement Fee.

The City cannot fund NCU's from residential garbage rates because fees can only be charged for services received. In the case of NCU's, not all Recycle Plus rate-payers receive the same level of services because neighborhoods receive NCU service on a priority basis as determined by individual Council Offices. Increasing the level of services is not feasible because, as mentioned above, the staffing resources in PBCE needed to oversee more than two events per Saturday are not currently available. An option for the future would be to provide additional program resources through the General Fund.

PUBLIC OUTREACH/INTEREST

The criteria below do not apply to this contract

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

HONORABLE MAYOR AND CITY COUNCIL

1-8-07

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Finance Department, the Planning, Building and Code Enforcement Department, and the City Manager's Budget Office.

COST IMPLICATIONS

The cost of this eighteen month recommendation is estimated at \$550,000 based on actual bin usage for neighborhood clean up events performed in 2005-2006.

BUDGET REFERENCE

There are no costs associated with this agreement in 2006-2007. Contract costs of \$350,000 will be included in the Environmental Services Department's operating budget for 2007-2008; it is anticipated that this budget will be approved by Council in June 2007. Contract costs of \$200,000, which includes a provision to increase the per bin rate based on a Consumer Price Index type of calculation, will be included in the Environmental Services Department's operating budget for 2008-2009

CEQA

CEQA: ND (Negative Declaration), File No. PP06-119



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Director, Environmental Services

For questions please contact Donna Perala, IWM Residential Services Manager, at (408) 975-2511.