



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: June 21, 2012 REPORT NO: 12-081
ATTENTION: Council President and City Council
SUBJECT: Memorandum of Understanding with Rehrig Pacific Company for
Automated Refuse, Recycling and Greenery Containers on an As-
Needed Basis
REFERENCE: City of Los Angeles, California Solicitation No. C-102987 to Rehrig
Pacific Company

REQUESTED ACTION:

1. Authorize the Mayor, or his designee, to execute for and on behalf of the City, an agreement with Rehrig Pacific Company (Rehrig) to furnish automated refuse, recycling and greenery containers to the City on an as-needed basis, from the date of contract execution through November 30, 2016, and under terms and conditions set forth in the Memorandum of Understanding between the City and Rehrig.
2. Authorize the Chief Financial Officer to expend an amount not to exceed the amount budgeted per Fiscal Year from General Fund No. 100000, Automated Refuse Container Fund 200302 (refuse containers) and Recycling Fund No. 700048 (recycling and greenery containers), to provide funds for the above Memorandum of Understanding, contingent on adoption of the Annual Appropriations Ordinance and provided that the City Comptroller first furnishes one or more certificates demonstrating that the funds necessary for expenditure are, or will be, on deposit with the City Treasurer. It is estimated that approximately \$1,650,000 will be expended during Fiscal Year 2013.

STAFF RECOMMENDATION:

Approve the resolution.

SUMMARY:

Approved containers for automated collection of refuse, recycling and yard waste (greenery), as specified in the Municipal Code Section 66.0126, are required for automated waste collection services by City forces.

In order to meet the City's demand for automated containers in a cost effective and efficient manner, the City has been "piggybacking" on a contract between Rehrig and the City of Los Angeles, which obtains lower unit costs through high volume purchases (L.A. Contract). Pursuant to San Diego Municipal Code (SDMC) §22.2312 and the Cooperative Purchasing clause in the L.A. Contract, the City of San Diego is able to procure automated containers from a qualified vendor under a contract awarded through a competitive bidding process substantially similar to the City's, administered by another municipality, without incurring the expense and delay of a lengthy procurement process.

The City of Los Angeles has recently exercised a final option on the L.A. Contract for an additional 5-year term. The City of San Diego is now seeking Council approval to execute a Memorandum of Understanding (MOU) with Rehrig for automated collection containers on the same general terms as the contract between Rehrig and the City of Los Angeles pursuant to the "Cooperative Purchasing" provision (Article 51) of the L.A. Contract and SDMC §22.3212. This cooperative purchasing agreement is in the City of San Diego's best interest and is to the City's economic advantage because it allows the City to take advantage of the City of Los Angeles' lower per unit prices due to their high quantity purchases. Further, Rehrig manufacturers are located in the southern California area, facilitating the timely delivery of containers to the San Diego area.

BACKGROUND

The original L.A.Contract with Rehrig commenced on December 1, 2001. An extension, approved on February 21, 2007, provided for a second five-year term through November 30, 2011. The City of San Diego executed an MOU with Rehrig via the Cooperative Purchasing clause in March 2008, which expired November 30, 2011. The City of Los Angeles has now exercised the last five-year optional renewal term, which extends through November 30, 2016. There are no future renewal options available in the L.A.Contract. The City of San Diego's proposed MOU with Rehrig, "piggybacking" on the current L.A. Contract, also would extend through November 30, 2016.

Under this last extension renewal, the City of Los Angeles has committed to purchase a minimum of 100,000 containers annually, although they anticipate purchasing an average of 215,000 each year during the term of the agreement. San Diego benefits from a lower per unit price due to the volume of purchases by Los Angeles. The City of San Diego typically purchases an average of 15,000 automated containers each year. The City anticipates purchasing 30,000 containers in FY 2013 in support of an effort to increase recycling participation citywide.

The second renewal option of the L.A.Contract provides for the following pricing, inclusive of delivery fees, but exclusive of sales taxes:

Container Size	Container Color	Unit Price
35 gallon	Black, Blue, or Green	\$34.01
65 gallon	Black, Blue, or Green	\$42.82
95 gallon	Black, Blue, or Green	\$48.50

With the conversion from manual to automated refuse collection in the early 1990's, Council directed one container be provided to each resident at no charge. On November 20, 2007, Council approved a revision to the automated container policy which returned responsibility to the individual city resident to furnish approved replacement refuse containers at the customer's expense and established a new fee of \$70 per refuse container to be charged to customers who chose to acquire a replacement container from the City. The fee recovers the cost of the container, freight, sales taxes, and the container management staff who maintain the physical and electronic inventory. Up to three recycling containers are provided to residents at no charge for the container. Up to two greenery containers are provided to residents at no charge for the container in (pilot) automated greenery areas. Automated refuse, recycling and greenery containers have a 10-year warranty for product failure.

The Environmental Services Department recommends execution of the proposed MOU with Rehrig for the following reasons:

- a. Rehrig's automated container pricing is among the most competitive in the Southern California region. (See Attachment 1)
- b. The standardized design of refuse, recycling and yard waste containers allows the optimal compatibility with the City's existing automated collection fleet vehicles.
- c. Rehrig has worked closely with Environmental Services staff to deliver container inventory in a timely manner as to exercise Just In Time Inventory principles.
- d. Rehrig offers a 2% early payment discount on its invoices.
- e. Rehrig's container design utilizes the same size wheel for the large and medium size automated containers which improves inventory control functions and cost savings to the City for replacement wheels.
- f. Rehrig designed a spinning grab bar in order to address issues with use of the collection fleet's Perkins brand flipper utilized on rear loading vehicles.
- g. Rehrig is based in southern California and provides stable jobs positively contributing to the California economy.
- h. Rehrig has demonstrated a high degree of reliability in meeting the City of San Diego's demand for automated containers of varying colors and sizes since 2008.

CEQA

The above activity is not a project pursuant to CEQA Guidelines Section 15378(b)(2) because this activity constitutes ongoing administrative or maintenance activities, and therefore is not subject to the California Environmental Quality Act pursuant to CEQA Guidelines Section 15060(c)(3).

EQUAL OPPORTUNITY CONTRACTING (EOC):

Funding Agency: City of San Diego – prevailing wages do not apply.
Goals: This contract is not subject to the Subcontracting Outreach Program (SCOPE) because it is a contract for goods/services.
Other: This is a cooperative procurement contract with the City of Los Angeles. This contract is subject to the Nondiscrimination Ordinance and the Equal Employment Opportunity (EEO) program. EOC staff requested this contractor submit an Equal Opportunity Plan. EOC will monitor their performance and adherence to the Nondiscrimination Ordinance.

FISCAL CONSIDERATIONS:

The estimated annual requirement in FY13 for automated containers for either replacement or new service is approximately 30,000 containers at an estimated cost of \$1,650,000. Automated refuse containers are funded by General Funds 100000 and 200302, and recycling and greenery containers are funded by the Recycling Fund 700048. Funds are currently budgeted in FY 2013 for container purchases.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

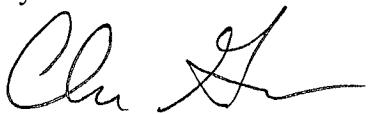
Resolution 303445 effective March 14, 2008, authorized execution of an agreement between the City of San Diego and Rehrig to furnish automated containers on an as-needed basis from June 26, 2007 through November 30, 2011, under the terms and conditions set forth in that Memorandum of Understanding.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

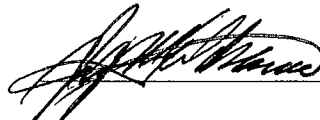
None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

City taxpayers benefit from lower per unit costs for automated containers by taking advantage of the Cooperative Purchasing Clause in the City of Los Angeles contract with the Rehrig Pacific Company.



Chris Gonaver
Director, Environmental Services



Jay Goldstone
Chief Operating Officer

CG: mlv

Attachment 1: Cost Assessment from Various Municipalities using automated Containers as Compiled in Summer 2011 by the Los Angeles Bureau of Sanitation

Report to City Council – Attachment 1

Subj: Memorandum of Understanding with Rehrig Pacific Company for Automated Refuse, Recycling and Greenery Containers on an As-Needed Basis

**Cost Assessment from Various Municipalities using Automated Containers
as Compiled in Summer 2011 by the Los Angeles Bureau of Sanitation**

City	County	Cart Mfr	Cart Sizes (in gal)	Cart Prices	Warranty	Material Spec
1. Los Angeles ¹	Los Angeles	Rehrig Pacific Co.	35	\$30.33	10-year non-prorated warranty with RPC paying the City service charges of \$10 for repair or \$25 for cart replacement.	HDPE
			65	\$39.14		
			95	\$44.82		
2. Burbank	Los Angeles	Toter Inc.	35	\$36.00	10-year non-prorated warranty with no service charge.	LLDPE
			65	\$42.20		
			101	\$48.70		
3. Glendale	Los Angeles	Toter Inc.	64	\$42.55	10-year non-prorated warranty with no service charge.	LLDPE
			96	\$49.25		
4. Long Beach ²	Los Angeles	Rehrig Pacific Co.	65	Same as City of LA contract.	Same as City of LA contract.	HDPE
			95			
5. Pasadena	Los Angeles	Toter Inc.	30	\$38.50	10-year non-prorated warranty with no service charge	LLDPE
			60	\$44.50		
			100	\$49.50		
6. Pomona ³	Los Angeles	Otto Environmental Systems	90	\$41.64	10-year non-prorated warranty with no service charge	HDPE
7. Anaheim	Orange	Rotonics	60	\$44.75	3-year non-prorated warranty with no service charge	HDPE
			96	\$48.95		

City	County	Cart Mfr	Cart Sizes (in gal)	Cart Prices	Warranty	Material Spec
8. Costa Mesa	Orange	Toter Inc.	30	Confidential	10-year non-prorated warranty with no service charge.	LLDPE
			60			
			90			
9. Irvine	Orange	Rehrig Pacific Co.	35	Confidential	Carts are owned by Waste Management (WM). Warranty is bet. Rehrig & WM.	HDPE
			64			
			96			
10. Ontario ²	San Bernardino	Rehrig Pacific Co.	35	Same as City of LA contract.	10-year non-prorated warranty with no service charge	HDPE
			64			
			96			
11. Oxnard	Ventura	Toter Inc.	64	Confidential	10-year non-prorated warranty with no service charge	LLDPE
			96			
12. San Diego ²	San Diego	Rehrig Pacific Co.	64	Same as City of LA contract.	10-year non-prorated warranty with no service charge	HDPE
			96			
13. Sacramento ⁴	Sacramento	Otto Environmental Systems	32/35	\$31.56	10-year non-prorated warranty with no service charge	HDPE
			64	\$45.11		
			96	\$48.36		
		& Toter Inc.	32/35	\$31.37	10-year non-prorated warranty with no service charge	LLDPE
			64	\$37.87		
			96	\$44.87		

Source of Information: Respective municipalities who responded to a request for information and Rehrig Pacific Company.

¹ City of Los Angeles containers have 3 brands, 3 stickers as compared to other municipalities that typically only have 2 brands. RPC's prices reflect the extra 2% early payment discount & container replacement service charge the City receives from RPC.

² Cities that use the City's contract have to pay extra for freight and have net 30 day terms.

³ Bid was done in 2009 when resin price was \$0.19/lb. In addition, prices do not include stickers, extra branding, and service charge fees.

⁴ Prices do not include stickers, extra branding, service charge fees and early payment discounts.

⁵ HDPE-High Density Polyethylene

⁶ LLDPE-Linear Low-Density Polyethylene