

Agenda Report

October 28, 2013

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (10/22/13)

FROM: Public Works Department

SUBJECT: CONTRACT AWARD TO CEDAR WOOD YOUNG CORPORATION DBA ALLAN COMPANY FOR PROCESSING RESIDENTIAL & COMMERCIAL RECYCLABLES AND COMMUNITY RECYCLING AND RESOURCE RECOVERY, INC. FOR PROCESSING MIXED REFUSE AND STREET SWEEPING MATERIAL

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the Material Recovery Facility (MRF) processing of residential and commercial waste is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b) 3 (General Rule);
2. Accept the proposal dated July 11, 2013, submitted by Cedar Wood Young Corp., DBA Allan Company, paying the City \$35.50 per ton for Residential & Commercial Recycling of Commingled Material (Category 1) in response to the scope of work for Residential and Commercial Waste Material Recovery;
3. Accept the proposal dated July 11, 2013, submitted by Community Recycling and Resource Recovery, Inc., charging the City \$57.17 per ton for processing Street Sweeping Material (Category 4) and \$57.36 per ton for processing Mixed Refuse from the Rose Parade, Rose Bowl Game and BCS National Championship Game (Category 5), in response to the scope of work for Residential and Commercial Waste Material Recovery; and
4. Authorize the City Manager to enter into such contracts for three years with two optional one-year extension periods subject to the approval of the City Manager, per the City's competitive procurement bid process. The prices will remain in effect for the entire term of the contracts.

EXECUTIVE SUMMARY:

The City of Pasadena Department of Public Works (City) intends to identify new waste processing opportunities to augment existing disposal practices. The City also intends to secure new contracts to replace existing processing services that are due to expire. The waste streams are composed of six categories: (1) Residential & Commercial Recycling Commingled Material, (2) Bulky & Abandoned Items, (3) Greenwaste, (4) Street Sweeping Material, (5) Mixed Refuse; and (6) Organic Food Waste. The successful contractor(s) will accomplish the prescribed diversion rate by processing through a material recovery facility or by composting.

Based on evaluation of the proposals, the City recommends contracting with Allan Company for processing (1) Residential & Commercial Recycling Commingled Material. The City also recommends contracting with Community Recycling and Resource Recovery for processing (4) Street Sweeping Material and (5) Mixed Refuse generated from the Rose Parade, the Rose Bowl Game and BCS National Championship Game . These measures support the 75% waste diversion initiative set by the State of California in AB 341 as well as the City's Zero Waste goal to be achieved by 2040.

The City recommends not awarding contracts for processing (2) Bulky & Abandoned Items, (3) Greenwaste, and (6) Organic Food Waste since it is not financially or operationally feasible at this time. The City will continue to collect and dispose these materials at Scholl Canyon Landfill. The City will continue on the path of meeting its' diversions goals by implementing these recommendations. The City may consider these categories in the future as processing facilities in the Southern California Region are further developed to increase capacity and efficiency.

BACKGROUND:

The City currently contracts with Allan Company to process Residential & Commercial Recycling Commingled Material, and with Community Recycling and Resource Recovery to process Street Sweeping Material and Mixed Refuse. These contracts are due to expire on October 31, 2013.

The City's goal is to explore market options based on existing waste processing services that are due to expire as well as to evaluate new processing opportunities for Bulky & Abandoned Items, Greenwaste, and Organic Food Waste. On June 26, 2013, the City released a Request for Proposal (RFP) from qualified Material Recovery Facilities (MRFs) as options to process waste. The term of the contracts shall be three years with two optional one-year extension periods subject to the approval of the City Manager. The City has the option of selecting the most feasible and cost effective options.

For the City to consider proposers for a contract(s), proposers were required to meet the following minimum standards:

1. Proposer's facility must be located no further than 25 miles from City Yards;
2. Provide monthly reports indicating total tonnage of materials recycled;
3. Proposers must be responsible for unloading City trucks within 15 minutes upon arrival at contractor's facility;

4. Proposers must document demonstrated ability to accept and process and average of 50 tons of recyclable materials per day; and
5. Payment for recyclable material, if applicable, shall be made to City by 25th of each month following collection.

Proposers had the opportunity to respond to any number of waste categories. Contract award is on a per category basis:

Category 1 – Residential & Commercial Recycling Commingled Material:

Approximate annual tonnage: 9,826. This material is composed of newspaper, mixed paper, cardboard, paperboard, brown paper bags, junk mail, magazines, phone books, glass, aluminum and tin cans, plastic containers #1 through #7 from residential and commercial customers.

Category 2 - Bulky & Abandoned Items:

Approximate annual tonnage: 2,900. These items include: chairs, couches, refrigerators, scrap wood, metal pipes, etc. This material is mainly from residential customers.

Category 3 – Greenwaste:

Approximate annual tonnage: 18,197. This material is collected from single-family residential customers. Does not include palm fronds.

Category 4 - Street Sweeping Material:

Approximate annual tonnage: 1,700.

Category 5 – Mixed Refuse:

Approximate annual tonnage: 2,000. This material is collected from multi-family and commercial customers including waste from large special events such as the Rose Parade, Rose Bowl Game, and BCS National Championship Game.

Category 6 – Organic Food Waste:

Approximate annual tonnage: 200. This material is collected from the Rose Bowl stadium and consists of food waste, compostable food packaging, soiled paper, etc.

The City has established minimum diversion rates for each category of materials addressed in the RFP. These rates specify the minimum percentage of material per category that must be recycled or composted, and not disposed in a landfill. The minimum diversion rates are as follows:

Table 1 – Established Minimum Diversion Rates Per Category

Category	Minimum Diversion Rate
1. Residential & Commercial Recycling Commingled Material	75%
2. Bulky & Abandoned Items	15%
3. Greenwaste	90%
4. Street Sweeping Material	90%
5. Mixed Refuse	30%
6. Organic Food Waste	90%

The proposals were evaluated to determine compliance with the minimum standards. One proposal was disqualified for not meeting one of the criteria as the facility was located more than 25 miles from the City Yards. Using the competitive selection process the remaining proposals were evaluated on the following criteria:

Table 2 – Evaluation Criteria

Criteria	Maximum Points
A Amount, if any, bidders will pay for the material and/or the amount, if any, bidders will charge to accept the material	20
B The quality of the service offered	10
C The ability, capacity & skill of the bidder to perform the contract or provide the material or services	10
D Provide the service promptly, or within the time specified, without delay or interference	10
E The sufficiency of the bidder's financial resources and the effect thereof on his ability to perform the contract or provide the material or services	10
F The character, integrity, reputation, judgment, experience and efficiency of the bidder	10
G The quality & timeliness of the bidder's performance on previous orders or contracts for the City	10
H The ability of the bidder to provide future maintenance and service	10
I Local Pasadena Business	10
J Small and Micro-Business	10
Total	110

The table below summarizes the revenue (recycling) or costs by category and average proposal score:

Table 3 – Proposed Revenue or Cost (\$) per Ton by Category & Proposal Score

Proposer/Location	1 Curbside Recycling	2 Bulky Items	3 Green- waste	4 Street Sweeping	5 Mixed Refuse	6 Organic Food Waste	Average Score
Waste Management Sun Valley	NB	NB	43.00	NB	NB	NB	75.00
RockTenn Torrance	30.00	NB	NB	NB	NB	NB	DQ
Community Recycling Sun Valley	NB	57.36	54.42	57.17	57.36	57.17	82.00
Allan Company Baldwin Park	35.50	NB	NB	NB	NB	NB	83.70

Note: NB = No Bid; DQ = Disqualified

Residential & Commercial Recycling Commingled Material (Category 1)

Allan Company submitted the only eligible proposal for Residential & Commercial Recycling Commingled Material since RockTenn was disqualified for being more than 25 miles from the City Yards. Allan Company proposes to pay the City \$35.50 per ton for the

City's Residential & Commercial Recycling Commingled Material, which is \$6.65 per ton less than what the existing contract pays the City. This lower rate can be explained by the current reduced value of the recycling commodities (i.e. glass, aluminum, paper and plastic). An analysis was conducted of the Los Angeles Bulk Rate Paper Stock Prices for the last two years to confirm that markets have decreased (see Attachment A). The lower rate for the recycling commodity will result in a \$55,000.00 decrease in annual revenue.

A market survey of other cities indicates the proposed payment of \$35.50 per ton for recyclable materials is competitive. Payments currently received by the cities of Glendale, and Santa Monica are between \$35.00 and \$36.00 per ton.

Department of Public Works Recommendation

Award a contract to Allan Company for processing the City's Residential & Commercial Recycling Commingled Material. Allan Company facility is located within 15 miles of the City's residential routes and the company's operations, reporting and financial performance have been satisfactory over the 10 years the firm has provided services to the City.

Greenwaste (Category 3)

Waste Management's bid of \$43.00 per ton for Greenwaste is \$12.46 per ton higher than the anticipated cost of disposing the material at Scholl Canyon Landfill as an alternative daily cover. If the City chose to contract with Waste Management to compost Greenwaste, it would increase the City's cost by approximately \$209,000.00 annually based on the annual Greenwaste tonnage generated.

Department of Public Works Recommendation

The City should not award a contract to Waste Management for processing Greenwaste. It is not financially feasible to process Greenwaste at this time due to the extensive tonnage volume of material and the high per-unit cost to process the material. The City will be assessing options for diverting Greenwaste to meet the City's goal to achieve Zero Waste to the landfills by 2040. The City may consider partnering with a contractor in the future to do a pilot Greenwaste composting program.

Other Items (Categories 2, 4, 5 & 6)

Community Recycling and Resource Recovery submitted the only bids for Bulky & Abandoned Items, Street Sweeping Material, Mixed Refuse, and Organic Food Waste. Bids ranged from \$57.17 to \$57.36 per ton by category. This cost averages approximately \$8.00 more per ton than the current rate for disposing of these materials at Scholl Canyon Landfill. Processing the Bulky & Abandoned Items and Mixed Refuse would increase the City's cost approximately \$300,000.00 annually.

Cost to process these materials is higher than disposal at the landfill is due to the mechanical and manual sorting processes required to separate recyclable materials. Also, composting Organic Food Waste from the Rose Bowl Stadium is not operationally feasible at this time because the Rose Bowl Operating Company's current food packaging is not compostable or recyclable. The City may also utilize Community Recycling and Resource Recovery as its backup disposal site in the event that Scholl Canyon landfill becomes temporarily unavailable.

Department of Public Works Recommendation

Award contract to Community Recycling and Resource Recovery, limited to processing of Mixed Refuse for the Rose Parade, Rose Bowl Game and BCS National Championship Game, and Street Sweeping Material. Contracting with Community Recycling and Resource Recovery is in the City's best interest since the Rose Parade, Rose Bowl Game and BCS National Championship Game are resource intensive, present challenges with the large venue size, and there is limited control of waste inputs. Processing Mixed Refuse from these single-day events justifies the additional cost to process the material. Processing Street Sweeping Material would increase the City diversion rate, and has currently been an effective operational practice.

The City will not award a contract to process Bulky & Abandoned Items since it is not financially feasible and has a low potential for diversion.

COUNCIL POLICY CONSIDERATION:

This proposed Material Recovery Facility contract is consistent with the City Council's goal of increasing conservation and sustainability. It also supports the United Nations Urban Environmental Accords of 2005 Action 4 of achieving zero waste to landfills and incinerators by 2040. Additionally, it supports the Open Space and Conservation Element of the General Plan by increasing the diversion of waste materials from landfills through the reduction, reuse and recycling of wastes to the highest and best use.

While the Department of Public Works recommendation not to award contracts for the processing Bulky & Abandoned Items, Greenwaste, and Organic Food Waste at this time is contrary to the conservation and sustainability goals outlined above, this recommendation is consistent with the City Council's goal to maintain fiscal responsibility and stability. The department's recommendation is based on the fact that these options are presently cost prohibitive due to the limited number and capacity of processing facilities. The City will continue to monitor these categories and consider their use as processing facilities in the Southern California Region are further developed and become cost competitive.

ENVIRONMENTAL ANALYSIS:

This activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

FISCAL IMPACT:

Allan Company's rate of \$35.50 is \$6.65 less per ton than the existing contract for the City's Residential & Commercial Recycling Commingled Material. The lower rate paid for the Residential & Commercial Recycling Commingled Material will result in a \$55,000.00 decrease in annual revenue. The loss in revenue will be offset by the increased quantity of Residential & Commercial Recycling Commingled Material the City is collecting. This increase is attributable to the fact that more customers are opting to use a smaller sized

mixed-refuse container which results in a decrease in the City's disposal cost for mixed-refuse at the landfill. On June 18, 2012, the City Council adopted an amendment to Section 8.60.210(E) of the Pasadena Municipal Code to allow residents to downsize or reduce the number of mixed waste containers once per year at no cost.

Community Recycling and Resource Recovery's Mix Refuse rate of \$57.36 is \$8.18 more per ton than the existing rate to dispose waste at Scholl Canyon Landfill. Processing Mixed Refuse from the Rose Parade, Rose Bowl Game and BCS National Championship Game will increase the cost by approximately \$1,600.00 annually. Community Recycling and Resource Recovery's Street Sweeping Material rate of \$57.17 is \$7.99 more per ton than the existing rate. Processing Street Sweeping Material will increase the cost by \$13,600.00 annually.

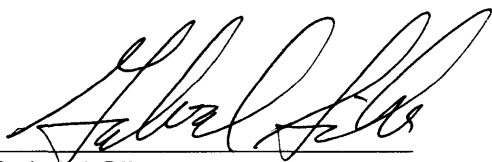
Sufficient funds are available in the Street Maintenance and Integrated Waste Management Department, Solid Waste Refuse Fund 406 to cover the cost increases outlined above.

Respectfully submitted,



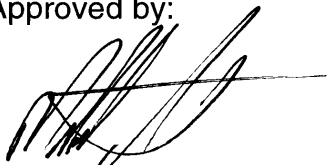
SIOBHAN FOSTER
Director of Public Works

Prepared by:



Gabriel Silva
Environmental Programs Manager

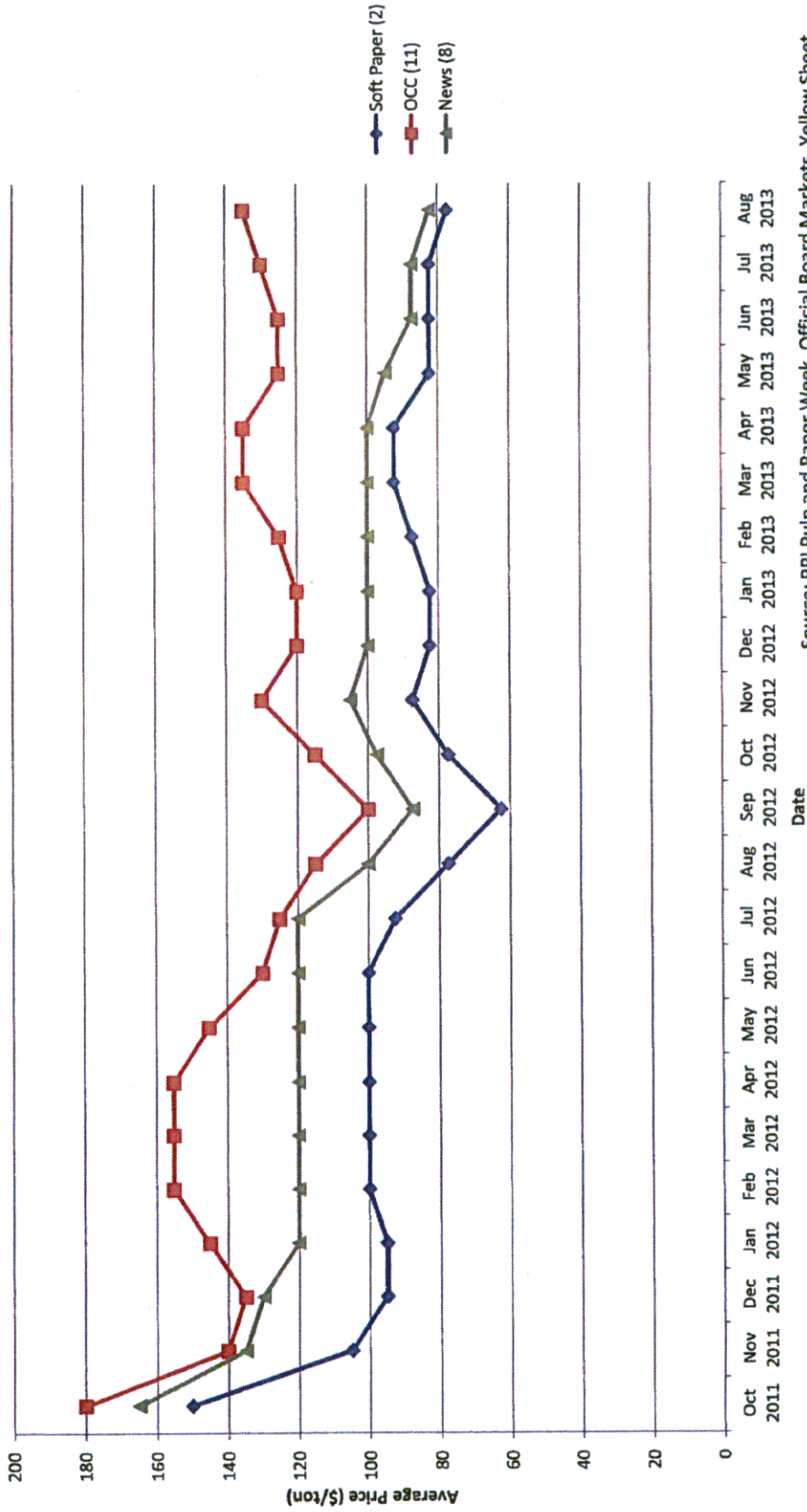
Approved by:



MICHAEL J. BECK
City Manager

Attachment A - Los Angeles Paper Market

Los Angeles Bulk Rate Paper Stock Prices



Source: PPI Pulp and Paper Week, Official Board Markets, Yellow Sheet

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

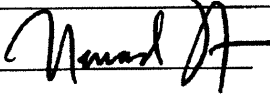
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1. Contractor/Organization Name: Cedarwood-Young Company, a California corporation DBA Allan Company
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2. Type of Entity: <input checked="" type="checkbox"/> non-government <input type="checkbox"/> nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:
Please see attached

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:
Please see attached

Prepared by: Nenad Trifunovic 

Title: General Counsel

Phone: 626-962-4047

Date: 10/10/2013

**ATTACHMENT TO DISCLOSURE PURSUANT TO THE
CITY OF PASADENA TAXPAYER PROTECTION AMENDMENT
PASADENA CITY CHARTER, ARTICLE XVII**

CEDARWOOD-YOUNG COMPANY, A CALIFORNIA CORPORATION
DBA ALLAN COMPANY

3. NAMES OF TRUSTEES, DIRECTORS, PARTNERS AND OFFICERS

Trustees:

None, except for retirement plan trustees.

Directors of the organization

Stephen A. Young, Chairman of the Board
Jason A. Young
Joe Pearson
Donald R. Rogers
Michael Ochniak

Partners

None

Officers of the organization

Jason A. Young, CEO
Stephen A. Young, Secretary
Michael Ochniak, Chief Financial Officer
Joe Pearson, Vice President, Finance
Donald R. Rogers, Vice President, Sales and Marketing
David Romberg, Vice President, Southwest
Richard Hubbard, Vice President, Operations
Francisco Del Rincon, Vice President, Northern California
Bo Yang, Vice President, Export

**4. NAMES OF THOSE WITH MORE THAN A 10% EQUITY, PARTICIPATION
OR REVENUE INTEREST**

Stephen A. Young, Jason A. Young

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name Community Recycling & Resource Recovery Inc

2. Type of Entity:
 non-government nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:
Thomas H. Fry, Owner/President & Treasurer
John Richardson, Vice President & Secretary

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:
Thomas H. Fry

Prepared by: Karen Sandvig

Title: Manager

Phone: 818-767-6000

Date: 6/28/13