

Agenda Report

TO: CITY COUNCIL

April 20, 1998

FROM: ACTING CITY MANAGER

SUBJECT: Authorize the Acting City Manager to approve a contract with Waste Management Inc., in response to the specifications for a Curbside Recycling Collection Program.

RECOMMENDATIONS

It is recommended that the City Council:

1. Accept the bid dated March 3, 1998, submitted by Waste Management Inc., in response to specifications for the Curbside Collection of Recyclables, reject all other bids received, and authorize the Acting City Manager to enter into such contract. It is further recommended that the City NOT require Newco Waste Systems, Inc., to forfeit their bid bond. Newco Waste Systems Inc., is a small firm and to forfeit their bid bond would cause financial difficulties.
2. Authorize a thirty (30) day extension of the existing contract with Waste Management Inc., to provide recycling collection service, pending the execution of the new proposed contract and increase the existing contract by \$35,000 for a not to exceed amount of \$195,000.
3. Authorize the establishment of a fully Automated Curbside Recycling Collection Pilot Program which will allow the City to collect data to measure the results of automated collection within Pasadena.
4. Approve a Journal Voucher transferring \$70,205 from Refuse Fund Reserves to Budget Account 8114-406-764200 Waste Reduction/Recycling to provide funding for the balance of the Fiscal Year 1998 Residential Curbside Recycling Contract.
5. Approve a Purchase Order with Toter Incorporated for \$212,500 in Budget Account 8101-406-764120 Residential Solid Waste Operations to provide funding for the purchase of automated containers for the six (6) month Pilot Program.

This project was advertised in the Pasadena Weekly on February 13, 1998. In addition Notice Inviting Bids were mailed to seventy (70) franchised refuse and recycling collectors who operate in Pasadena as well as twelve (12) minority organizations and associations. Of the eight (8) contractors who obtained bid packets, four companies submitted bids for the project.

Following advertising, bids were received on March 2, 1998 and are as follows:

Company	Per House Hold Cost	Monthly Costs
1) Newco Waste System, Inc.	\$1.10	\$29,700 (*)
2) Waste Management	\$1.69	\$45,630
3)Allan Company	\$1.75	\$47,250
4) Bestway Recycling	\$2.37	\$63,990

(*) Bid Withdrawn

Newco Waste Systems, Inc., has requested that their bid be withdrawn as they made a mathematical calculation error in their bid. Waste Management Inc., is the next lowest responsive and responsible bidder. Therefore, it is recommended that Waste Management, Inc., be awarded the contract for this project.

Waste Management Inc., is currently providing manual curbside collection under a four (4) month contract. Since assuming the recycling collection responsibilities, they have significantly reduced customer complaints and provided staff with all requested data required for AB 939 compliance. The bid amount submitted by Waste Management Inc., is consistent with current market rates for service.

The items described in the attachments to the Agenda Report provide a history and address several issues. The primary issue is the approval of the Curbside Collection of Recyclables contract with Waste Management Inc. A second issue is the recommendation to establish a pilot program for the automated collection of recyclables. This pilot program will begin in Fiscal Year 1998 and would provide data on the effectiveness of automated collection of recyclables and the expansion of the yard waste collection program.

The pilot program is in accordance with the Source Reduction and Recycling Element previously approved by Council and the California Integrated Waste Management Board, as part of the City's plan to comply with AB 939 mandates. Additionally, the pilot program would give residents an opportunity to explore the merits of a variable size container system that is designed to encourage recycling and reduce the amount of trash sent to the landfill. The pilot program would compare manual collection diversion yields to automated collection diversion yields. This pilot program would encompass 2,500 single-family residents over a cross section of the community and extend over a six-month period. If the data collected during the pilot program is consistent with findings from other cities, staff will return to Council requesting authorization to begin implementation of the Citywide program in Fiscal Year 1999.

The following information details how the financial obligation will be satisfied. Specifically, for Fiscal Year 1998, funds are available in the Refuse Fund Reserves. These funds were originally designated for Capital Equipment purchases. It is proposed to delay these purchases for one year and extend the use of the current equipment to address the immediate funding requirements for the Curbside Collection of Recyclables Contract and the purchase of the necessary Containers required to implement the Automated Pilot Program. Staff is aware that a delay in the purchase of new equipment will increase the operation and maintenance cost for the vehicles extended beyond their replacement date. Once the program is implemented citywide, staff will return to the City Council with a long-term financial plan.

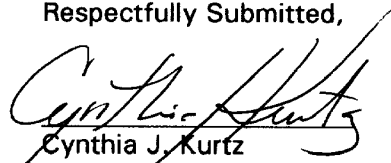
Based on projected revenue and expenditures, staff anticipates that the financial plan will need to be implemented in Fiscal Year 2000 and will include a change in both the rate structure and rates. Once implemented citywide, restructuring will provide residents with more choices and an economic incentive to participate in recycling. This variable rate structure or "Pay As You Throw" system will provide the economic incentive for residents to recycle by presenting an option to reduce the cost by reducing the size of their mixed waste refuse containers. This will provide residents with both flexibility and responsibility.

If the recycling and yard waste program does not produce the anticipated savings in landfill costs, staff will need to return to the City Council for an increase in rates to provide funding for recycling and capital acquisition - to meet the City's AB 939 commitment.

FISCAL IMPACT

To date, \$556,000 of the \$798,000 appropriated for equipment purchases in Fiscal Year 1998, has been expended. Staff proposes to delay additional equipment purchases to future budget years and utilize the remaining \$242,000 appropriated in Fiscal Year 1998 to offset the \$212,500 cost of purchase of containers for the proposed Pilot Program and \$99,500 to pay for the remainder of the Residential Curbside Recycling Contract. Funds in the amount of \$70,205 are available in Refuse Fund Reserves and will need to be transferred to Budget Account #8114-406-764200 Waste Reduction/Recycling to provide for the cost of the Residential Recycling Collection Contract, for the remainder of Fiscal Year 1998.

Respectfully Submitted,



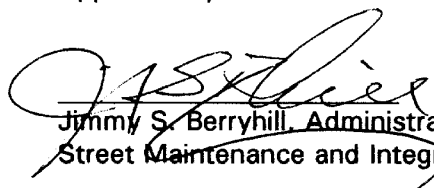
Cynthia J. Kurtz
Acting City Manager

Prepared by:



Dakeba S. Jones, Program Coordinator
Street Maintenance and Integrated Waste Management Division

Approved by:



Jimmy S. Berryhill, Administrator
Street Maintenance and Integrated Waste Management Division

Attachments

- (A) History of Residential Recycling
- (B) Pilot Program Area Map
- (C) AB 939 Annual Report