

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to proposed Supplemental Agreement to Contract No. C-107485 with Waste Management - Bradley Landfill and Recycling Center for the receipt and processing of residential green material.

Recommendations for Council action:

1. INSTRUCT the Board of Public Works (Board) to modify Provision No. 4 of the proposed Supplemental Agreement to Contract No. C-107485 to increase the estimated two-year cost from \$35,858,000 to \$41,200,000 and increase the estimated total contract costs from \$119,659,007 to \$143,200,000.
2. AUTHORIZE the Board, on behalf of the Bureau of Sanitation (BOS), to execute the proposed Supplemental Agreement, as modified, with Waste Management - Bradley Landfill and Recycling Center to provide all inclusive turnkey recycling services for the receipt, processing, and reuse of green material collected through the BOS's curbside collection program, from October 14, 2013 through October 13, 2015, at a cost not to exceed \$41,200,000, subject to City Attorney approval as to form.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no General Fund impact and sufficient funds are available within the Solid Waste Resources Revenue Fund to support the first year costs of the proposed Supplemental Agreement. The 2013-14 Adopted Budget includes an appropriation of \$20,870,179 in the Solid Waste Resources Revenue Fund Schedule for green waste processing. Funding for the second year of the Supplemental Agreement will be allocated through the City's annual budget process and is subject to Mayor and Council approval. The recommendations contained in the October 28, 2013 CAO report and detailed in the above recommendations comply with the City's Financial Policies as ongoing revenue will support ongoing expenditures. The contract also contains a Financial Liability Clause that limits the City's financial exposure to costs that are supported with revenue.

Community Impact Statement: None submitted.

TIME LIMIT FILE - JANUARY 5, 2014

(LAST DAY FOR COUNCIL ACTION - DECEMBER 18, 2013)

Summary:

On November 20, 2013, your Committee considered an October 29, 2013 CAO report relative to proposed Supplemental Agreement to Contract No. C-107485 with Waste Management - Bradley Landfill and Recycling Center for the receipt and processing of residential green material. According to the CAO, in accordance with Executive Directive No.3, the Board, on behalf of the BOS is requesting authority to execute a Supplemental Agreement with Waste Management - Bradley Landfill and Recycling Center (WM) to provide all inclusive turnkey recycling services for the receipt, processing, and reuse of green material (yard trimmings and horse manure) collected through the Bureau's curbside collection program. The Supplemental Agreement will extend the term of Contract No. C-107485 by an additional two years, from October 14, 2013 through October 13, 2015, for a total term of 11 years.

The proposed maximum allowable compensation over the two year term is \$35,858,000 with a proposed total cost ceiling of \$119,659,007. However, the CAO is recommending a revised two-year cost of \$41,200,000 and total cost ceiling of \$143,200,000. The BOS provides curbside collection services to some 750,000 single-family residences and small apartment complexes (four units or less). The BOS collects approximately 1,800 tons per day (tpd) of green material from these customers. Approximately 400 tons of green material is processed at City facilities (Lopez Canyon and Harbor) and the remaining 1,400 tons of green material is processed by private contractors that prepare the material for beneficial reuse. The Bureau's total permitted capacity is 620 tpd among its two mulching facilities. The collection and processing of green material separately from household refuse is an important component of the City's compliance with the State mandated goal of diverting 50 percent of refuse from landfills and the City's own 75 percent diversion goal. This service is a non-discretionary activity for the Bureau.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations as contained in the CAO report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMFIELD:	ABSENT
LABONGE:	YES
HUIZAR:	ABSENT
KORETZ:	YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-