



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 19, 2010 REPORT NO: 10-006
ATTENTION: Natural Resources and Culture Committee
ORIGINATING DEPARTMENT: Environmental Services Department (ESD)
SUBJECT: Refuse & Recyclable Collection Services
COUNCIL DISTRICT(S): All
CONTACT/PHONE NUMBER: Stephen Grealy, (858) 573-1275

REQUESTED ACTION: Authorize the execution of bid number 9678-10-V for Refuse and Recycling Collection Services.

STAFF RECOMMENDATION: Approve the requested action.

EXECUTIVE SUMMARY OF ITEM BACKGROUND: After a competitive bid process, Allied Waste Services (Allied) has been chosen to be the new solid waste and recycling dumpster service provider for all City facilities, pending City Council approval. The bid is for a two (2) year contract with three (3), one (1) year options to renew at the City's sole discretion. The decision was made based on Allied being lowest responsive and responsible bidder.

The City of San Diego released an RFB for both refuse and recycling services on October 6, 2009. Recycling was included as part of the bid in order to streamline services and make recycling service accessible to all City Departments with a set contract and pricing agreement. In addition, recycling collection services and dumpsters, currently owned and serviced by the Environmental Services Department (ESD), were included in the bid. The sites currently serviced by ESD are distributed throughout the City of San Diego, from Rancho Bernardo to San Ysidro, yet comprise only one collection route; making this service structurally inefficient. Allied's extensive number of collection routes throughout the City of San Diego will allow them to easily incorporate ESD's current service locations into their existing collection routes; resulting in a much lower cost to the City for procurement of the recycling services currently provided by ESD.

The transfer of ESD's recycling collection services at City facilities to private collection necessitated a meeting between ESD, Labor Relations and representatives from the American Federation of State, County and Municipal Employees Local 127 (Local 127) to discuss mitigating any reduction in labor or overall job loss for the employees currently operating the recycling route. ESD, Labor Relations and Local 127 were able to reach an agreement that allowed for modifying two separate RFB's for roll-off container collection services from exclusive to supplemental contracts. City forces will instead be handling the majority of City wide roll-off servicing needs. The employees formerly servicing ESD recycling dumpsters will now drive roll-off routes. It is anticipated that this restructuring will not result in an increased cost to City departments for this service.

Under the new dumpster service agreement, ESD will be restructuring the method for accounting so that each invoice is filtered through the contract manager in ESD. This will help to verify service levels, ensure uniform contract compliance for all City sites and will give the contract manager the opportunity to recognize which facilities have the potential to reduce refuse collection service and increase recycling service; ultimately saving the City money. It is the intention of ESD to facilitate a significant reduction in refuse collection and increase in recycling collection within the first contract year.

FISCAL CONSIDERATIONS: For FY10, City Departments budgeted approximately \$699,000 for contracted refuse and recycling services. This does not include ESD expenditures to provide recycling service to City departments, estimated at an additional \$320,000 for FY09, that will be now provided under the new contract by Allied. Given Allied's price per lift and the current anticipated number of annual lifts reported to ESD by each City Department, during the first year of this proposed contract the overall approximate cost to the City will be \$789,400. As a result, some departments will see an increase over budgeted costs with the current trash and recycling levels. During the second year of this proposed contract, the City will realize an approximate cost of \$819,200. The increased cost in year two is a result of ESD's request for a discounted recycling price per lift in year one to reflect the value of the recycling dumpsters being transferred from ESD to the Contractor. As ESD works to increase recycling levels at City Departments to ensure they are compliant with the City Recycling Ordinance, their costs will fall.

As stated above, it is the intention of ESD to facilitate significant savings to the City by working to adjust refuse and recycling service levels at City sites, where applicable. With the exception of year one, the estimated annual cost is \$819,200 and is based on current service levels at all City Facilities. This figure does not take into account the anticipated reduction in costs that will result as ESD staff work to maximize waste reduction and recycling efforts throughout the City. Each individual department will be financially responsible for the level of service at each of its sites.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Sections 22.2701 through 22.2708) and Non Discrimination in Contracting Ordinance (SAN DIEGO MUNICIPAL CODE SECTIONS 22.3501 THROUGH 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

KEY STAKEHOLDERS AND PROJECTED IMPACTS: City Departments, Contractor, unsuccessful bidders.



Chris Gonaver, Director
Environmental Services Department



David Jarrell
Deputy Chief of Public Works