



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604

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Consent
August 11, 2009

Honorable Mayor and
Members of the City Council

Title: Amendment to Resolution 2006-750- Contract for Purchase and
Distribution of Refuse Containers

Location/Council District: City Wide.

Recommendation: Adopt a Resolution amending City Council Resolution No. 2006-750 to remove the annual expenditure limit that was specified when the contract for the purchase and distribution of refuse containers was awarded to Toter Incorporated, without changing the contract's total not to exceed amount.

Contact: Marty Strauss, Integrated Waste Planning Superintendent, 808-4934
Edison Hicks, Integrated Waste General Manager, 808-4949

Presenters: NA

Department: Utilities

Division: Solid Waste Services

Organization No: 14001711

Description/Analysis

Issue:

On October 17, 2006, the City Council adopted Resolution No. 2006-750 awarding a competitively bid 5 year contract for the purchase of refuse containers to the lowest responsible bidder, Toter Incorporated, for a total not-to-exceed contract amount of \$10,598,715.15. In addition to this amount, Resolution No. 2006-750 specified an annual expenditure limit of \$2,119,743.03.

The annual expenditure limit specified in Resolution No. 2006-750 assumed that the City's demand for containers would be relatively uniform and constant over the term of the contract, based, in part, on the assumption that the residential development occurring between 2004 and 2006 would continue at the same

pace. However, since that time, new residential growth has substantially slowed, resulting in the purchase of containers, to date, in amounts less than the annual expenditure limit specified when the contract was awarded. On the other hand, to comply with recent City Council direction to accelerate implementation of the City's voluntary containerized green waste service, which will require the purchase of approximately 60,000 new green waste containers, the Solid Waste Division will need to make purchases that exceed the annual expenditure limit specified in Resolution No. 2006-750.

To provide greater flexibility in planning how many and what type of refuse containers the Solid Waste Division will purchase in the remaining term of the contract, and to allow staff to implement the voluntary containerized green waste program as directed by Council, the Solid Waste Division is asking that Resolution No. 2006-750 be amended to remove the annual expenditure limits for this contract.

Staff is not asking for any change to the total not-to-exceed contract amount of \$10,598,715.15. Prior to the expenditure of this maximum amount, or prior to expiration of the 5 year term, whichever occurs first, staff will initiate a new competitive bid process to procure refuse containers to meet the City's ongoing requirements.

Policy Considerations: Removing the annual expenditure limit, without changing the contract's maximum not-to-exceed amount, will provide the Solid Waste Division with greater flexibility in planning the number and type of containers to purchase in the remaining contract term. Removal of the annual expenditure limit does not affect the contract, which already specifies that the contractor is required to provide containers at the unit prices specified in the contract in whatever amount the City orders, based on the availability of funds and the City's actual container needs throughout the contract term.

Environmental Considerations: The fiscal action requested in this report does not constitute a "project" for which environmental review is required under the California Environmental Quality Act (CEQA), pursuant to section 15378 (b)(4) of the CEQA Guidelines.

Sustainability Considerations: Removal of the annual expenditure limit specified in Resolution No. 2006-750 will facilitate implementation of the voluntary containerized green waste program, which in turn will reduce the number of vehicles required to collect green waste and therefore lower the amount of green house gas generated, reducing the City's carbon footprint.

Commission/Committee Action: None

Rationale for Recommendation: Removing the annual expenditure limit, without changing the contract's maximum not-to-exceed amount, will provide the Solid Waste Division with greater flexibility in planning the number and type of containers to

purchase during the remaining term of the contract, and will allow staff to implement the voluntary containerized green waste program as directed by Council.

Financial Considerations: On July 14th, 2009, the City Council approved financing for the purchase of 60,000 green waste containers for a total cost of \$3,065,430.00. Removal of the annual expenditure limit specified in Resolution No. 2006-750 will allow these containers to be purchased under the contract with Toter Incorporated. The contract with Toter Incorporated was awarded for the total not-to-exceed contract amount of \$10,598,715.15, and no change is being requested to the maximum contract amount. The total amount expended under this contract through the end of FY 2008/09 is \$5,134,679.90. As noted above, prior to expenditure of the contract maximum, or prior to expiration of the 5 year term, whichever occurs first, staff will initiate a new competitive bid process to procure refuse containers to meet the City's ongoing requirements.

Respectfully Submitted by: Edison E Hicks
Edison Hicks
Integrated Waste General Manager

Approved by: Marty Hanneman
Marty Hanneman
Assistant City Manager
Director of Utilities

Recommendation Approved:

Ray Kerridge
Ray Kerridge
City Manager

B.K.

Table of Contents:

	Report	pg. 1
Attachments		
1	Background	pg. 5
2	Resolution	pg. 6

Attachment 1

BACKGROUND

On October 17, 2006, the City Council adopted Resolution No. 2006-750 awarding a competitively bid 5 year contract for the purchase of refuse containers to the lowest responsible bidder, Toter Incorporated, for a total not-to-exceed contract amount of \$10,598,715.15. In addition, Resolution No. 2006-750 specified an annual expenditure limit of \$2,119,743.03.

Table 1, below shows the expenditures for containers under the contract to date, and the projected need for containers through the end of FY 2010/11. The projected needs include the purchase of 60,000 new green waste containers to comply with the direction given by City Council on June 23, 2009 to accelerate implementation of the voluntary containerized green waste program, as well as the City's other ongoing refuse container needs.

**TABLE 1
 FY EXPENDITURES TO DATE AND PROJECTED NEED FOR NEW CONTAINERS**

FY07 thru FY11	
Toter Incorporated Contract Amount Authorized by Council Resolution No. 2006-750	\$10,598,715.15
Contract Period 10/17/06 thru 10/17/11	
Less:	
Actual Expenditures	
FY07	\$1,429,243.43
FY08	\$1,999,522.49
FY09	\$1,705,913.98
Total contract expenditures through FY 09	\$5,134,679.90
Remaining on contract	\$5,464,035.25
Projected Future Needs:	
FY10	\$3,483,210.76
FY11	\$2,362,897.76
Excess above amount remaining on contract :	<u><u>(\$382,073.27)</u></u>

As shown in Table 1, above, sometime in FY 2010/11 the projected container demand will exceed the maximum contract amount for the Toter Incorporated contract. If it is found that the projected demand is accurate, prior to expenditure of the maximum contract amount, the Solid Waste Division will initiate a new competitive bid process to procure refuse containers under a new contract without interruption of service.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

**AMENDMENT TO RESOLUTION 2006-750 REGARDING CONTRACT
FOR PURCHASE AND DISTRIBUTION OF REFUSE CONTAINERS**

BACKGROUND

- A. On October 17, 2006, the City Council adopted Resolution No. 2006-750 awarding a competitively bid 5 year contract for the purchase of refuse containers to the lowest responsible bidder, Toter Incorporated, for a total not-to-exceed contract amount of \$10,598,715.15. In addition, Resolution No. 2006-750 specified an annual expenditure limit of \$2,119,743.03.
- B. The annual expenditure limit specified in Resolution No. 2006-750 was based on the assumption that the City's demand for containers would be relatively uniform and constant over the term of the contract, based, in part, on the assumption that the residential development occurring between 2004 and 2006 would continue at the same pace. However, since that time, new residential growth has substantially slowed, resulting in the purchase of containers, to date, in amounts less than the annual expenditure limit specified when the contract was awarded. On the other hand, to comply with recent City Council direction to accelerate implementation of the City's voluntary containerized green waste service, which will require the purchase of approximately 60,000 new green waste containers, the Solid Waste Division will need to make purchases that exceed the annual expenditure limit specified in Resolution No. 2006-750.
- C. Amending Resolution No. 2006-750 to remove the annual expenditure limits for this contract, with no change to the total not-to-exceed contract amount of \$10,598,715.15, will provide greater flexibility in planning how many and what type of refuse containers the Solid Waste Division will purchase in the remaining term of the contract, and will allow staff to implement the voluntary containerized green waste program as directed by Council.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. Resolution No. 2006-750 is amended to remove the annual expenditure limit specified in Section 2 of the Resolution for the contract with Toter Incorporated. The total not-to-exceed contract amount of \$10,598,715.15 that is specified in Section 2 of the Resolution is not changed.