

Agenda Report

August 19, 2019

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (July 23, 2019)

FROM: Public Works Department

SUBJECT: CONTRACT AWARD TO AMERICAN RECLAMATION FOR PROCESSING RESIDENTIAL AND COMMERCIAL RECYCLING FOR A MAXIMUM CONTRACT AMOUNT NOT TO EXCEED \$1,626,240

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed contract is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3) General Rule; and
2. i) Accept the bid dated May 21, 2019, submitted by American Reclamation, charging the City \$42.24 per ton for processing Residential and Commercial Recycling of Comingled Material in response to the scope of work for Residential and Commercial Waste Material Recovery; ii) reject all other bids; iii) authorize the City Manager to enter into a three year contract for an amount not to exceed \$975,744; and iv) authorize the City Manager to extend the contract for up to two additional one-year terms in the annual amount of \$325,248.

BACKGROUND:

In 1989, the California Integrated Waste Management Board (now CalRecycle) adopted AB 939 as a response to diminishing landfill capacity. The bill requires cities to undertake efforts and document progress to reduce, reuse and recycle as methods to decrease the amount of disposal and extend the useful life of landfills. In order to achieve compliance with AB 939, the City operates a curbside recycling program that collects approximately 7,700 tons of recyclable material per year.

The recycling industry has successfully achieved environmental benefits including diverting material from landfills, conserving natural resources and reducing greenhouse gas emissions by reducing the use of raw materials by manufacturers. This success was accomplished through the combined efforts of the public and private industry to collect, sort, bale and market the recyclables to world markets.

Historically, curbside recycling programs generated shared revenue for both the municipalities that established these programs and their contracted processors. This is no longer the case as municipalities now have to pay a large portion of the processing costs in order to continue to receive diversion credit to meet state mandates. Not only have processing costs increased to meet new quality standards, transportation and shipping costs have also increased as material is diverted to international ports outside of China as the backhaul advantage dissipates. For years, China has been the single largest consumer of recyclable materials generated in the United States. Since 2017, China has taken a number of steps, including establishing bans and imposing strict quality standards, to restrict recyclable materials imported into China. These measures resulted in significant impacts on recycling within the United States and the rest of the world. The loss of the Chinese export markets has disrupted recyclable markets, leading to lower commodity revenue for some material and sometimes negative commodity value. For these reasons, the recycling commodity markets have been unstable for the past year and have now begun to stabilize.

The City's goal is to secure waste processing services now that the recycling markets have stabilized. On April 25, 2019, the Request for Bids (RFB) from qualified Material Recovery Facilities (MRFs) as options to process Residential and Commercial Comingled Recycling Material was advertised in the Pasadena Weekly and Pasadena Journal. In addition, the City used Planet Bids that generated notices to 334 vendors. Twenty seven (27) vendors obtained bid packets, four of whom submitted bids for the project. There were no local bidders identified or received by the City.

The RFB required bidders to meet the following minimum standards:

1. Bidder's facility must be located no further than 30 miles from the City Yards;
2. Minimum diversion rate of 60% for residential and commercial recycling comingled material;
3. Bidders must be responsible for directing the unloading of City trucks within 15 minutes upon the arrival at bidder's facility;
4. Provide monthly reports indicating total tonnage of materials recycled; and
5. Bidders must document demonstrated ability to accept and process an average of 50 tons of recyclable material per day.
6. Bidder's must pay Pasadena Living Wage or Prevailing Wage rates, no less than the highest rate.

Following advertising, bids were received on *May 21, 2019*, and are as follows:

Bidder-Location	Item No.	Description	Quantity (Tons)	Unit Pay or Price	Item Pay or Price	Grand Total
American Reclamation - Los Angeles	1	Comingled Recycling	7,000	\$42.24	\$295,680	\$292,180
	2	Cardboard	100	\$35.00	(\$3,500)	
City Terrace Recycling, LLC - Los Angeles	1	Comingled Recycling	7,000	\$49.12	\$343,840	\$346,840
	2	Cardboard	100	\$30.00	\$3,000	
Athens Services - Irwindale	1	Comingled Recycling	7,000	\$57.00	\$399,000	\$404,000
	2	Cardboard	100	\$50.00	\$5,000	
Cedarwood - Young, dba Allan Company- Baldwin Park	1	Comingled Recycling	7,000	\$80.00	\$560,000	\$557,000
	2	Cardboard	100	\$30.00	(\$3,000)	

American Reclamation was the lowest responsive and responsible bidder. The proposed contract with American Reclamation fully complies with the Competitive Bidding and Living Wage Ordinances. In addition, the proposed contract fully complies with the Prevailing Wage Law (Senate Bill 7) per Resolution 9406 adopted by the City Council on December 15, 2014.

American Reclamation has no previous contracts with the City of Pasadena, for Residential and Commercial Waste Material Recovery. American Reclamation has been one of the City's franchise haulers for 20 years.

COUNCIL POLICY CONSIDERATION:

The proposed Material Recovery 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.


ENVIRONMENTAL ANALYSIS:

This contract is exempt from CEQA per section 15061(b) (3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect of the environment. The proposed action will not result in any new development or physical changes.

FISCAL IMPACT:

The maximum cost of this action is \$1,626,240. It is anticipated that approximately \$325,248 will be incurred each fiscal year beginning in FY 2020, for three years with two optional one-year extension periods subject to the approval of the City Manager. Funding will be addressed by the utilization of annual budgeted appropriations in the Public Works Department, Street Maintenance Integrated Waste Management operating budget (account 811400-40622019) in Fiscal Years 2020 - 2024.

Respectfully submitted,


for ARA MALOYAN, P.E.
Director of Public Works

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STEVE MERMELL
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