



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SOLID WASTE PROCESSING
CONTRACT AMENDMENTS

DATE: April 1, 2008

Approved

Christine J. Shuppy

Date

4-7-08

RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to execute:

1. An amendment to the agreement for solid waste collection services from public litter cans with Green Waste Recovery, Inc. to process litter can solid waste at the new Green Waste Recovery, Inc. Materials Recovery Facility (MRF) beginning May 19, 2008, at an estimated additional annual cost of \$9,136. The additional cost does not increase the original contract amount of \$440,000.
2. An amendment to the agreement for integrated collection services from City facilities with Waste Connections of California, Inc., dba GreenTeam of San José, to process all solid waste collected at the new GreenWaste Recovery, Inc. Materials Recovery Facility (MRF) beginning May 19, 2008, at an estimated reduction in cost of \$12,000.

OUTCOME

The recommendation provides for the establishment of an industry leading model for cost-effective solid waste processing services that (1) increases waste diversion from City facilities and public litter cans, (2) significantly reduces carbon emissions as a result of fewer deliveries to the landfill, and (3) improves the City's recycling rate up to 75% through sorting and composting of City waste materials.

BACKGROUND

On June 27, 2006, Council approved an agreement with Green Waste Recovery, Inc. for solid waste collection services from public litter cans. Per the contract, recyclable materials are delivered to Green Waste Recovery facilities for proper disposal and solid waste is transported to the Newby Island Landfill. The initial agreement was for one year with four one-year options to renew. On July 1, 2007, the City exercised its first option to renew the agreement. The current option year ends on June 30, 2008.

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On December 12, 2006, Council also approved an agreement with GreenTeam San Jose for integrated collections services at all City facilities. Per the contract, solid waste is directly transported to the Newby Island Landfill. The initial agreement is for two years, ending on December 31, 2008, with four one-year options to renew.

On February 1, 2008, Council approved a preliminary Green Vision Implementation Plan which includes short term goals to increase diversion of materials from the landfill and enhance the City Facility Recycling Program in Spring 2008.

For over a decade, the City has been a leader in recycling. In October 2007, as part of San José Green Vision, Council approved zero waste goals that will require 75% diversion from landfills by 2013 and zero waste by 2022. In order to achieve these goals, the City must dramatically increase its recycling efforts in every sector of the City, including City facilities and public sector litter cans.

For example, through continuous greening of operations efforts at the Norman Y. Mineta San José International Airport and San Jose McEnry Convention Center, the City will ensure these facilities remain competitive (specially as the City continues to receive requests for green meetings and events outside of the large event zero waste directive instituted by Council for the top five large events in 2008). Given the highly specialized facilities needed to implement high performing recycling and composting programs and the extremely limited number of facilities able to provide commercial composting services, procuring waste processing services expeditiously is essential to ensure these programs are viable, and ultimately allow the City to grow and maintain its competitive advantage as a green city and convention destination of choice.

In addition, the number of litter cans on the street has nearly doubled in the past 10 years. Many neighborhood and business groups have received grant funding to purchase cans for their districts. These efforts are not only helping prevent street litter but are also improving the aesthetic appeal of the neighborhoods.

City facility recycling levels have stabilized at 25-30%, even with the expanded program implemented last year, for several reasons: for facilities with tenants and concessionaires, the garbage rate incentive does not encourage tenants to recycle, since they are not billed directly; it is difficult to outreach to the multiple audiences that visit our facilities; and it is difficult to measure the results of constant recycling program education to these multiple audiences. For public litter cans, it is difficult to abate dumping by business and the public, and scavenging of the redemption value cans and bottles.

ANALYSIS

The amendment to the Green Waste Recovery agreement will direct initial waste pick-up from public litter cans to the new Material Recovery Facility (MRF) owned and operated by Green Waste Recovery, Inc. The amendment to the GreenTeam agreement will direct all recyclable and co-mingled waste from City facilities to the new MRF owned and operated by Green Waste Recovery, Inc. The amendments to these contracts will result in diverting Municipal Solid Waste (MSW) through the efficient extraction of recyclable materials and the establishment of a composting program with only non-recyclable and non-compostable residual waste being delivered to the designated landfill. Specifically, the amendments modify the Scope of Services to:

1. Change the pick-up, processing, and disposal of materials
2. Add reporting requirements
3. Add a MSW Processing Program Operation Plan for both material recovery and composting programs
4. Add definitions of terms and abbreviations utilized throughout the agreement and exhibits
5. Modify the Compensation schedule. The modifications to the compensation schedule for the Green Waste contract increase the cost of pick-up and processing of a litter can by 5 cents resulting in an estimated annual cost increase of \$9,000. The slight increase in cost does not increase the not-to-exceed compensation amount of the agreement. The modifications to the compensation schedule for the GreenTeam contract decreases the annual cost of pick-up and processing by approximately \$12,000 due to the cost-avoidance of the Newby Island Landfill fees and reduced vehicle mileage charges included in the billing fees.

Garbage collected from approximately 100 City-owned and operated facilities and 800 public litter cans will be processed at GreenWaste Recovery, Inc.'s new solid waste processing facility ("Facility") located in San José where recyclables such as cans, bottles, and paper will be recycled. Remaining material, consisting largely of food waste, will be composted at the Z-Best composting facility in southern Santa Clara County.

This program will be the most cost-effective way to achieve high diversion at City facilities and public litter cans. In addition, the environmental impacts of this program will be mitigated by reducing traffic and greenhouse gasses resulting from trucks hauling waste to a more centrally located San José facility. Finally, the proposal provides these significant environmental benefits without placing any additional burden on City employees or the public.

Additionally, this program allows San José to take advantage of a new, local, state-of-the-art processing facility, and guarantees that the City has contracted processing capacity at the facility before the extremely limited capacity is utilized by other cities and agencies aggressively seeking to meet their own waste diversion goals. Nearly all jurisdictions in San Mateo County, and many other cities on the Peninsula, including Palo Alto, are initiating procurement processes for new

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solid waste and recycling services with increased recycling requirements, and are considering facilities in San José to provide part or all of their processing needs. Procuring capacity in a multi-year contract is the only way to guarantee that San José can utilize these facilities. Contract requirements will ensure waste diversion rates of up to 75%, making San José's diversion program one of the most successful in the country. San José's program could serve as a model for other communities looking for alternatives to imposing unpopular recycling mandates on waste generators in order to achieve environmental goals.

With key activities such as expanded and maximized recycling at facilities, venues and events; implementation of food waste collection pilots planned for the near future; and with enhanced public litter can recycling, this recommendation will ensure that all recyclable and organic materials from these waste streams will be diverted from the landfill and move San José closer to achieving its Zero Waste goal.

EVALUATION AND FOLLOW-UP

Staff does not anticipate any additional follow-up with Council at this time.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- 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. **(Required: E-mail and Website Posting)**
- 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. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, this memorandum will be posted on the Council Agenda for April 22, 2008.

COORDINATION

The memorandum was coordinated with the Department of Environmental Services and Aviation, the City Attorney's Office, Team San José, and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This proposal is aligned with Green Vision Goal 5, *Divert 100 percent of the waste from our landfill and convert waste to energy*, and the Zero Waste goals, to establish San José as a

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national environmental leader. Approval of these amendments aligns with the City's Budget Balancing strategy principle to preserve core City services for both the short- and long-term.

COST SUMMARY/IMPLICATIONS

Not applicable.

BUDGET REFERENCE

Not applicable.

CEQA

CEQA: Amended Negative Declaration No. SP06-094.


SCOTT P. JOHNSON
Director, Finance

For questions regarding the amendments, please contact Walter C. Rossmann, Chief Purchasing Officer, at 535-7051. For questions regarding the City's recycling and solid waste disposal program, please contact Jo Zientek, Deputy Director of Environmental Services, at 535-8557.