

Office of the City Manager

TO BE DELIVERED AGENDA MATERIAL

Meeting Date: December 18, 2007

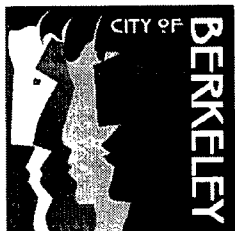
Item Number: 34 and 34(a), 34(b) and 34(c)

Item Description: 34 - City Manager Cover Memorandum dated December 14, 2007
34(a) – Contract: East Stockton Transfer Recycle for Construction and Demolition Waste Processing
34(b) – Contract: Waste Management, Inc., for Landfill Disposal
34(c) – Contract: Allied Waste, Inc. for Landfill Disposal

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Office of the City Manager

December 14, 2007

To: Honorable Mayor and Members of the City Council
From:  Phil Kamlarz, City Manager
Subject: City Council Agenda, December 18, 2007; Item 34(a),(b),(c)

Item Number 34 on the December 18, 2007 Council agenda relates to three waste disposal contracts for the City. The City's landfill disposal contract with Republic (the operator of the Vasco Road landfill) expires on **December 31, 2007**. Thus, staff is recommending that you take action to approve two new landfill disposal contracts that will be effective the first of the new year so that refuse disposal services will continue uninterrupted. Additionally, staff is recommending the City enter into a contract for recycling and disposal of construction and demolition waste.

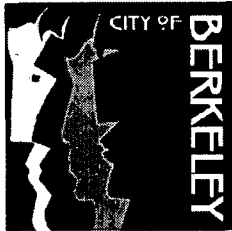
There are three separate contracts before you in this item. Attached to this memo are 3 reports, one relating to each contract as follows:

- Construction & Demolition (C&D) waste recycling and disposal
 - Recommended vendor: **East Stockton Recycling**
 - Term is 2.5 years, through June 30, 2010
 - Estimate of 25,000 tons to be recycled and 25,000 tons to be disposed of in a landfill annually
 - Price is \$39.50/ton for recycled materials and \$49.32/ton for materials delivered to a landfill
- Landfill disposal contract Number 1
 - Recommended vendor: **Waste Management**
 - Disposal location: Altamont landfill
 - Term: 5.5 years, through June 30, 2013
 - Estimated tons: 24,000 annually
 - Price: \$40/ton
- Landfill disposal contract Number 2
 - Recommended vendor: **Allied**
 - Disposal location: Keller Canyon landfill
 - Term: 5.5 years, through June 30, 2013
 - Estimated tons: 26,000 tons annually
 - Price: \$40.77/ton

The current budget for disposal costs is \$3,222,410 annually; if these 3 contracts are approved, the new cost for disposal will be \$4,240,520 per year. Staff recommends using Refuse Fund balance to bridge the funding gap during the remainder of this fiscal year (approximately \$500,00). For next fiscal year, staff will be proposing a refuse rate

December 14, 2007 Agenda; Item 34(a),(b),(c)

structure that addresses this funding need, as well as other costs. Staff anticipates returning with information about refuse rates early in 2008.



Office of the City Manager

ACTION CALENDAR
December 18, 2007

To: Honorable Mayor and Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Claudette Ford, Director, Department of Public Works

Subject: Contract: East Stockton Transfer Recycle for Construction and Demolition Waste Processing

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to enter into a contract with East Stockton Transfer Recycle to sort construction and demolition waste for an annual amount not to exceed \$1,110,250 in FY 2008, and \$2,220,500 in FY 2009 and FY 2010 for a total contract amount not to exceed \$5,551,250 for the period December 19, 2007 to June 30, 2010.

SUMMARY

The City's waste stream consists of about 150,000 tons.

- 100,000 tons are currently sent to a landfill from the City's transfer station at 2nd and Gilman Street.
- 50,000 tons are currently recycled:
 - 25,000 tons are organic, collected by the residential weekly organics program, the commercial food waste program, or dumped by paying self-haul customers at the transfer station. The City's contractor, Grover Landscape, eventually composts these 25,000 organic tons.
 - 25,000 tons consist mainly of collected recyclables from the residential and commercial programs and the recycling drop-off/buyback facility. A small portion of these 25,000 tons, about 2,250 tons, is scavenged and/or recycled from the transfer station floor by City staff and Urban Ore.

The City's current contract for landfill services with Republic Industries (Vasco Road facility) for waste disposal for 100,000 tons of landfill waste expires on December 31, 2007. Through a competitive bidding process, the City has identified three vendors to provide waste disposal services to the City. Two items on tonight's agenda, in addition to this item, recommend landfill disposal services contracts (one with Waste Management and one with Allied). The contract with East Stockton recommended in this item is intended to maximize the City's ability to recycle its waste stream –

effectively recycling an additional 25,000 tons of waste – resulting in an increase in recycled waste from the current 33% recycled to about 50% recycled waste.

- Currently, Berkeley landfills approximately 100,000 tons annually, and recycles approximately 50,000 tons annually. The City's current Recycling rate is 33%, measuring current tons recycled versus the total tons recycled and landfilled.
- Berkeley's Diversion rate, as measured by the California Integrated Waste Management Board, is 57% for the 2003/2004 reporting cycle. The State's Diversion Rate is a different measure than the Recycling Rate. The Diversion Rate compares the difference between Berkeley's current landfill tonnages with the amount that Berkeley landfilled in 1990, which was about 218,000 tons. A Diversion Rate of 75% is the measure that Berkeley's City Council directed the Solid Waste Management Division to achieve by 2010.

FISCAL IMPACTS OF RECOMMENDATION

The price quoted by East Stockton Transfer Recycle (East Stockton) for sorting demolition waste is \$39.50 per ton. East Stockton's price to dispose of any tonnage not recycled is \$49.32 per ton for disposal at a landfill. East Stockton estimates it will recycle at least half of Berkeley's tonnage, or 50 percent, for an average rate of \$44.41 per ton.

The projected tonnage sent to East Stockton for FY 2008 is 25,000 for the remaining six months of FY 2008 (January 1 – June 30, 2008), resulting in a prorated cost of \$1,110,250 based on an average of \$44.41 per ton (\$49.32/ton for landfilled waste and \$39.50/ton for recycled waste). The tonnage for FY 2009 and FY 2010 is expected to be 50,000 per year, resulting in estimated contract costs totaling \$2,220,500 per year.

Since the "per ton" rate will increase from \$32 per ton to an average of \$44.41 per ton for 50,000 tons of waste per year, the overall cost of landfill services will exceed the current budgeted amount. (The other two reports on tonight's agenda discuss the disposal rates for those contracts.)

The FY 2008 budget includes \$3,222,410 for refuse disposal in the Refuse Fund, account 820- 5607- 432-30-38, and is based on the existing refuse disposal contract at a rate of \$32.00 per ton. For all three proposed disposal contracts, the annualized cost will be approximately \$4,240,520 for 100,000 tons of waste, for a cost increase of \$1,018,110 per year. The prorated cost increase in FY 2008 will be about \$500,000. Existing Refuse Fund reserve balance will be used to bridge the FY 2008 cost increase.

A comprehensive rate study will be completed in early 2008 that will most likely result in rate adjustments in FY 2009. While this study is reviewing all costs and their related fees, a \$1 million increase in disposal costs would require an overall rate increase of about four percent.

The CMS number is LXHXX.

CURRENT SITUATION AND ITS EFFECTS
Berkeley's Current Tonnage Breakdown (Approximate)

Landfilled
100,000

Recycled
50,000

Of the 100,000 in landfill waste, 50,000 tons per year come from self-haul customers, and is classified as rubbish, or dry non-putrescent discards. It consists of many of the same materials that are classified as the "Construction and Demolition" or "C&D" waste stream. This includes drywall, dirt, brick, rock and various aggregate; various forms of wood waste such as roofing, siding, posts and dimensional lumber; various types of garden waste, like shrubbery and tree trimmings; and metals, cardboard, and some concrete and cement. This waste stream is currently sent to the landfill for disposal. This material is ideal for diversion since many of the waste stream components are marketable once they are separated from each other. This addition will greatly help the City reach its mandated 75% diversion goal.

With this in mind, the City released 2 requests for proposals (RFPs) in the fall of 2007. One RFP requested proposals to sort the 50,000 tons of dry rubbish to recycle the large amounts of C&D material. The other RFP requested proposals for disposal services for the remaining 50,000 tons, since the City's landfill contract expires on December 30, 2007. City staff is recommending 3 contracts as a result of these 2 RFPs:

1. A 26,000-ton per year (500 ton per week minimum) guaranteed contract with East Stockton Recycling to sort C&D materials in Stockton (which this report focuses on);
2. A 26,000-ton per year (500 ton per week minimum) guaranteed contract with Allied Waste for disposal at Keller Canyon Landfill in Pittsburgh (see Council report titled Allied Waste);
3. A 10,400-ton per year (200 ton per week minimum) guaranteed contract with Waste Management for disposal at Altamont Landfill in Livermore (see Council report titled Waste Management).

The above minimum amounts do not add up to 100,000 tons. The amounts are guaranteed minimum tons the City is committing to the 3 facilities. After the guaranteed tons are accounted for, the remaining amount, about 37,600 tons, can be sent to any of these 3 facilities (for the same price as the guaranteed price). This remaining non-guaranteed amount allows the City the flexibility to either recycle these amounts at the transfer station, direct these tons of waste to one of the two landfills, or to direct the waste to Stockton for sorting and recycling, depending on volume and operational needs. The non-guaranteed amount also allows the City a buffer in case tonnages decrease at the transfer station, either from less self-haul customers or less volume collected by the City. Also, contracting with more than one landfill guarantees the City will have flexible disposal capacity in the event of emergencies, traffic conditions, and operational issues.

For planning purposes, staff believes that the 50,000 tons of self-hauled material will be sent to East Stockton for sorting, since East Stockton estimates it can recycle 50% (25,000 tons) of received tonnages from Berkeley. The remaining 50,000 tons are projected to be split (26,000 tons and 24,000 tons) between Allied's and Waste Management's landfills. The recommended contracts use these planned tonnage deliveries in the Not To Exceed amounts; however, the contracts use the minimum amounts for the guaranteed tonnages and to lock-in pricing if tonnages exceed the minimum amounts.

Proposed Tonnage Breakdown (Approximate)

<u>Landfilled</u> 75,000	<u>Recycled</u> 75,000
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- 50,000 tons will remain recycled, as outlined in the Current Tonnage Breakdown;
- 50,000 tons will be disposed between 2 landfills – Keller Canyon and Altamont;
- 50,000 tons will be hauled to East Stockton, where East Stockton will recycle 25,000 tons, and dispose of the remaining 25,000 tons.

The table below compares the pricing between East Stockton's C&D Sorting and Allied/Waste Management's Landfill Disposing. The cost of projected disposal in the two landfills annually is \$2,020,020. The cost of East Stockton recycling half of the tonnages, while disposing the remainder, is projected to be \$2,220,500. The difference between the two options is \$200,480. This is a relatively very small premium to pay for such a large increase in recycling and corresponding increase in diversion percentage.

Proposed Cost Breakdown: Comparing Landfilling and C&D Sorting

<u>Destination</u>	<u>Amount (est.)</u>	<u>Rate/ton</u>	<u>Total</u>
Allied (Keller Canyon)	26,000 tons	\$40.77	\$1,060,020
Waste Management (Altamont)	24,000 tons	\$40.00	\$ 960,000
	<u>Subtotal</u>		<u>\$2,020,020</u>
East Stockton	25,000 tons	\$49.32 (landfill)	\$1,233,000
East Stockton	25,000 tons	\$39.50 (recycled)	\$ 987,500
	<u>Subtotal</u>		<u>\$2,220,500</u>
	Total		\$4,240,520
	Difference between Landfilling and Recycling		\$ 200,480

***The Alameda County Household Hazardous Waste fee is included in the Allied rate as requested by the Zero Waste Commission and further described below.*

BACKGROUND

The City sent a request for proposals (RFPs) in September 2007 to 25 vendors, 6 of whom are the only facilities in the greater Bay Area that can sort this type of material. The RFP schedule had a two-week public comment period and 10-day post-comment period before the proposal deadline. Only East Stockton responded to the RFP. East Stockton's \$39.50 per ton rate is far less than the rates of other Bay Area C&D material recovery facilities, which typically range between \$60 and \$110 per ton. Although only one bid was received, City staff felt it reasonable to recommend contracting with East Stockton based on their program and pricing.

East Stockton estimates it can recover 50% of Berkeley's dry rubbish waste stream. Moreover, it does not market any of its material as Alternative Daily Cover (ADC) or as Direct Land Application. ADC consists of using wood chips, shredded green waste, or other fine material to cover garbage at a landfill. Direct Land Application is used by firms who, rather than clean and market their organic material for recycling, plow the material back into large tracts of their own landfill property. City staff believes neither of these processes constitutes true recycling.

After the RFP closed, various members of the community raised issues about the RFP and East Stockton's bid; their concerns were:

- 1) The Zero Waste Commission (ZWC) did not oversee the RFP process;
- 2) The required services can be accomplished at the City's transfer station;
- 3) East Stockton's sorting method for clean wood sorting method may violate the City's 1982 Ordinance banning refuse incineration, and also may violate Alameda County's 1989 Measure D, which has a similar ban.

Staff's responses to these issues are explained below.

Lack of Zero Waste Commission RFP Oversight

The ZWC met on November 26, 2007 and December 5, 2007 to discuss the staff recommendation. The ZWC voted to endorse the contract 6-2 (one absence), with six stipulations:

1. City staff work with the Berkeley Recycling Group (Community Conservation Centers, Ecology Center, and Urban Ore), East Stockton Recycling, and all contracted partners to maximize the percentage of reusable and recyclable materials recovered;
2. That City staff facilitate an inclusive design charrette for optimal use of the City's current transfer facility;
3. That any portion of material that East Stockton Recycling processes as fuel not be counted as diversion in the City's official diversion rate;
4. That Construction/Demolition debris recycling plans submitted to City by contractors include on-site separation of reusables and recyclables where possible;

5. That the City continue toward the highest and best use policy (as defined in BMC 3.40.020 C.) to guide redesign and rebuilding of the City's transfer station and recycling facility;
6. That in order to maintain the City's support of the County household hazardous waste program, the City pay Alameda County the difference between the Alameda County per-ton household hazardous waste fees and lower fees charged at out-of County landfills when they are used by East Stockton Recycling to dispose of Berkeley's residual waste.

Sorting Recyclables on the City's Transfer Station Floor

Urban Ore sorts about 800 tons per year of reusables from the City's transfer station, and is paid \$28 per ton for this service. Some believe a better option for the City rather than transporting the waste is to have the recyclables sorted at the City's transfer station. While staff agrees that sorting at the City's facility is preferable to hauling material to another destination, it does not believe that the capacity of the transfer station at this point allows for this expanded service at this time for the following reasons:

Safety

The City's transfer station is not designed to sort recyclables from the main dumping floor. The area is very compact, and it receives an average of more than 400 vehicles per day off-loading material Monday through Saturday from 8:00 am to 4:30 pm. The small area is designed to move customers and City trucks in and out quickly, with the material being loaded into trailers in 2 pits for transfer to compost plants, landfills, or in this case, a Construction and Demolition Recycling Plant.

To increase the number of people necessary to sort the amount of cardboard, metal and wood from the dry pile of material envisioned in this RFP would be create an extremely unsafe work environment. There would be too much close interaction between humans on the ground and large front-end loaders that push material and load transfer trailers, and the chances of people being crushed would increase dramatically. Senior Public Works managers and the City's Occupational and Health Safety Coordinator share this opinion.

Productivity

There are other considerations besides safety regarding whether or not large volumes of recyclables should be sorted on the transfer station tipping floor, or elsewhere on the facility. Sorting recyclables on the current floor will be very unproductive for the same reasons that it is very unsafe: very high levels of incoming traffic, small amounts of open floor space to sort, and no automated conveyor lines or other mechanized equipment to boost productivity. Currently, City staff and Urban Ore recover about 2,250 tons per year of reusables and recyclables from a total incoming stream of about 100,000 tons, barely 2% of the incoming amount. However, since the Zero Waste Commission voted to support the contract with one of six stipulations being that city staff should work with all of its contractors to increase reusable diversion within the Highest and Best Use policy, staff will seek to increase the amounts recovered on-site through a collaborative planning process.

Wood Sorted for BioFuel

Some have expressed concerns that East Stockton sorts clean wood waste in its operation, grinds it into chips, and sells this material to energy plants in Tracy and Woodland. This allegedly violates the City's 1982 Ordinance banning refuse incineration, and Alameda County's 1989 Measure D, which has a similar ban. Further, there is a concern that identifying wood chips burned for energy as recycling would violate Berkeley's "highest and best use" policy, and would cause air pollution via the increased transportation of the materials.

The Alameda County Waste Management Authority (ACWMA) informed staff that wood diverted for fuel does not violate the County measure. ACWMA also claims diverting wood for fuel is a legitimate recycling endeavor and maintains the "highest and best use" platform. The one market in question – wood for boiler fuel – also does not violate the principal because the alternative here is landfilling. The Alameda County Waste Management Authority's stated position is that boiler fuel is a much higher and better use than landfilling. Staff agrees with this perspective.

Regarding air pollution, staff agrees that increased transportation does cause more engine emissions. However, comparing the emissions of traveling an extra 50 miles per load needs to be weighed against the increased air pollution that is caused by disposing of the material in a landfill, which leads to increased methane emissions. Staff believes the pollution caused by each activity cancels each other out, and that the extra engine emissions are justified by the huge increase of recycling and keeping such a large amount of material out of the landfill.

However, since the Zero Waste Commission voted to support the contract with one of six stipulations being that material sorted for fuel to be excluded from diversion calculations, City staff will subtract those wood tons from the city's State reporting ledger. The estimated amount of wood sorted for fuel will be between 2,500 and 5,000 tons per year, and will decrease the City's Annual Diversion Rate between 1% and 2%.

RATIONALE FOR RECOMMENDATION

Berkeley's immediate recycling goal is to achieve a 75% diversion rate by 2010. The last reporting year on file with the State's Integrated Waste Management Board shows Berkeley at a 57% diversion rate. If Berkeley had sent 50,000 tons of dry refuse then to a C&D material recovery facility, and if that material recovery facility diverted 50% of those tons, Berkeley's diversion rate would have been 71%. If the material recovery facility diverted 75%, the City's overall rate would have been 74%. Put another way, the City currently recycles almost 50,000 tons per year through its curbside recycling, commercial recycling, drop-off recycling, and other recycling programs. Contracting with East Stockton to sort 25,000 tons from the City's rubbish waste stream increases the City's amount of recycling tonnage more than 50%. To put it simply, diversion from the C&D waste stream offers Berkeley the cheapest and easiest path towards reaching the City's recycling goals.

The proposed contractor responded to the City's RFP with the lowest price and the best overall recycling/marketing system. East Stockton Transfer Recycle estimates it can

recover 50% of Berkeley's dry rubbish waste stream. Moreover, it does not market any of its material as Alternative Daily Cover or as Direct Land Application.

The City should be especially concerned about worker safety. Safety is a primary issue for the use of the compact, already extremely busy tipping floor. Outsourcing recyclables sorting for the next three years will free up City staff to concentrate on ensuring overall floor safety, identifying hazardous materials that require recovery from the floor, and other materials management (mattresses, electronic waste) and assisting Urban Ore in recovering reusable materials. The proposed contract will not reduce Urban Ore's operation as the City's contractor charged with scavenging reusables from the transfer station floor.

ALTERNATIVE ACTIONS CONSIDERED

Staff could reissue the original RFP. This was considered, but because the East Stockton bid was very reasonable compared to other known local rates, staff felt justified to propose a contract with the company.

Staff could allow the large-volume sorting of recyclables on the floor, but as this report delineates, this option is rejected first and foremost for safety reasons.

Staff could do nothing, but would lose the opportunity for Berkeley to greatly increase its recycling rate and get closer to meeting its diversion goal.

CONTACT PERSON

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

Attachments:

1: Resolution

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

CONTRACT: EAST STOCKTON TRANSFER RECYCLE FOR CONSTRUCTION
AND DEMOLITION WASTE PROCESSING

WHEREAS, the City of Berkeley is committed to a 75% diversion rate by 2010 and to Zero Waste by 2020; and

WHEREAS, the City issued a request for proposals (RFP) for construction and demolition sorting, considering that diverting this waste stream from the landfill can increase the City's diversion rate substantially; and

WHEREAS, a 50% diversion rate of the City's C&D waste stream will increase the overall diversion rate to nearly 70%; and

WHEREAS, East Stockton Transfer Recycle was the only vendor responding to the RFP out of the six Bay Area vendors providing such services; and

WHEREAS, East Stockton Transfer Recycle submitted a competitive proposal that maximizes the amounts diverted to solid recycling markets; and

WHEREAS, the price for sorting demolition waste is \$39.50 per ton and the projected tonnage for FY 2008 is 12,500 based on the contract starting December 31, 2007; the contract amount based on this tonnage totaling \$493,750; and

WHEREAS, the price for landfill disposal is \$49.32 per ton and the projected tonnage for FY 2008 is 12,500 based on the contract starting December 31, 2007; the contract amount based on this tonnage totaling \$616,500; and

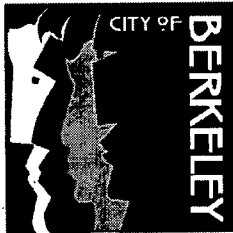
WHEREAS, the funding for the FY 2008 not to exceed contract amount of \$1,110,250 is available in Fund 820 (820-5607-432-3038); CMS number LXHXX; and

WHEREAS, the tonnage for FY 2009 and FY 2010 is estimated to be 50,000 per year, resulting in estimated contract costs totaling \$2,220,500 per year; and

WHEREAS, the Zero Waste Commission voted in favor of the contract 6-2; and


WHEREAS, the City Council agrees that City staff should follow the guidelines created by the Zero Waste Commission resolution.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract and any amendments with East Stockton Transfer Recycle to sort construction and demolition waste for an annual amount not to exceed \$1,110,250 in FY 2008, \$2,220,500 in FY 2009 and FY 2010 for a total contract amount not to exceed \$5,551,250 for the period December 19, 2007 to June 30, 2010.



Office of the City Manager

ACTION CALENDAR
December 18, 2007

To: Honorable Mayor and Members of the City Council
From:  Phil Kamlarz, City Manager
Submitted by: Claudette Ford, Director, Department of Public Works
Subject: Contract: Waste Management, Inc. for Landfill Disposal Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to enter into a contract with Waste Management, Inc. for landfill disposal services for an annual amount not to exceed \$480,000 in FY 2008 and \$960,000 for FY 2009 – FY 2013 for a total contract amount not to exceed \$5,280,000 for the period January 1, 2008 to June 30, 2013.

SUMMARY

The City's waste stream consists of about 150,000 tons.

- 100,000 tons are currently sent to a landfill from the City's transfer station at 2nd and Gilman Street.
- 50,000 tons are currently recycled:
 - 25,000 tons are organic, collected by the residential weekly organics program, the commercial food waste program, or dumped by paying self-haul customers at the transfer station. The City's contractor, Grover Landscape, eventually composts these 25,000 organic tons.
 - 25,000 tons consist mainly of collected recyclables from the residential and commercial programs and the recycling drop-off/buyback facility. A small portion of these 25,000 tons, about 2,250 tons, is scavenged and/or recycled from the transfer station floor by City staff and Urban Ore.

The City's current contract for landfill services with Republic Industries (Vasco Road facility) for waste disposal for 100,000 tons of landfill waste expires on December 30, 2007. Through a competitive bidding process, the City identified three vendors to provide waste disposal services to the City. Two items on tonight's agenda, in addition to this item, recommend waste disposal services contracts, one for landfill disposal and one for recycling and disposal of construction and demolition debris. These three contracts account for the disposal of 100,000 tons of waste.

FISCAL IMPACTS OF RECOMMENDATION

The price quoted by Waste Management is \$40.00 per ton for landfill waste disposal. The projected tonnage to be sent to Waste management for FY 2008 is 12,000 and is based on the remaining six months of FY 2008 (January 1 – June 30, 2008), resulting in a prorated cost of \$480,000. The tonnage for FY 2009 through FY 2013 is expected to be 24,000 per year, resulting in estimated contract costs totaling \$960,000 per year.

Since the "per ton" rate will increase from the current \$32 per ton to \$40.00 per ton for 25,000 tons of waste per year, the overall cost of landfill services will exceed the current budgeted amount. (The other two reports on tonight's agenda discuss the disposal rates for those contracts.)

The FY 2008 budget includes \$3,222,410 for refuse disposal in the Refuse Fund, account 820- 5607- 432-30-38, and is based on the existing refuse disposal contract at a rate of \$32.00 per ton. For all three proposed disposal contracts, the annualized cost will be approximately \$4,240,520 for 100,000 tons of waste, for a cost increase of \$1,018,110 per year. The prorated cost increase in FY 2008 will be about \$500,000. Existing Refuse Fund reserve balance will be used to bridge the FY 2008 cost increase.

A comprehensive rate study will be completed in early 2008 that will most likely result in rate adjustments in FY 2009. While this study is reviewing all costs and their related fees, a \$1 million increase in disposal costs would require an overall rate increase of about four percent.

The CMS number is DF8BY.

CURRENT SITUATION AND ITS EFFECTS

Berkeley's Current Tonnage Breakdown (Approximate)

Landfilled
100,000

Recycled
50,000*

Of the 100,000 in landfill waste, 50,000 tons per year come from self-haul customers, and is classified as rubbish, or dry non-putrescent discards. It consists of many of the same materials that are classified as the "Construction and Demolition" or "C&D" waste stream. This includes drywall, dirt, brick, rock and various aggregate; various forms of wood waste such as roofing, siding, posts and dimensional lumber; various types of garden waste, like shrubbery and tree trimmings; and metals, cardboard, and some concrete and cement. This waste stream is currently sent to the landfill for disposal. This material is ideal for diversion since many of the waste stream components are marketable once they are separated from each other. This addition will greatly help the City reach its mandated 75% diversion goal.

With this in mind, the City released 2 requests for proposals (RFPs) in the fall of 2007. One RFP requested proposals to sort the 50,000 tons of dry rubbish to recycle the large amounts of C&D material. The other RFP requested proposals for disposal services for

the remaining 50,000 tons, since the City's landfill contract expires on December 30, 2007. City staff is recommending 3 contracts as a result of these 2 RFPs:

1. A 26,000-ton per year (500 ton per week minimum) guaranteed contract with East Stockton Recycling to sort C&D materials in Stockton (see Council report titled East Stockton);
2. A 26,000-ton per year (500 ton per week minimum) guaranteed contract with Allied Waste for disposal at Keller Canyon Landfill in Pittsburgh (see Council report titled Allied Waste);
3. A 10,400-ton per year (200 ton per week minimum) guaranteed contract with Waste Management for disposal at Altamont Landfill in Livermore (which this report focuses on).

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For planning purposes, staff believes that the 50,000 tons of self-hauled material will be sent to East Stockton for sorting, since East Stockton estimates it can recycle 50% (25,000 tons) of received tonnages from Berkeley. The remaining 50,000 tons are projected to be split (26,000 tons and 24,000 tons) between Allied's and Waste Management's landfills. The recommended contracts use these planned tonnage deliveries in the Not To Exceed amounts; however, the contracts use the minimum amounts for the guaranteed tonnages and to lock-in pricing if tonnages exceed the minimum amounts.

Proposed Tonnage Breakdown (Approximate)

Landfilled
75,000

Recycled
75,000

- 50,000 tons will remain recycled, as outlined in the Current Tonnage Breakdown;
- 50,000 tons will be disposed between 2 landfills – Keller Canyon and Altamont;

- 50,000 tons will be hauled to East Stockton, where East Stockton will recycle 25,000 tons, and dispose of the remaining 25,000 tons.

The table below compares the pricing between East Stockton's C&D Sorting and Allied/Waste Management's Landfill Disposing. The cost of projected disposal in the two landfills annually is \$2,020,020. The cost of East Stockton recycling half of the tonnages, while disposing the remainder, is projected to be \$2,220,500. The difference between the two options is \$200,480. This is a relatively very small premium to pay for such a large increase in recycling and corresponding increase in diversion percentage. For comparison, the City is considering to upgrade the residential curbside recycling program, by providing carts for recycling to replace the current blue tubs. The anticipated annual tonnage increase will be about 7,500 tons of increased recycling, but the new costs will be much more than \$200,480 annually (currently estimated at about \$1,500,000), due to the expenses of the carts and new vehicles.

Proposed Cost Breakdown: Comparing Landfilling and C&D Sorting

<u>Destination</u>	<u>Amount (est.)</u>	<u>Rate/ton</u>	<u>Total</u>
Allied (Keller Canyon)	26,000 tons	\$40.77	\$1,060,020
Waste Management (Altamont)	24,000 tons	\$40.00	\$ 960,000
		<u>Subtotal</u>	<u>\$2,020,020</u>
East Stockton	25,000 tons	\$49.32 (landfill)	\$1,233,000
East Stockton	25,000 tons	\$39.50 (recycled)	\$ 987,500
		<u>Subtotal</u>	<u>\$2,220,500</u>
		Total	\$4,240,520
		Difference between Landfilling and Recycling	\$ 200,480

***The Alameda County Household Hazardous Waste fee is included in the Allied rate as requested by the Zero Waste Commission and further described below.*

BACKGROUND

The City's current contract for landfill services, with Republic Industries at its Vasco Road facility, expires December 31, 2007. The City sent a request for proposals (RFPs) in October 2007 to the 5 vendors in the greater Bay Area that have landfills. The RFP schedule had a two-week public comment period and 14-day post-comment period before the proposal deadline. All 5 vendors responded to the RFP. Allied Waste and

Waste Management had the two best proposals considering price, capacity and distance.

RATIONALE FOR RECOMMENDATION

The proposed contractor responded to the City's RFP with the best overall landfill service.

Refer to the chart below:

<u>Firm/Landfill</u>	<u>\$/Ton</u>	<u>Landfill Space</u>	<u>Distance from Berkeley</u>
1. Allied/Keller Canyon	\$40.77	48 years	38 miles
2. Waste Management/ Altamont	\$40.00*	125 years	55 miles
3. Republic/Vasco Rd	\$41.50	15 years	52 miles
4. Norcal/Hay Rd	\$45.09	28 years	60 miles
5. Republic/Potrero	\$55.00	5 years	38 miles

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

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

Attachments:

1: Resolution

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

CONTRACT: WASTE MANAGEMENT INC. FOR LANDFILL DISPOSAL SERVICES

WHEREAS, the City of Berkeley's transfer station needs disposal space for approximately 50,000 tons per year; and

WHEREAS, the City issued a request for proposals (RFP) for landfill disposal services; and

WHEREAS, city staff believe the best way to maximize operational efficiency and long-term disposal capacity is to contract with two separate landfills; and

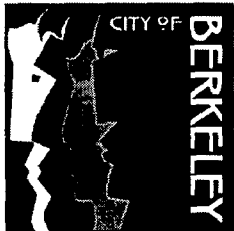
WHEREAS, Waste Management, Inc. submitted the second-best priced proposal; and

WHEREAS, the price for landfill disposal is \$40.00 per ton and the projected tonnage for FY 2008 is 12,000 based on the contract starting January 1, 2008; the contract amount based on this tonnage totaling \$480,000; and

WHEREAS, the tonnage for FY 2009 through FY 2013 is estimated to be 24,000 per year, resulting in estimated contract costs totaling \$980,000 per year; and

WHEREAS, the funding for the FY 2008 not to exceed contract amount of \$480,000 is available in Fund 820 (820-5607-432-3038); CMS number ----.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract and any amendments with Waste Management, Inc. for landfill disposal services for an annual amount not to exceed \$480,000 in FY 2008 and \$960,000 for FY 2009 – FY 2013 for a total contract amount not to exceed \$5,280,000 for the period January 1, 2008 to June 30, 2013.



Office of the City Manager

ACTION CALENDAR
December 18, 2007

To: Honorable Mayor and Members of the City Council
From: *PK* Phil Kamlarz, City Manager
Submitted by: Claudette Ford, Director, Department of Public Works
Subject: Contract: Allied Waste, Inc. for Landfill Disposal Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to enter into a contract with Allied Waste, Inc. for landfill disposal services for an annual amount not to exceed \$530,010 in FY 2008 and \$1,060,020 in FY 2009 through FY 2013 for a total contract amount not to exceed \$5,830,110, for the period January 1, 2008 to June 30, 2013.

SUMMARY

The City's waste stream consists of about 150,000 tons.

- 100,000 tons are currently sent to a landfill from the City's transfer station at 2nd and Gilman Street.
- 50,000 tons are currently recycled.
 - 25,000 tons are organic, collected by the residential weekly organics program, the commercial food waste program, or dumped by paying self-haul customers at the transfer station. The City's contractor, Grover Landscape, eventually composts these 25,000 organic tons.
 - 25,000 tons consist mainly of collected recyclables from the residential and commercial programs and the recycling drop-off/buyback facility. A small portion of these 25,000 tons, about 2,250 tons, is scavenged and/or recycled from the transfer station floor by City staff and Urban Ore.

The City's current contract for landfill services with Republic Industries (Vasco Road facility) for waste disposal for 100,000 tons of landfill waste expires on December 30, 2007. Through a competitive bidding process, the City identified three vendors to provide waste disposal services to the City. Two items on tonight's agenda, in addition to this item, recommend waste disposal services contracts, one for landfill disposal and one for recycling and disposal of construction and demolition debris. These three contracts account for the disposal of 100,000 tons of waste.

FISCAL IMPACTS OF RECOMMENDATION

The price quoted by Allied Waste for landfilling waste is \$39.95 per ton, and is increased to \$40.77 to include Alameda County Household Hazardous Waste fees as recommended by the City's Zero Waste Commission. The projected tonnage to be sent to Allied Waste for FY 2008 is 13,000 and is based on the remaining six months of the fiscal year (January 1 – June 30, 2008), resulting in a prorated cost of \$530,010. The tonnage for FY 2009 through FY 2013 is expected to be 26,000 per year, resulting in estimated contract costs totaling \$1,060,020 per year.

Since the "per ton" landfill disposal rate will increase from the current \$32 per ton to \$40.77 per ton for 26,000 tons of waste per year, the overall cost of landfill services will exceed the current budgeted amount. (The other two reports on tonight's agenda discuss the disposal rates for those contracts.)

The FY 2008 budget includes \$3,222,410 for refuse disposal in the Refuse Fund, account 820- 5607- 432-30-38, and is based on the existing refuse disposal contract at a rate of \$32.00 per ton. For all three proposed disposal contracts, the annualized cost will be approximately \$4,240,520 for 100,000 tons of waste, for a cost increase of \$1,018,110 per year. The prorated cost increase in FY 2008 will be about \$500,000. Existing Refuse Fund reserve balance will be used to bridge the FY 2008 cost increase.

A comprehensive rate study will be completed in early 2008 that will most likely result in rate adjustments in FY 2009. While this study is reviewing all costs and their related fees, a \$1 million increase in disposal costs would require an overall rate increase of about four percent.

The CMS number is BCEBH.

CURRENT SITUATION AND ITS EFFECTS

Berkeley's Current Tonnage Breakdown (Approximate)

<u>Landfilled</u> 100,000	<u>Recycled</u> 50,000
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Of the 100,000 in landfill waste, 50,000 tons per year comes from self-haul customers, and is classified as rubbish, or dry non-putrescent discards. It consists of many of the same materials that are classified as the "Construction and Demolition" or "C&D" waste stream. This includes drywall, dirt, brick, rock and various aggregate; various forms of wood waste such as roofing, siding, posts and dimensional lumber; various types of garden waste, like shrubbery and tree trimmings; and metals, cardboard, and some concrete and cement. This waste stream is currently sent to the landfill for disposal. This material is ideal for diversion since many of the waste stream components are marketable once they are separated from each other. This addition will greatly help the City reach its mandated 75% diversion goal.

With this in mind, the City released 2 requests for proposals (RFPs) in the fall of 2007. One RFP requested proposals to sort the 50,000 tons of dry rubbish to recycle the large amounts of C&D material. The other RFP requested proposals for disposal services for

the remaining 50,000 tons, since the City's landfill contract expires on December 30, 2007. City staff is recommending 3 contracts as a result of these 2 RFPs:

1. A 26,000-ton per year (500 ton per week minimum) guaranteed contract with East Stockton Recycling to sort C&D materials in Stockton (see Council report titled East Stockton);
2. A 26,000-ton per year (500 ton per week minimum) guaranteed contract with Allied Waste for disposal at Keller Canyon Landfill in Pittsburgh (this report);
3. A 10,400-ton per year (200 ton per week minimum) guaranteed contract with Allied Waste for disposal at Altamont Landfill in Livermore (see Council report titled Waste Management).

The above minimum amounts do not add up to 100,000 tons. The amounts are guaranteed minimum tons the City is committing to the 3 facilities. After the guaranteed tons are accounted for, the remaining amount, about 37,600 tons, can be sent to any of these 3 facilities (for the same price as the guaranteed price). This remaining non-guaranteed amount allows the City the flexibility to either recycle these amounts at the transfer station, direct these tons of waste to one of the two landfills, or to direct the waste to Stockton for sorting and recycling, depending on volume and operational needs. The non-guaranteed amount also allows the City a buffer in case tonnages decrease at the transfer station, either from less self-haul customers or less volume collected by the City. Also, contracting with more than one landfill guarantees the City will have flexible disposal capacity in the event of emergencies, traffic conditions, and operational issues.

For planning purposes, staff believes that the 50,000 tons of self-hauled material will be sent to East Stockton for sorting, since East Stockton estimates it can recycle 50% (25,000 tons) of received tonnages from Berkeley. The remaining 50,000 tons are projected to be split (26,000 tons and 24,000 tons) between Allied's and Waste Management's landfills. The recommended contracts use these planned tonnage deliveries in the Not To Exceed amounts; however, the contracts use the minimum amounts for the guaranteed tonnages and to lock-in pricing if tonnages exceed the minimum amounts.

Proposed Tonnage Breakdown (Approximate)

Landfilled
75,000

Recycled
75,000

- 50,000 tons will remain recycled, as outlined in the Current Tonnage Breakdown;
- 50,000 tons will be disposed between 2 landfills – Keller Canyon and Altamont; and
- 50,000 tons will be hauled to East Stockton, where East Stockton will recycle 25,000 tons, and dispose of the remaining 25,000 tons.

The table below compares the pricing between East Stockton's C&D Sorting and Allied/Waste Management's Landfill Disposing. The cost of projected disposal in the two landfills annually is \$2,020,020. The cost of East Stockton recycling half of the tonnages, while disposing the remainder, is projected to be \$2,220,500. The difference between the two options is \$200,480. This is a relatively small premium to pay for such a large increase in recycling and corresponding increase in diversion percentage. For comparison, the City is considering to upgrade the residential curbside recycling program, by providing carts for recycling to replace the current blue tubs. The anticipated annual tonnage increase will be about 7,500 tons of increased recycling, but the new costs will be much more than \$200,480 annually (currently estimated at about \$1,500,000), due to the expenses of the carts and new vehicles.

Proposed Cost Breakdown: Comparing Landfilling and C&D Sorting

<u>Destination</u>	<u>Amount (est.)</u>	<u>Rate/ton</u>	<u>Total</u>
Allied (Keller Canyon)	26,000 tons	\$40.77	\$1,060,020
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<u>Subtotal</u>			<u>\$2,020,020</u>
East Stockton	25,000 tons	\$49.32 (landfill)	\$1,233,000
East Stockton	25,000 tons	\$39.50 (recycled)	\$ 987,500
<u>Subtotal</u>			<u>\$2,220,500</u>
Total			\$4,240,520
Difference between Landfilling and Recycling			\$ 200,480

***The Alameda County Household Hazardous Waste fee is included in the Allied rate as requested by the Zero Waste Commission and further described below.*

BACKGROUND

The City's current contract for landfill services, with Republic Industries at its Vasco Road facility, expires December 31, 2007. The City sent a request for proposals (RFPs) in October 2007 to the 5 vendors in the greater Bay Area that have landfills. The RFP schedule had a two-week public comment period and 14-day post-comment period before the proposal deadline. All 5 vendors responded to the RFP. Allied Waste and Waste Management had the two best proposals, considering price, capacity and distance.

RATIONALE FOR RECOMMENDATION

The proposed contractor responded to the City's RFP with the best overall landfill service. Refer to the chart below:

<u>Firm/Landfill</u>	<u>\$/Ton</u>	<u>Landfill Space</u>	<u>Distance from Berkeley</u>
1. Allied/Keller Canyon*	\$40.77	48 years	38 miles
2. Waste Management/ Altamont	\$40.00	125 years	55 miles
3. Republic/Vasco Rd	\$41.50	12 years	52 miles
4. Norcal/Hay Rd	\$45.09	28 years	60 miles
5. Republic/Potrero	\$55.00	5 years	38 miles

*Allied's bid was originally \$39.95 per ton, with a minimum of 500 tons per week. The Zero Waste Commission on December 5, 2007 stipulated that the Alameda County Household Hazardous Waste (HHW) fee, totaling \$2.15 per ton, should be paid for disposal at non-Alameda County landfills. Contra Costa County HHW fees are charged through hauling franchises, and are equivalent to \$1.33 per ton at the landfill. The result is that Allied's price increases to \$40.77, since it will pay Alameda County \$0.82 per ton, the difference between \$2.15 and \$1.33.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

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

Attachments:

1: Resolution

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

CONTRACT: ALLIED WASTE INC. FOR LANDFILL DISPOSAL SERVICES

WHEREAS, the City of Berkeley's transfer station needs disposal space for approximately 50,000 tons per year; and

WHEREAS, the City issued a request for proposals (RFP) for landfill disposal services; and

WHEREAS, city staff believe the best way to maximize operational efficiency and long-term disposal capacity is to contract with two separate landfills; and

WHEREAS, Allied Waste, Inc. submitted the best priced proposal; and

WHEREAS, the price for landfill disposal is \$40.77 per ton and the projected tonnage for FY 2008 is 13,000 based on the contract starting January 1, 2008; the contract amount based on this tonnage totaling \$530,010; and

WHEREAS, the tonnage for FY 2009 through FY 2013 is estimated to be 26,000 per year, resulting in estimated contract costs totaling \$1,060,020 per year; and

WHEREAS, the funding for the FY 2008 not to exceed contract amount of \$530,010 is available in Fund 820 (820-5607-432-3038); CMS number ----.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract and any amendments with Allied Waste, Inc. for landfill disposal services for an annual amount not to exceed \$530,010 in FY 2008 and \$1,060,020 in FY 2009 through FY 2013 for a total contract amount not to exceed \$5,830,110, for the period January 1, 2008 to June 30, 2013.