



Legislation Text

File #: 18-0202, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Stephanie Katsouleas, Public Works Director
Anna Luke-Jones, Senior Management Analyst

SUBJECT:

Request for Proposals for Solid Waste Franchise (Public Works Director Katsouleas).

AUTHORIZE DISTRIBUTION OF RFP

RECOMMENDATION:

Staff recommends that the City Council review and authorize distribution of a Request for Proposals for the City's Solid Waste Franchise.

FISCAL IMPLICATIONS:

The Request for Proposal (RFP) process includes conducting a competitive solicitation process and receiving proposals from interested solid waste haulers. User rates will be determined once proposals are received and evaluated for conformance with the RFP terms and scope. Establishing rates and pricing is part of that process; at this time the total fiscal implications are not known. Staff anticipates conducting a Proposition 218 rate setting process for the first five-year term of the contract immediately following City Council award to the most qualified solid waste hauler. The City's Recovery Cost (CRC), which covers the cost of City staff and overhead in administering the solid waste contract, will be calculated and added separately.

BACKGROUND:

The City's current seven-year solid waste contract with Waste Management (WM) was established on June 1, 2011, and expires on June 30, 2018. However, the City Council approved a contract extension of up to 24 months while the City implements a process to secure new waste hauling services.

Several actions have taken place to date toward development of the Solid Waste RFP. These

actions include:

- *July 18, 2017 City Council Meeting:* Staff was directed to begin the solid waste hauling procurement process. The initial step included conducting residential and commercial outreach about current services provided and utilizing the optional two-year contract extension for the length of time needed to secure the new solid waste hauler/contract.
- *September 28 - November 3, 2017 Community Outreach:* Staff created and promoted two solid waste surveys from September 28 through November 3, 2017, for residential and commercial users through a variety of outlets. There were 190 residential surveys completed and 15 commercial surveys completed. The results were provided to the City Council in a Memorandum sent on December 19, 2017.
- *November 7, 2017:* The City Council approved retaining HF&H Consultants to help administer the procurement process.
- *February 6, 2018:* The City Council appointed two members to the Solid Waste Subcommittee (Mayor Amy Howorth and Councilmember Richard Montgomery). Staff presented a comprehensive overview of the current services provided, highlighted key findings of the surveys, and made ten recommendations for changes to the current services provided. Those recommendations were unanimously approved by the City Council.
- *April 16, 2018:* The Solid Waste Subcommittee met to review the various solid waste collection programs identified in the draft RFP and make final recommendations for full City Council consideration. A summary of that meeting is provided below. The proposed RFP scope of work ensures compliance with a variety of recent and upcoming solid waste legislation, including:

AB 939 Adopted in 1989, AB 939 (the California Integrated Waste Management Act of 1989) provides the statutory framework for solid waste collection in the State. Among other mandates, cities are required to divert at least 50% of their waste and report solid waste program activities to the State's solid waste agency. This Act has been amended numerous times, including by the following listed legislation.

AB 341 Adopted in 2012 AB 341, requires mandatory commercial recycling and sets forth a state diversion goal of 75% by 2020.

AB 1826 Adopted in 2014, AB 1826 requires mandatory commercial organics (food and green waste) recycling from businesses, and green waste recycling from multi-family units (five or more units) by April 2016. Cities were also required to offer a food scrap recycling program.

AB 1594 Adopted in 2014, AB 1594 eliminates allowing the use of green (yard) waste for alternative daily cover at landfills as a diversion credit in state reporting starting in

January, 2020.

SB 1383 Adopted in 2016, SB 1383 establishes goals to reduce short lived climate pollutants (e.g., methane gas) in various sectors.

DISCUSSION:

The Request for Proposal (Attachment 1) and the draft form of Franchise Agreement included therein have been reviewed by the Solid Waste Subcommittee for conformance with the City's solid waste collection program goals and by the City Attorney's Office for conformance with legislative requirements. As recommended by the consultant and the City Attorney, a draft franchise agreement is included in the RFP. The requested services are similar to the current services provided with some expansion of programs. The ten recommended contract changes presented to the City Council on February 6, 2018 were further considered and approved/rejected for consideration by the Solid Waste Subcommittee as follows (further discussed below):

- Approved: Add 20-gallon cart option;
Enhance automated residential collection;
Expand items eligible for recycling collection (e.g., mattresses);
Solicit creative ideas from haulers to address unique solid waste challenges;
Allow City to choose the vendor who provides reusable lunch boxes;
Require hauler to assist with mandatory compliance laws;
Approve terms for a seven-year contract term AND up to a 36-month extension;
Consider hauler-managed customer billing or a hybrid approach;
Clarify integrity guidelines during RFP solicitation process.
- Rejected: Provide *curbside* collection reuse/donation

April 16, 2018 City Council Solid Waste Subcommittee Meeting

At the first Solid Waste Subcommittee meeting, HF&H Consultants provided a detailed overview of the preliminary draft RFP. After review and thorough discussion, the Subcommittee members offered their comments and recommendations on some key service considerations:

- **20-gallon residential trash cart:** Offer the 20-gallon sized cart for spatial constraint flexibility, but charge the same rate the 35-gallon cart to dis-incentivize residents from selecting it solely based on cost (e.g., it encourages right-sizing the cart based on waste actually generated).
- **Commercial Recycling and Organics:** Charge commercial businesses separately for recycling and organic collection services rather than bundling all services into a single trash rate. Recycling and organics collection would be at a reduced costs based on volume (i.e., 50% of trash rate). Consider excluding K-12 Public and private schools from this charge should they continue to receive this service.
- **Mixed Waste Processing of Commercial Waste:** In compliance with AB 341, which requires mandatory commercial recycling, filter solid waste for potential recyclables from roll-off bins,

street and park trash containers and containers placed at City sponsored events.

- **Environmental Sustainability Commitment Exhibit in Franchise Agreement:** Keep the Exhibit in the next Franchise Agreement, with the focus on reducing landfill tonnage.
- **Allow Third Party Diversion debris tonnage to be counted toward meeting the hauler's compliance with solid waste diversion.** Continue to leave Third Party Diversion debris tonnage out of the hauler's allowable tonnage to meet diversion goals.
- **Restrict collection hours along Highland Avenue to reduce commuter traffic impacts:** Recommend (1) NO COLLECTION in the NORTHBOUND lanes north of 15th Street before 9:00 a.m. and (2) NO COLLECTION in the SOUTHBOUND lanes from 45th Street to 15th Street after 4:00 p.m.

Summary of Proposed Solid Waste Collection Services

The following summarizes the key programs and services that have been incorporated into the final draft RFP under consideration.

Residential Cart Customer Services

1. Enhanced Automated Collection (manual assist to automated service to ensure proper cart placement after collection) for Refuse, Recyclables, and Green Waste.
2. Residential Organic Waste Program
3. Backyard Service for a fee
4. Compost Bin Distribution
5. Multi-Family Recycling/Zero Waste Outreach Program
6. Curbside Collection Reuse Donation Program
7. Door-to-Door Household Hazardous Waste (HHW) Collection

Commercial/Multi-Family Services

1. Refuse Bin and Cart Collection
2. Recyclables Bin and Cart Collection
3. Commercial Organic Waste Program
4. Green Waste Roll-Off Box Service
5. Permanent Roll-Off Box Service
6. Temporary Non-Construction & Demolition (C&D) Refuse Bin Collection
7. Processing of Mixed Commercial Waste
8. Mandatory Compliance and Outreach for AB 341, AB 1826 and SB 1383
9. Green Business Program - operate/manage and provide recognition annually for newly certified businesses - to be provided at Company's cost

City Services

1. Refuse, Recyclable and Green Waste Collection from City Facilities
2. Hazardous Waste Collection from City Facilities
3. Street Litter Container Collection - Refuse and Recycling
4. Abandoned Item Collection in the Right-of-Way
5. Refuse and Recyclables Collection at City Sponsored Events
6. Public Education and Outreach Program (for multiple sectors) - Focus on Zero Waste

Special Services

1. Bulky Item Collection: No additional charge to residents; fee for businesses
2. Free Holiday Tree Collection
3. Free Sharps Collection Program
4. Composting bin program: Hauler to order and deliver bins, paid for by resident co-pay and City subsidy
5. School Recycling/Zero Waste Outreach Program
6. Provide event trash boxes at cost to Third Party event organizers

Optional Services

1. Customer Billing Performed by Hauler

Schedule to Complete the Procurement Process

Staff anticipates the following schedule to complete the procurement process; note that the final award date was moved from December 2018 to January 2019 to accommodate the holidays:

<u>Target Date</u>	<u>Activity</u>
	January - April, 2018 RFP Development, Review, Finalizing and Approval
	May 15, 2018 Present RFP package to Council for approval
May - Aug., 2018	RFP Bidding, Addenda and Due Date (3 months)
Aug. - Nov., 2018	Evaluation and Interviews (3 months)
November 20, 2018	Present to City Council; select contractor(s), negotiations
January 8, 2018	Finalize Contract and Award to Hauler
	January - May 2019 Order equipment, distribute educational materials, conduct informational meetings and prepare for transition (5 months)
	July 1, 2019 New contract begins

A more detailed timeline is provided as Attachment 3.

PUBLIC OUTREACH/INTEREST:

A significant amount of public outreach was conducted to gain a comprehensive understanding of residential and commercial satisfaction with current waste collection service levels provided, and to ascertain what new and/or existing services should be included in next contract. Those efforts were presented to the City Council on February 6, 2018.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney’s Office has reviewed the draft RFP and approved it as to legal form.

Attachments:

1. Request for Proposal (RFP) Package
2. Detailed Proposed Schedule
3. PowerPoint Presentation (HF&H Consultant)