



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Kansen Chu
Councilmember Rose Herrera
Councilmember Nora Campos
Councilmember Ash Kalra

SUBJECT: COMMERCIAL SOLID WASTE
SYSTEM REDESIGN

DATE: March 20, 2009

APPROVED:

DATE: 3/20/09

RECOMMENDATION

Nora Campos Ash Kalra

We recommend accepting the staff proposal, with the following amendments:

- 1) Direct staff to separate the Requests for Proposal (RFP) for the processing of organic materials from the RFP for the commercial solid waste system redesign. Two separate RFPs to be issued: a) For all collection as well as processing of recyclables and b) Processing of the organic materials.
- 2) Direct staff to include Labor Peace in both Requests for Proposals. Per the City Attorney's memo, the City can request this information.

BACKGROUND

As elected officials we have to look for the best interest of the whole community and the best return on investment while making every effort to reach the Zero Waste Goal and the Green Vision Goal.

As staff notes in their memo, the capacity for organic material processing is limited. In fact, only two companies currently have the requisite local infrastructure. Combining collection of solid waste and processing of organic materials gives an enormous economic advantage to those bidders with existent infrastructure, without guaranteeing the best return on our investment.

Collection comprises 70% of the cost of solid waste and recycling services. Insisting that organic processors also develop infrastructure to accommodate that massive cost will establish a prohibitive barrier for introducing competition.

Our goal should be getting the greatest value for the lowest price to our businesses. While staff introduces possible ways to ameliorate the negative impacts of combining collection and organics processing, there is no way to assure we are keeping the cost of this service as low as possible without uncoupling it from the collection process. Also, without a separate competitive bid for organic material processing, potential cost savings will not be known.

The most recent procurement processes in the Bay Area for solid waste and recycling services included the SBWMA, (South Bayside Waste Management Authority), and the City of Palo Alto. In the case of Palo Alto, there was a combined procurement process for all services including commercial organics processing. They received only two bids. In the case of the SBWMA, similar in size to the City of San Jose, there were three separate RFPs for collection, recycling/transfer processing, and organics processing. The SBWMA received four bids for collections, seven bids for recycling/transfer, and seven bids for organics processing.

Additionally, we ask that Labor Peace be included to require prospective bidders state their process for resolving disputes and maintaining labor stability in both RFPs. This process should then be incorporated in the final agreement to provide the city and public with information on how service disruptions in garbage and recycling collection and processing will be avoided.