



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: August 4, 2008

Approved

Date

8/12/08

**SUBJECT: REPORT ON RFP FOR NEIGHBORHOOD CLEAN-UP BIN SERVICES
FOR RECYCLE PLUS COLLECTION DISTRICTS A AND C**

RECOMMENDATION

Report on Request for Proposal (RFP) for Neighborhood Clean-Up (NCU) Bin Services for Recycle Plus collection Districts A and C and adoption of a resolution authorizing the Director of Finance to:

1. Execute an agreement with GreenWaste Recovery, Inc. (San Jose, CA) for the initial term of the agreement with a fixed price, January 1, 2009 through June 30, 2010, with a not-to-exceed compensation of \$1,357,950 subject to annual appropriation of funds.
2. Exercise a compensation adjustment after the first 18 months of the initial term subject to the Refuse Rate Index, an index based on a combination of the Consumer Price and Producer Price Indexes, and appropriation of funds.
3. Execute change orders as required to add or delete Neighborhood Clean-Up bin services based on changing program requirements.
4. Exercise one two-year option to renew the agreement, subject to the Refuse Rate Index and annual appropriation of funds.

OUTCOME

To allow the City to provide uninterrupted Neighborhood Clean-Up (NCU) bin services to residents in Recycle Plus collection Districts A and C and to provide increased NCU bin services in Districts A and C after the current contract expires on December 31, 2008. Increase recycling of NCU waste from 50% to 75% to align the NCU program with the City's Green Vision Goal #5; divert 100% of waste from landfills, the City's Zero Waste goal, and Urban Accords Zero Waste Policy, Action 4.

BACKGROUND

The Neighborhood Clean-Up program is designed for citizens in pre-determined neighborhoods to dispose of unwanted household items, including furniture, appliances, home electronics, clothing, and other debris such as large rocks, construction material, etc., which are impractical to dispose of through the normal Recycle Plus waste disposal service.

Historically NCU bin services were included in the Recycle Plus waste hauling agreement(s). On January 24, 2006, Council directed staff to remove the NCU bin services from the then-forthcoming Recycle Plus RFP and to solicit these services separately. To ensure continuation of NCU bin services, in January 2007, Council directed the City Manager to negotiate and execute an agreement with Green Waste Recovery for NCU bin services for Districts A and C. The term of this agreement is from July 1, 2007 to December 31, 2008. Staff also presented a schedule for an RFP that would result in a long term agreement and included several program options for improved services. These enhanced service levels were incorporated into the RFP for NCU bin services.

ANALYSIS

On March 17, 2008, Finance/Purchasing released a Request for Proposal (RFP) for Neighborhood Clean-Up bin services for Districts A and C through City's e-procurement system. 270 companies were notified of the requirement and 28 companies viewed the RFP. In addition, letters were mailed to the top 100 national solid waste firms and the RFP was advertised on the California Resource Recovery Association (CRRA) list serve.

Two proposals were received by the April 25, 2008 deadline from GreenWaste Recovery, Inc. and California Waste Solutions, Inc. Both companies are located in San Jose.

Evaluation Team: A five member evaluation team was named with representatives from the Environmental Services and the Planning, Building and Code Enforcement Departments.

Minimum Qualifications: The initial evaluation was a pass/fail assessment of each proposal to ensure that all required forms and documentation were complete and minimum qualifications were met. Purchasing staff determined that all proposals were responsive to this requirement.

Technical Evaluation (50%): The team evaluated each proposal in critical areas such as experience implementing similar programs, program management, organizational structure and staffing, availability of equipment, and approach to refuse diversion, collection, and processing.

Environmental Stewardship (5%): Proposals were evaluated for vehicle types and usage, use of recycled and/or recyclable products used in daily operations, use of energy efficient equipment, company waste reduction, and reuse protocol and any related policy documents.

Financial Capacity (5%): Dunn and Bradstreet reports were evaluated for income, profitability and liabilities for their two most recent annual financial statements.

Cost (30%): Cost proposals were not disclosed to the evaluation team prior to the completion of the technical evaluation so as not to influence technical scores.

Local and Small Business Preference (10%): Ten percent of the total evaluation points were reserved for local and small business preference in accordance with City policy. Each proposer requested and received 5% consideration for the Local Business Preference.

The evaluation results are summarized in the table below:

	Points	GreenWaste Recovery, Inc.	California Waste Solutions, Inc.
Technical Score	50%	39%	32%
Environmental Stewardship	5%	3%	3%
Financial Capability	5%	3%	4%
Cost	30%	30%	22%
Local Business Preference	5%	5%	5%
Small Business Preference	5%	0	0
Total:	100%	80%	66%

Living and Prevailing Wage: Prevailing Wage applies.

Protest: The City's RFP process provides the opportunity for unsuccessful proposers to protest the City's award recommendation. The closing date for the submission of protests was May 30, 2008. No protests were received.

Recommendation: GreenWaste Recovery demonstrated an excellent understanding of the NCU bin services requirements; has extensive experience in the implementation and ongoing servicing of bin service projects, and submitted the lowest overall cost proposal.

Summary of Agreement and Implementation Plan: In order to make the agreement align with the end date of current Recycle Plus agreements, the contract term will be for four-and-a-half years, ending June 30, 2013. At the end of the initial term, the City may exercise the only two-year option to renew the agreement.

Pricing will be fixed for the first eighteen months of the agreement, and thereafter will be subject to annual adjustments based on the Refuse Rate Index (RRI), an index that is based on a combination of the Consumer Price and Producer Price Indexes.

Through this contract, the contractor is required to divert 75% of refuse collected versus 50% with the current contract. This increased diversion creates an incentive for highest and best use of the discarded materials. This effort will also contribute to meeting the City's Green Vision

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Goal #5, Divert 100% of waste from landfills, the City's Zero Waste goal, and Urban Accords Zero Waste Policy, Action 4. Recycling more of the City's NCU waste stream is an integral component in the effort to reach the City's 75% overall diversion goal by 2013.

The new NCU contract incorporates a phased approach previously discussed at the December 11th, 2007 Council Meeting. Starting January 1, 2009, annual bin usage can immediately increase to 1,250 units citywide. The agreement allows for service increases such as 75 bin events and multiple concurrent NCU events in adjoining geographical areas. Currently, service was limited to two events per week and a maximum of 50 bins. There are also provisions for clean up services resulting from emergency events.

The Agreement will include a provision for providing bins which are used for targeted clean-ups of designated public or private property as identified by the City's Code Enforcement Division.

EVALUATION AND FOLLOW-UP

Staff will return to Council with a Zero Waste Plan in December of 2008 that will include an update on the performance of all of the City's solid waste programs.

POLICY ALTERNATIVES

Alternative #1: Do not award the contract for NCU bin services with increased diversion of 75% and offer extension on current NCU bin contract with only 50% diversion.

Pros: Less costly.

Cons: Current contract for bin services does not have an option for increasing the number of bins or events.

Reason for not recommending: The City wishes to increase the diversion rate for this program to help achieve the Council's Green Vision goals of 75% waste diversion by 2013 and Zero Waste by 2022, as well as have the option to expand and enhance the NCU program. Neither of these opportunities is available with the current contract.

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

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a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1. Therefore, the memorandum will be posted on the City's website for the August 26, 2008 Council agenda. As previously mentioned, the RFP was advertised through the City's e-procurement system and letters were mailed to the top 100 national solid waste firms, as identified by *Waste Age* magazine.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

This recommendation is consistent with Council approved Budget Strategy Memo General Principal #2, "We must focus on protecting our vital core City services". Increasing the required diversion to 75% is also in alignment with the Green Vision, Zero Waste, and Urban Environmental Accords goals previously approved by Council.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION – INITIAL 18 MONTH PERIOD:

FY 08-09 Agreement Amount	\$ 452,650
FY 09-10 Agreement Amount	\$ 905,300
Total Compensation Initial 18 Month Period	\$1,357,950

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

The table below depicts the types of events, the available bin sizes and the range in cost per service bin.

Event	Available Bin Sizes	Cost Range per Bin
Neighborhood Cleanup Bin Service	10 and 40 Cubic Yards	\$395 - \$470
E-Waste Collection Truck	Not Applicable	\$425 - \$475
Targeted Cleanup Bin Service	10 and 40 Cubic Yards	\$350 - \$375
Emergency Cleanup Bin Service	10 and 40 Cubic Yards	\$500 - \$525

3. SOURCE OF FUNDING: ESD Single-Family Recycle Plus Fund (Fund 423)

4. FISCAL IMPACT: The cost of the first six months of the agreement is funded through existing appropriations. The remainder of the agreement will be funded based on the annual appropriation of funds.

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BUDGET REFERENCE

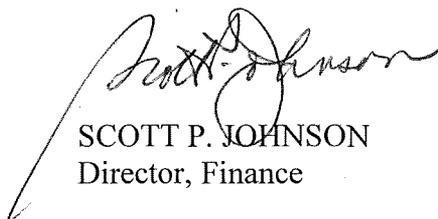
Funds for this bin service contract are included in the Environmental Services Department's Adopted Operating Budget for FY 2008-2009.

Fund #	Appn. #	Appn. Name	RC.	Total Appn.	Amt. For Contract	2008-09 *Proposed Operating Budget (Page)	Last Budget Action (Date, Ord. No.)
423	0763	Single-Family Recycle Plus	500551	\$47,264,600	\$452,650	XI - 48	N/A

*The 2008-2009 Adopted Operating Budget was approved by the City Council on June 24, 2008.

CEQA

Negative Declaration, File No. PP06-119



SCOTT P. JOHNSON
Director, Finance

For questions regarding the agreement, please contact Walter C. Rossmann, Chief Purchasing Officer, at 535-7051. For questions regarding the NCU program please contact, Jo Zientek, Deputy Director of Environmental Services, at 535-8557.