



# REPLACEMENT

COUNCIL AGENDA: 12-12-06

ITEM: 2.15

## Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** SEE BELOW

**DATE:** November 30, 2006

Approved

*Ray Wener*

Date

*11/30/06*

**SUBJECT: REPORT ON PROPOSALS FOR INTEGRATED COLLECTION SERVICE  
FROM CITY FACILITIES**

### REASON FOR REPLACEMENT

This memorandum is replaced in its entirety to reduce the total not to exceed amount for the contract from \$1,507,604 to \$1,410,244 and related changes in dollar amounts in the Analysis, Cost Implications, and Budget Reference Sections.

### RECOMMENDATION

Authorize the Director of Finance to:

1. Execute an Agreement for Integrated Collection from City Facilities with Waste Connections of California, Inc., dba Green Team of San Jose, for a two-year agreement from January 1, 2007 through December 31, 2008 not to exceed \$1,410,244 for the first year, with compensation for the second year of this contract subject to adjustment according to the Consumer Price Index for the San Francisco-Oakland-San Jose Area and annual appropriation of funds.
2. Exercise four additional one-year options to renew the agreement subject to Consumer Price Index price adjustment and annual appropriation of funds.

### OUTCOME

To provide cost effective solid waste and commingled recycling collection services with no interruption in service and increase waste diversion from City Facilities.

## **BACKGROUND**

### **Current City Facility Solid Waste Collection Programs**

The City of San José provides for collection of solid waste from approximately 182 service locations at 155 City Facilities by a private contractor (currently GreenTeam of San José). These facilities include approximately 18 branch libraries; 15 fire stations; 24 community, senior and youth centers; 56 neighborhood and regional parks; 12 service yards and warehouses; the San José/Santa Clara Water Pollution Control Plant; the Norman Y. Mineta San José International Airport; the San José McEnery Convention Center, the Civic Auditorium/Parkside Hall complex, and the Center for Performing Arts; City Hall; the Old MLK Library; the Police Administration Building; and 16 other administrative and operational facilities.

At the rates currently in effect, contractor compensation in 2007 would be approximately \$287,000 for the projected front-load bin service and \$89,000 for the projected roll-off container service.

The City has sufficient capacity for the disposal of all solid waste collected from City Facilities at no charge to GreenTeam at Newby Island Landfill, 1601 Dixon Landing Road, San José.

### **Current City Facility Recycling Programs**

The City also coordinates the collection of recyclable materials at City Facilities. All employee areas and most public areas of facilities are outfitted with centralized recycling stations for mixed cans and bottles and for mixed paper. Currently, the collection service is provided by the San José Conservation Corps & Charter School (Corps) at about 100 facilities, while their subcontractor, Stevens Creek Disposal & Recycling, collects cardboard at about 37 of those facilities. The Corps also collects cans and bottles at neighborhood and regional parks as a separate Special Project under the City Manager's Office master agreement. This contract award will not replace the services provided by the Corps.

## **ANALYSIS**

A notice inviting proposals was published on September 14, 2006. The objective of the RFP and the ensuing contract is to maximize recycling and minimize generation of solid waste at City Facilities. Required services include collection of solid waste from front load bins, roll-off boxes and City-owned compactors. Proposals were also requested for several optional services and pilots. A mandatory pre-proposal conference was held on September 23, 2006. Three Solid Waste and Recycling Franchisees attended. One proposal was received on October 17, 2006.

The proposal was evaluated on the following criteria:

Evaluation Factor	Weight
Approach and technical response – verification that Proposer can meet the necessary performance specifications and criteria on a long-term basis	25%
Experience and performance – Proposer’s ability to perform required services, customer service, qualifications and experience	25%
Cost	40%
Local Business Enterprise	5%
Small Business Enterprise	5%

The RFP process required all respondents to submit with their proposals with the required documentation including but not limited to references, insurance, a copy of their Commercial Solid Waste and Recycling Franchise or completed application. The one proposal was evaluated and found to be responsive for inclusion of all required documentation. The vendor was evaluated and found to be responsible and had the capability to perform all of the requirements of the scope of work including sufficient experience, personnel, adequacy of plant facilities and proper equipment to perform all services under the specification of this agreement.

After the proposal was deemed to be responsive and responsible, the recommendation for award was made to GreenTeam of San Jose for an annual contract amount of \$371,826. The amount of the recommended award is based on a projected average of \$30,986 per month for solid waste collection. This is an increase of 4.75% over the current contract with GreenTeam.

In addition to the contractor compensation, the departments receiving service are charged for General Fund disposal costs and for Commercial Solid Waste fees. These fees are collected to pay for the Franchise Agreement between Green Team of San Jose and the City. For the required services, these fees will total \$817,691 per year. The proposed cost for collection of recyclables in Commingled Carts and Bins (excluding cans and bottles) is \$74,590 per year. The proposed service to process and compost mixed solid waste, as is currently done with some multi-family solid waste, will have a net cost of \$17,933 per year.

The recommended award includes both of these additional services, plus a 10% contingency to allow for growth and for implementation of additional pilots and optional services as well as the cost for the Franchise Fee, the Source Reduction and Recycling Fee, and Disposal Costs totaling \$1,410,244. All proposers would have been required to pay for the various fees and disposal cost. In the Cost Implications section of this memorandum, a detailed cost summary is provided.

This agreement requires the collection drivers to be paid prevailing wage.

Staff recommends the award to Green Team of San Jose, the company which submitted the most advantageous proposal, for solid waste collection, commingled Carts and Bins Collection for mixed fiber and expanded recyclables (similar to the residential program), as well as the option to implement a Mixed Solid Waste Composting Pilot. The commingled carts and bins collection and mixed solid waste composting pilot are expected to result in additional waste diversion for the City. The recommended award also allows for a 10% contingency for adding facilities and pilots, such as Organic Collection and Composting Pilot and optional services, such as Sunday Solid Wastes Collection and Disposal Service for Roll-off Compactors for the Convention Center and the Airport (during construction of the Terminal Airport Improvement Program).

Through this agreement, the City will ensure reduction of solid waste from the City of San Jose facilities and to divert as much of its solid waste from disposal at landfills as is technically and economically feasible through improved solid waste and recyclable materials collection via flexible storage capacity and collection frequency; collection of commingled paper, cardboard, and all other commodities that can practicably be processed for market after being stored and collected together; maximizing the best use of recyclable materials.

### POLICY ALTERNATIVES

Not applicable.

### PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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)**

- Criteria 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)**

This item meets Criteria 1 and will be posted on the City's website. In addition, the Request for Proposal was advertised on the City's Bid Line and on the Demand Star Bid Notification System, which proactively notifies suppliers. All Commercial Solid Waste and Recycling franchisees were notified of the bidding opportunity directly.

### **COORDINATION**

This memorandum has been coordinated with the departments of Environmental Services, General Services, Public Works/Office of Equality Assurance, Parks, Recreation & Neighborhood Services, Airport, the City Manager's Budget Office, and the City Attorney's Office.

### **FISCAL POLICY/ALIGNMENT**

This Council item is consistent with General Principle #2, "We must focus on protecting our vital core city services," and Item #7 "We must continue to streamline, innovate, and simplify our operations...so that we can deliver services at a higher quality level, with better flexibility, at a lower cost."

### **COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Integrated Collection Services	\$1,282,040
Contingency	\$128,204
<b>TOTAL COST</b>	<b>\$1,410,244</b>

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

	Contractor Compensation	Franchise Fee (1)	Source Reduction and Recycling Fee (2)	Disposal Costs (3)	Total Charges
Required Services (solid waste collection)	\$371,826	\$542,317	\$131,499	\$143,875	\$1,189,517
Commingled Recycling	\$74,590	N/A	N/A	N/A	\$74,590
Mixed Solid Waste Composting Pilot (4)	\$58,680	(\$25,447)	(\$6,169)	(\$9,131)	\$17,933
Contingency (+ 10%) for additional facilities and future Pilot Programs	\$128,204				\$128,204
<b>Total Award</b>	<b>\$633,300</b>	<b>\$516,870</b>	<b>125,330</b>	<b>134,744</b>	<b>\$1,410,244</b>

(1) General Fund fee paid by Commercial Solid Waste and Recyclables Collection Franchisees.

(2) Fee authorized by AB 939 paid by Franchisees to the IWM Fund.

(3) Collected by Contractor from departments and paid to the General Fund to cover landfill costs.

(4) Net cost of the Mixed Solid Waste Composting Pilot is reduced to reflect an 80% diversion rate and the corresponding reduction in City fees and Disposal Costs.

3. SOURCE OF FUNDING: Various City Funds.

**BUDGET REFERENCE**

Funding for this project is provided from the Non-Personal/Equipment appropriations of various departments. Departments include, but are not limited to, Library, Fire, Parks, Recreation and Neighborhood Services, General Services, Environmental Services, Airport, and Convention, Arts and Entertainment. Total funding for this project is \$1,410,244.

**CEQA**

Not a Project.



SCOTT P. JOHNSON  
Director, Finance

For questions, please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051.