


Office of the City Manager

CONSENT CALENDAR

April 26, 2005

To: Honorable Mayor and  
Members of the City Council

From:  Phil Kamlarz, City Manager

Subject: Contract Extension: Ecology Center

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to amend the contract with Ecology Center (EC) for recycling services for a period of one year, from July 1, 2005 through June 30, 2006 at a cost not to exceed \$1,728,722.

FISCAL IMPACTS OF RECOMMENDATION

Funds are currently budgeted for this ongoing expense in the Refuse Fund (Budget Code #820-5607-432.30-38). Current annual expenses for the EC contract are approximately \$1,300,000 plus cost performance (averaging \$306,580), educational program expenses (\$46,000), purchase of recycling containers (\$18,500) and contingencies (\$52,300) see Attachment B. Because the Ecology Center provides curbside service and interacts regularly with the community, a cost performance bonus/penalty system (assessed monthly) was established as an incentive to provide high quality, customer-friendly service. Educational materials include promotional literature (and items such as brown paper bags with recycling instructions) that support EC's mission and increase recycling. The recycling containers are the two blue tubs that each house is supplied with. Contingency funds are allocated for equipment repairs and replacements, or other operational necessities. This contract rate was set in 1999, so current rate reflects a cost-of-living adjustment of roughly 3.1% (average Consumer Price Index from 1999 to 2004).

CURRENT SITUATION AND ITS EFFECTS

The City operates a Solid Waste Transfer Station at 1201 Second Street, where urban discards and recyclable materials are either received and loaded into trailers for hauling to the Vasco Road Landfill in Livermore, California, composted or processed for recycling. The Ecology Center is a long-time Berkeley non-profit that (working with the Public Works Department) manages the Curbside Residential Recycling Program offering weekly recycling collection service.

The Curbside Residential Recycling Program includes collection of newsprint, glass jars and glass bottles, aluminum cans and tin cans, mixed paper, corrugated cardboard and magazines. Collection service for curbside materials is provided to every Berkeley residence each week. The contractor is responsible for recycling substantially all curbside materials collected (except for those materials for which it is economically or logistically unfeasible to do so).

EC pays approximately \$1,075,000 in wages, benefits, taxes, and Worker's Compensation insurance along with over \$190,000 on capital expenses, and \$89,000 for liability and other insurance on an annual basis. The Ecology Center collects 22% of materials collected through City diversion programs for less than 7% of the Refuse Fund expenditures. This is the single largest recycling program the City has, generating over \$800,000 per year in materials sales, and subcontracting over \$500,000 in materials to Community Conservation Centers annually.

If the City were to assume the work done by the Ecology Center, an aggressive estimate is that it would take at least 6 months to bring the necessary staff on board. Assumption of this workload would occur at an increased cost to the City and create negative customer service impacts because of the increased volume of work.

In the industry, recycling services contracts are generally written for at extended periods (eight to twenty-year contracts are common in this discipline) to allow for effective vehicle cost amortization and program planning, implementation and active monitoring. The City has maintained an agreement for residential recycling with the Ecology Center since June 1992 (this was amended March, 1999). The Ecology Center handles an annual average of 8,500 tons of recyclables. The current contract expires June 30, 2005.

The fleet used by EC is in need of replacement. It is currently in the City of Berkeley's interest to ensure the adequacy of this fleet. However, if this contract is competitively bid to another contractor in the immediate future, this aspect of the current contract will no longer be a concern.

The Solid Waste Management Division is updating the City's Solid Waste Master Plan (SWMP) that is scheduled for review by the Solid Waste Management Commission this spring and completion this fall. In light of Alameda County's mandate that recycling be increased to 75% by 2010, it is very likely that SWMP recommendations may greatly impact the strategy used for recycling services. In the interim period, it is most prudent to maintain existing contracts until SWMP recommendations are available, and base future competitive bidding strategies on new opportunities. A one-year extension may give staff and the Solid Waste Management Commission an opportunity to analyze SWMP recommendations, provide an analysis of recycling options to maximize services in a cost-effective manner, present these to Council for policy direction, and proceed with an implementation process to ensure the best result.

#### RATIONALE FOR RECOMMENDATION

Allowing results of the SWMP to shape recycling contracting opportunities is more prudent than bidding based on current standards and missing opportunities to restructure contracts to more appropriately match the current and future needs of the City. The Solid Waste Commission was advised of this contract extension and agrees that this is the most feasible approach.

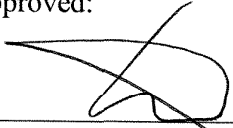
#### ALTERNATIVE ACTIONS CONSIDERED

Effectively bidding the residential recycling program contract is a time-consuming alternative that may not make the best use of the City of Berkeley's financial or human resources.

CONTACT PERSON

Rene Cardinaux, Director of Public Works.....981-6300  
Tom Farrell, Solid Waste and Recycling Manager.....981-6359

Approved:



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Rene Cardinaux  
Director of Public Works

Attachment A—Resolution  
Attachment B—Proposed 2006 Ecology Center Budget

RESOLUTION NO.

-N.S.

AUTHORIZING THE CITY MANAGER TO AMEND THE CONTRACT WITH ECOLOGY CENTER (EC) FOR RECYCLING SERVICES FOR A PERIOD OF ONE YEAR, FROM JULY 1, 2005 THROUGH JUNE 30, 2006, AT A COST NOT TO EXCEED \$1,728,722

WHEREAS, funds are currently budgeted for this ongoing expense in the Refuse Fund; and

WHEREAS, the Ecology Center is a long-time Berkeley non-profit that (working with the Public Works Department) manages the Curbside Residential Recycling Program offering weekly recycling collection service; and

WHEREAS, the Solid Waste Management Division is updating the City's Solid Waste Master Plan (SWMP) that is scheduled for review by the Solid Waste Management Commission this spring and completion this fall; and

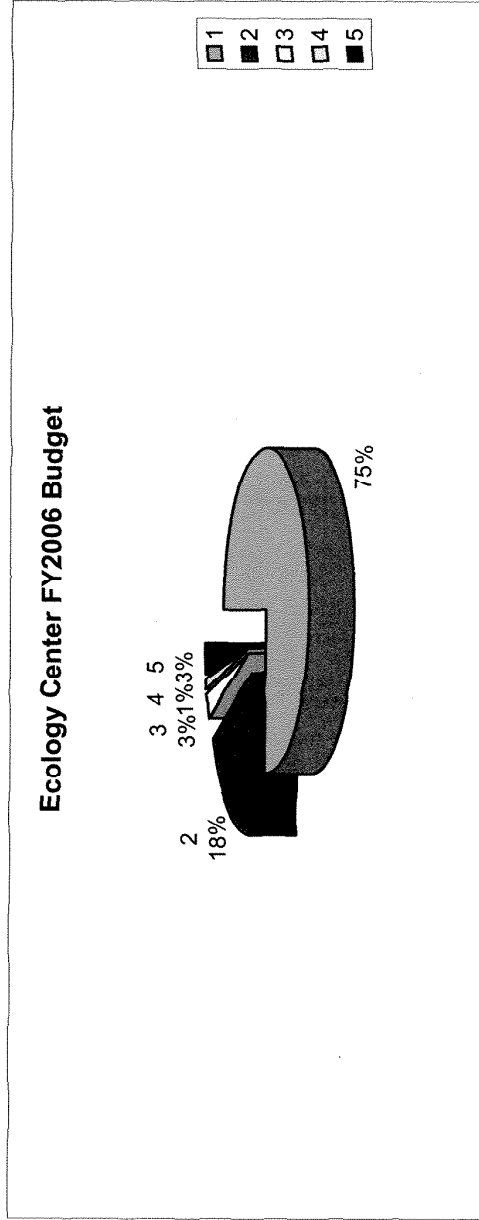
WHEREAS, it is very likely that SWMP recommendations may greatly impact the strategy used for recycling services so in the interim, it is most prudent to maintain existing contracts until SWMP recommendations are available, and base future competitive bidding strategies on new opportunities.

BE IT FURTHER RESOLVED that the Council of the City of Berkeley authorizes the City Manager to execute a one-year contract extension with the Ecology Center in an amount not to exceed \$1,728,722 (Budget Code #820-5607-432.30-38). A record signature copy of said agreement to be on file in the Office of the City Clerk.

# PROPOSED 2006 ECOLOGY CENTER BUDGET

Attachment B

	2005 (July-Dec)	FY 2006
<b>Direct Expenses</b>	676,000	1,300,000
<b>Cost Performance</b>	101,400	306,580
<b>Education Program</b>	25,000	46,000
<b>Recycling Containers</b>	10,000	18,500
<b>Contingencies</b>	37,000	52,300
<b>TOTAL</b>	<b>849,400</b>	<b>1,723,380</b>



Direct expenses involve operation of the weekly curbside residential recycling program. Cost performance is a bonus/penalty system to enhance good customer service. Education expenses include brochures used to explain and encourage curbside recycling. Two blue recycling containers are provided for each house. Contingency funds are allocated for equipment repair and replacement and other operating necessities.

