



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: February 17, 2010 REPORT NO: 10-0199
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:

After a competitive bid process in which the City received bids from four local haulers, Allied Waste Systems, Inc. dba Allied Waste Services of San Diego (Allied) has been chosen to be the new solid waste and recycling dumpster service provider for all City facilities, pending City Council approval. The proposed agreement is for a two (2) year term with three (3), one (1) year options to renew at the City's sole discretion. Staff recommends the award of the agreement to Allied based on Purchasing and Contracting Department's (Purchasing and Contracting) determination that Allied's bid is the low acceptable bid.

The City of San Diego had two separate contracts with EDCO for collection of waste from three yard dumpsters at City departments. A decision was made in 2009 by Purchasing and Contracting to proceed with issuing an Invitation for Bids (IFB) for a new contract. An IFB for both refuse and recycling services for City facilities was released on October 6, 2009. This IFB consolidated various trash and recycling services of the City and included approximately 60,000 annual trash service lifts covered under the EDCO contracts; 7,300 annual recycling lifts previously provided by Environmental Services Department (ESD); 1,000 additional recycling lifts provided by EDCO; and approximately 12,000 annual trash service lifts to Qualcomm Stadium - a service currently provided under a contract by Dependable Disposal.

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 contracts with EDCO were managed on a department-by-department basis, with no single overall contract manager. This has made the implementation of recycling at City facilities difficult and has led to a wide range of costs for similar service levels provided to different departments. Under the new service agreement, ESD will restructure the method for accounting so that each invoice is reviewed by the contract manager in ESD. This will help to verify service levels, ensure uniform contract compliance for all City sites and 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, thereby decreasing costs.

The transfer of ESD's recycling collection services at City facilities and parks to private collection necessitated meet and confer among ESD, Labor Relations and representatives from the AFSCME Local 127 (Local 127). A comparative analysis of roll off costs as provided by the private sector versus ESD showed that ESD was competitive in this area of service delivery. As a result, Labor Relations and Local 127 were able to reach an agreement that allowed ESD to provide this service using the employees that are currently driving the recycling routes and, at the same time, issue two separate IFB's for roll-off container collection services to handle any demand that could not be met by ESD. It is anticipated that this restructuring will result in decreased costs to City departments for this service.

FISCAL CONSIDERATIONS:

See the table below for a summary of costs. The actual costs for City Departments for the provision of trash services and ESD's recycling services were \$871,786 for FY08 and \$1,019,782 for FY09. The budgeted total for FY10 is \$1,019,025. The cost under the first year of the contract is projected at \$789,380 and \$819,200 in the second year. The increased cost in year two (FY12) 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. The costs in FY11 and FY12 do 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.

City Facility Trash and Recycling Collection Costs					
	FY08 Actual Cost	FY09 Actual Costs	FY10 Budget	FY11 Projected Cost	FY12 Projected Cost
City Dept Trash/Recycling	\$614,786	\$699,782	\$699,025	\$789,380	\$819,200
Environmental Services	\$257,000	\$320,000	\$320,000	\$0	\$0
Totals	\$871,786	\$1,019,782	\$1,019,025	\$789,380	\$819,200

As a comparison, the contractor will charge approximately \$31,000 in the first year and \$55,000 in the second year to deliver the service previously provided by ESD at a cost of approximately \$320,000 per year. Recycling service is charged at a significantly lower rate than trash service in the Allied bid; as recycling levels increase at City departments in compliance with the City Recycling Ordinance, the departments' costs will decrease.

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).

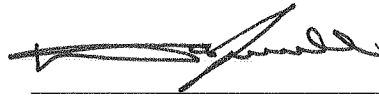
PREVIOUS COUNCIL and/or COMMITTEE ACTION: This item was heard at NR&C on January 27th, 2010 and was continued to the February 24th, 2010 NR&C meeting.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

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



Chris Gonaver
Environmental Services Director



David Jarrell
Deputy Chief of Public Works