

City of Sacramento

Legislation Details (With Text)

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Title: Supplemental Agreement with Republic Services of Sacramento for Green Waste Processing
[Published for 10-Day Review 07/11/2019]

Sponsors:

Indexes:

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Attachments:

Date	Ver.	Action By	Action	Result
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Title:

**Supplemental Agreement with Republic Services of Sacramento for Green Waste Processing
[Published for 10-Day Review 07/11/2019]**

File ID: 2019-00882

Location: Citywide

Recommendation:

Pass a Motion authorizing the City Manager or the City Manager's designee to: 1) execute Supplemental Agreement No. 4 to City Agreement No. 2014-0523 with Republic Services of Sacramento for green waste processing in an amount not-to-exceed \$2,200,000, for a new not-to-exceed amount of \$14,200,000; and 2) reset the City Manager's authority to issue supplemental agreements for City Agreement No. 2014-0523.

Contact: John Febbo, Integrated Waste Planning Superintendent, (916) 808-3797; Jerome Council, Integrated Waste General Manager, (916) 808-4949, Department of Public Works

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Supplemental Agreement

Description/Analysis

Issue Detail: On June 9, 2014, the Department of Public Works, Recycling and Solid Waste Division (RSW) executed a five-year agreement (City Agreement No. 2014-0523) with Republic Services of Sacramento (Republic) to process and dispose of up to 80,000 tons of green waste material per year collected within the City to comply with state landfill diversion mandates.

On June 27, 2017, Supplemental Agreement No. 2 with Republic Services of Sacramento was approved by City Council to compensate for changes in market conditions for green waste processing services.

On January 17, 2019, Supplemental Agreement No. 3 was executed to extend this agreement through June 30, 2020, aligning the end date with Sacramento County's green waste processing contract for the purpose of issuing a regional Request for Proposals (RFP). Since that time, the County of Sacramento, City of Sacramento, and City of Folsom have collaborated to release a regional RFP seeking contractors to process and recycle green waste and other organics starting July 1, 2020.

RSW anticipates exhausting the current not-to-exceed amount of \$12,000,000 by September 2019 due to the market adjustments contained in Supplemental Agreement No. 2 and increased tonnage from higher than normal green waste from both automated and street collection operations.

Approval of Supplemental Agreement No. 4 to City Agreement No. 2014-0523 with Republic Services of Sacramento will add \$2,200,000 for green waste processing and prevent service interruptions or delays in green waste collection and disposal.

Policy Considerations: The recommendations in this report are in accordance with City Code Chapter 3.56 for contract amendments that exceed the City Manager's delegated approval authority.

Approving this supplemental agreement will contribute to the City's capacity to meet state mandates to divert from landfill a minimum of 50 percent of the total waste generated within the City.

The Sacramento City Code Section 4.04.020 and Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a two-thirds vote of the City Council, all labor agreements and all agreements greater than \$1,000,000 shall be made available to the public at least ten (10) days prior to council action. This item was published for 10-day review on July 11, 2019 as required.

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): In accordance with Section 15061 (b)(3) of

the California Environmental Quality Act (CEQA) Guidelines, no environmental review is necessary because it can be seen with certainty that there is no possibility that the recommendation in this report may have a significant effect on the environment.

Sustainability: Continuing to divert green waste from disposal at landfills will lower the amount of greenhouse gas generated by the City and recycle a significant portion of the City's residential waste stream.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Supplemental Agreement No. 4 to City Agreement No. 2014-0523 is necessary to allow the City to continue to divert the green waste collected and avoid sending the material to a landfill to comply with state landfill diversion mandates.

In accordance with City Code Chapter 3.56, in February 2014, the RSW issued Invitation for Bid (IFB) No. 14131711005 for green waste processing services. Three bids were received, and Republic was the lowest responsive and responsible bidder.

In May 2017, RSW retained Crowe Horwath LLP (Crowe) to conduct a performance audit of Republic and provide a third-party assessment of the merits of Republic's request for increases to tipping fee rates. Crowe concluded that Republic was meeting the operational and financial obligations of City Agreement No. 2014-0523 and that moderate increases in contract tipping fees can be supported based on current market conditions. Further, Crowe conducted a survey of comparative regional green waste processing tipping fees, which averaged 20-35% above the tipping fee increases proposed in this supplemental.

Financial Considerations: Supplemental Agreement No. 4 to City Agreement No. 2014-0523 will increase the not-to-exceed amount by \$2,200,000, for a revised not-to-exceed amount of \$14,200,000. Sufficient funding exists in the Fiscal Year 2019/20 Department of Public Works, Recycling and Solid Waste Division Operating Budget (Solid Waste Fund, Fund 6007) to execute the supplemental agreement.

There are no General Funds planned or allocated for this project.

Local Business Enterprise (LBE): Republic Services of Sacramento is an LBE.