



Office of the City Manager

CONSENT CALENDAR

July 10, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Claudette Ford, Director, Public Works Department

Subject: License Agreement and Revenue Contract: Food Waste Collection and Hauling

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a license agreement and revenue contract and any amendments with Norcal Waste Services of Alameda County ("Norcal") for food waste collection and hauling with a contract term from July 10, 2007 through December 31, 2008.

FISCAL IMPACTS OF RECOMMENDATION

Projected revenue for the Refuse Fund (account 820-5607-344-1012) will be approximately \$78,000 annually starting in FY 2008. The revenue will be based on collection of an estimated 20 tons of food waste per day, 5 days per week, 52 weeks per year, and a \$15 per ton tipping fee per load. The costs to the City will be minimal. The CMS number for the contract is BXUGS.

CURRENT SITUATION AND ITS EFFECTS

Berkeley's transfer station currently processes and transfers more than 125,000 tons of material per year. The majority of this is garbage transferred for disposal at a landfill; however, a growing amount of the total material is organics collected from residences and businesses through the City's residential plant debris program and commercial food waste program.

Norcal Waste collects commercial food waste in Oakland and surrounding areas. Norcal takes this material to its compost facility in Vacaville. Rather than take it back to San Francisco to its transfer facility, Norcal would rather pay the City to transfer the material at the City's transfer station. Since Norcal does not own or operate any facilities in the East Bay, the company opened negotiations with the City as a potential transfer point. A license agreement between the City and Norcal, including a fee structure, was negotiated and is now presented to Council for approval.

The proposed \$15 fee is different from the facility's \$49 fee charged to municipalities dumping organics at the transfer station. The fees are for entirely different programs that have different operating cost bases.

The \$49 fee represents the City's cost of labor, to load organic waste into trucks to haul to a contracted facility, in addition to associated tip fee costs.

The proposed \$15 fee pays for City labor to load Norcal's truck, as well as associated facility maintenance costs and costs of employing staff at 4 am to weigh and direct Norcal's early morning deliveries. The City is not incurring costs to haul material, nor is it incurring tip fee costs.

BACKGROUND

Norcal has established itself as a quality customer with the City over the past three years. It is a franchise hauler and collects from limited Berkeley addresses. The bulk of Norcal's customers are in Oakland and surrounding municipalities, where it competes with Waste Management, Inc., Allied Waste, Inc. and Republic Services, Inc. for commercial business, especially segregated organic waste, mixed construction and demolition material, and other recyclables. Norcal dumps these loads at Berkeley's transfer station and, by doing so, has become one of the City's largest customers. Based on this relationship, it is a natural fit for Norcal and Berkeley to further its relationship with the proposed license agreement.

RATIONALE FOR RECOMMENDATION

Norcal needs an East Bay locale to transfer organic waste. Berkeley's transfer station can handle the amount of tonnages and the fees Norcal will pay offsets the transfer station's expenses.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Peter Holtzclaw, Manager of Solid Waste and Recycling, 981-6359

Attachments:

1. Resolution

RESOLUTION NO. -N.S.

CONTRACT: LICENSE AGREEMENT AND REVENUE CONTRACT: FOOD WASTE
COLLECTION AND HAULING

WHEREAS, Norcal Waste Services of Alameda County (“Norcal”) has been a steady and reliable customer of the Berkeley transfer station; and

WHEREAS, Norcal collects large amounts of organic waste in the East Bay; and

WHEREAS, Norcal Waste Systems will pay \$15 per ton, projected to total \$78,000 per year to dump the organic waste at the transfer station, where City staff will load Norcal’s transfer trailers for transport to a composting facility; and

WHEREAS, the contract will provide annual Refuse Fund revenue (account 820-5607-344-1012) of approximately \$78,000 per year for FY 2008 and FY 2009.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to execute a License Agreement and contract and any amendments with Norcal Waste Services of Alameda County (“Norcal”) for FY 2008 and FY 2009 for a contract term from July 10, 2007 through December 31, 2008.

