



Office of the City Manager

CONSENT CALENDAR  
October 16, 2012

To: Honorable Mayor and Members of the City Council  
From:  Christine Daniel, City Manager  
Submitted by: Andrew Clough, Director, Public Works  
Subject: Contract No. 8389 Amendment: Recology Grover Environmental Products

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No. 8389 with Recology Grover Environmental Products, exercising the first 2-year option extending the term to July 31, 2015 and increasing the contract by \$3,443,868 for an amended not-to-exceed (NTE) total of \$6,854,818.

FISCAL IMPACTS OF RECOMMENDATION

Recology Grover Environmental Products offered the lowest bid to a Request for Proposals in 2010. Recology Grover charges \$20 per ton for receiving and composting material, and \$13.50 per ton for hauling organic material from the Berkeley Transfer Station to their composting facility. Their price proposal was considered favorable to the City. The contract assumes a 2.5% annual increase, applied to non-fuel costs (using the San Francisco Bay Area All Consumer Price Index), and a fuel cost escalator (based on the Energy Information Administration Oil Price Information Service Index), to be used when diesel prices rise above a base amount per gallon. Funding for the contract is available in the adopted FY 2013 budget, and will be recommended for appropriation in subsequent fiscal years as follows:

Original Contract Amount .....	\$3,410,950
<u>Exercise Option #1 Extension</u>	<u>\$3,443,868</u>
<b>Total amended not-to-exceed amount</b>	<b>\$6,854,818</b>

Option #1 Extension December 1, 2012 to July 31, 2015

Budget Code	FY 2013	FY 2014	FY 2015	FY 2016
645-5612-432-3038		\$224,000	\$224,000	
645-5613-432-3038		\$56,000	\$56,000	
820-5612-432-3038	\$326,913	\$451,238	\$468,556	\$51,033
820-5613-432-3038	\$79,912	\$110,303	\$114,536	\$12,475
820-5607-432-3038	\$319,649	\$441,211	\$458,144	\$49,899
<b>Total</b>	<b>\$726,474</b>	<b>\$1,282,752</b>	<b>\$1,321,236</b>	<b>\$113,406</b>

The CMS number for this contract amendment is XPQQX.

CURRENT SITUATION AND ITS EFFECTS

The City has seen an increased diversion of organic materials since the Recology Grover contract began, and the tonnage estimates used to determine the original contract budget were lower than the actual tons received in the last few years. With the increased diversion tons and higher fuel costs than expected in FY 2012 and FY 2013, the contract's fuel escalator was triggered, resulting in increased transportation costs. These factors generated higher than expected invoice amounts, further depleting the authorized contract total before the end of the term. This amendment extends the contract through July 31, 2015 and increases the contract amount for this 2-year option.

BACKGROUND

The contract with Recology Grover was executed in July 2010. The contract term began on August 1, 2010 and currently ends on July 31, 2013. There are two 2-year options that the City can elect to execute; this amendment authorizes the City Manager to exercise the first option.

RATIONALE FOR RECOMMENDATION

Recology Grover provides high quality organics processing service, reliable transportation and free backhaul of finished compost to the City. This contract extension is based on their service and cost compared to other local vendors and it is desirable for the City to lock in their price.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

Andy Schneider, Recycling Program Manager, Public Works, 981-6357

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT NO. 8389 AMENDMENT: RECOLOGY GROVER ENVIRONMENTAL  
PRODUCTS FOR ORGANICS PROCESSING AND TRANSPORTATION

WHEREAS, on August 1, 2010 the City Manager entered into Contract No. 8389 with Recology Grover Environmental Products for organics processing and transportation. Their contract term runs through July 31, 2013; and

WHEREAS, the City needs reliable transportation and high quality processing for the organic material we divert from the landfill each year; and

WHEREAS, to exercise the City's option to extend the contract term to July 31, 2015 and increase the contract not-to-exceed (NTE) amount by an additional \$3,443,868; and

WHEREAS, this contract amendment has been entered in the City's contract management database and assigned CMS No. XPQQX; and

WHEREAS, funding for the contract amendment is available in the adopted FY 2013 budget in the Refuse Fund (820-5612-432-3038, 820-5613-432-3038, 820-5607-432-3038) and Measure D Grant Fund (645-5612-432-3038, 645-5613-432-3038) and will be recommended for appropriation in subsequent fiscal years.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to execute an amendment to Contract No. 8389 with Recology Grover Environmental Products, exercising the first 2-year option, extending the term to July 31, 2015 and increasing the contract by \$3,443,868 for an amended not-to-exceed total of \$6,854,818.

