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DEPARTMENT OF
PUBLIC WORKS

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CALIFORNIA

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June 19, 1991

ADMINISTRATION
916-449-8747

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Report Back - Residential Curbside Recycling Program

SUMMARY

This report responds to several questions by members of the City Council at the June 5 Proposed Operating Budget review session. These questions were in regard to the curbside recycling program: its phasing and the possibility of using a commingled collection system rather than the three-bin collection system on future phases.

BACKGROUND INFORMATION

In July 1990, the City Council adopted the City's Residential Curbside Recycling Program. After substantial public review and debate, the Council selected a three-bin collection system with a four phase implementation over several years. In January 1991, the first phase of the Residential Curbside Recycling Program was implemented.

The Proposed FY 1991-92 Operating Budget contains funding for the implementation of the second phase of the program beginning in July 1991. However, due to operational delays, it will not be possible to implement this second phase until January 1992.

At the Council's June 5 Proposed Operating Budget review session, members of the City Council requested additional information on the following:

1. How can the implementation of the program be accelerated?
2. What is the feasibility of implementing a commingled collection system in some or all of the remaining areas of the City?

DISCUSSION

How can the implementation of the program be accelerated?

The essential limitation to accelerating the program is the difficulty of assuring the delivery of equipment for the program (ie., five new specialized collection trucks and over 25,000 additional container sets per phase). The Department of General Services has stated that a minimum of a six (6) month lead time is needed for truck delivery - given sole source authorization from Council. Without sole source authorization, the minimum lead time from issuance of bid specification to truck delivery is nine (9) months.

It is generally preferable to conduct a formal bidding process rather than sole source. Prices under sole source bidding are approximately 5% more than can be achieved under a formal process. In addition, vendors can be held more closely to design specifications and can be assured of an opportunity to compete fairly. Consequently, it is preferable to minimize the use of sole sourcing.

In addition, the task of implementing a new area involves the delivery to households of bins, timing of equipment delivery from vendors, and substantial fine-tuning. Staff believes it is unfeasible to properly implement more than one phase (25,000 households) at one time.

For these reasons, staff proposes an accelerated residential curbside recycling implementation schedule which would begin the remaining phases in the three month intervals starting January 1, 1992. That is, the remaining phases would be implemented as follows:

Phase 2	January 1, 1992
Phase 3	April 1, 1992
Phase 4	July 1, 1992

In order to meet this schedule, sole source authority would be needed for the purchase of equipment (vehicles and bins) for Phase 2. Phases 3 and 4 could use a formal bid process.

What is the feasibility of implementing a commingled collection system in some or all of the remaining areas of the City?

In June 1990, staff presented to Council a detailed fiscal analysis of two residential curbside collection alternatives: (1) commingled using autolift equipment, and (2) the three bin system that has been implemented in Phase 1. A summary of the comparative rate impacts of the two alternatives is contained in Exhibit B.

There are several complications associated with using two collection methods at once:

- o Because Materials Recovery Facilities are designed to accommodate the particular degree of separation and type(s) of vehicles involved, an additional or substantially expanded facility will be needed to accommodate two collection methods. The current private MRF used by the city is not presently capable of handling commingled material. The current "Model Contract" assumes that collected materials are separated (to the extent of a three bin collection system), not commingled.
- o The implementation of two different collection systems will create significant added operating complexity. Two systems will result in the bifurcation of organization and effort. Public information will need to be expanded to provide for two methods.

While staff at one time proposed a pilot program to test both systems, this pilot program was to be limited to one year and only 12,500 homes in each option. For the reasons discussed above, it has never been the recommendation of staff to implement two different collection methods simultaneously over a long period of time.

FINANCIAL DATA

Program Acceleration

As indicated in Exhibit 'A', the proposed accelerated residential curbside recycling program would cost \$406,000 in FY 1991-92 and an additional \$1,124,000 in FY 1992-93. This results in a \$0.35 per month rate impact in FY 1991-92 and a \$0.97 rate impact in FY 1992-93. As Exhibit 'A' indicates, these figures reflect the partial year implementation of Phase 2 (January through June, 6 months) and Phase 3 (April through June, 3 months) in FY 1991-92. In FY 1992-93, the program augmentation includes the remaining augmentations for Phase 2 (6 months) and Phase 3 (9 months) in addition to the full year (July through June) augmentation for Phase 4.

Exhibit 'A' also shows for comparison the program costs and rates as contained in the Proposed Budget. The acceleration proposal would require \$163,000 less in FY 1991-92 or \$0.14 less per month per household served. This lowers the overall Solid Waste Fund rate increase (including lawn and garden) from 15% to a net of 14%.

The FY 1992-93 program would require an additional \$483,000 to the \$641,000 contained in the Proposed Budget. This would require an

additional \$0.42 per month per ratepayer for a total FY 1992-93 increase of \$0.07.

Commingled System in One or More of the Remaining Phases

As indicated in Exhibit 'B', the July 1990 Staff report found that the cost of the Three Bin Recycling alternative exceeds that of the Commingled Autolift alternative over time. This assumes the same participation levels and marketability of recyclable materials under either alternative. Staff believes that, if both systems are implemented simultaneously, the difference in cost between the two alternatives would be absorbed by the inefficiencies of duplicate or expanded Recovery Facilities and organizational duplication.

MBE/WBE EFFORTS

This report is for information only and has no effect on City MBE/WBE efforts.

POLICY CONSIDERATIONS

Accelerated Program

The accelerated program scenario shown in Exhibit 'A' would begin the remaining phases in the three month intervals starting January 1, 1992. This proposal accelerates the implementation of Phases 3 and 4 by three months and 12 months, respectively. This acceleration results in higher rates, sooner. However, in the long run the overall program cost and rate impact is the same with or without acceleration.

Lead Time for Delivery of Equipment

A prime determinant in considering the acceleration of the program is the lead time necessary for the delivery of equipment (5 specialized collection trucks and 25,000 containers per phase). The Department of General Services has stated that a minimum of a six (6) month lead time is needed for truck delivery - given sole source authorization from Council. Without sole source authorization, the minimum lead time is nine (9) months. If an accelerated program is to be implemented, this proposal recommends sole source authorization for five (5) vehicles and 25,000 container sets for Phase 2 implementation in January 1992.

Sole Source Authority

With sole source authority, the lead time necessary for equipment purchase and delivery can be reduced from nine to six months. However, a formal bidding process is likely to result in better prices and a better match to City needs. Consequently, it is desirable to minimize the use of sole sourcing. Staff recommends that a formal bidding

process be used for the implementation of Phases 3 and 4, which would commence April 1 and July 1, 1992, respectively.

Distribution of Bins to Homes

The task of distributing bin sets to homes is a logistical challenge. Deliveries from the vendor must be timed so that the City crew can distribute the containers a week prior to service. The bin distribution for Phase 1, which was accomplished without any appreciable problems, took 10 weeks. The operation requires a high degree of planning, coordination and fine-tuning. Consequently, staff recommends no less than a three month interval between the implementation of phases.

First In - Last In

As in the case of the implementation of the Autolift can program for garbage collection, the Residential Recycling program is being implemented in phases, with all citizens paying a portion of the total program even prior to receiving full service. With the adoption of the curbside recycling program in July 1990, the City Council established a policy of providing curbside recycling first to those areas which received the Autolift service last. An exception to this has been the Midtown area.

In February of 1991, Solid Waste completed the primary implementation of the Citywide, auto-lift waste container program with the installation of 7,000 containers in midtown. To be consistent with the recommended last to obtain auto-lift service firsts to get recycling services policy, we would propose to modify our current recycling phasing to provide the 7,000 midtown residences with recycling early in the Phase 2 program.

Commingled System in One or More of the Remaining Phases

The implementation of a second system of curbside recycling in some areas of the City carries with it a number of potential operational inefficiencies and duplications which absorb any possible savings from using the commingled system. These include:

- o Operating complexities and duplications (e.g. two separate operating units, an expanded Public Information Program to cover two systems, etc.)
- o Duplication or expansion of Materials Recovery Facilities.

The implementation of commingled curbside recycling in some or all of the remaining phases would not significantly effect the lead time needed for equipment purchase and delivery.

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RECOMMENDATION

This report is for information only.

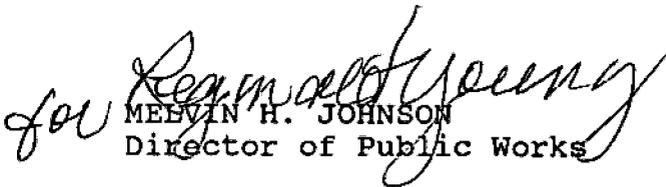
Respectfully Submitted,


REGINALD YOUNG
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June 19, 1991
All Districts

RY/MJGC/dep/MC1recycc.b

Curbside Recycling Acceleration Proposal

(in \$000s)

Scenario: Phase 2 on 1/1/92, Phase 3 on 4/1/92, Phase 4 on 7/1/92

	Year 1	Year 2
Budget Impact (annual)		
Phase 2	285	233
Phase 3	121	382
Phase 4	0	509
Total	\$406 *	\$1,124 **
Rate Impact (monthly per customer)		
Phase 2	0.24	0.20
Phase 3	0.10	0.33
Phase 4	0.00	0.44
Total	\$0.35	\$0.97

CURRENT PROPOSED BUDGET

Budget Amount	569 th	641 th
Rate Impact	0.49 /mo.	0.55 /mo.

Notes

* Includes additional Refuse Collection Supervisor (1.0 FTE)

** Includes additional revenue from sale of recyclables and adjustment for inflation.

11-Jun-91

Curbside Recycling

Exhibit 'B'

Comparative Costs Over Ten Years – Typical Rate Payer

<u>Option</u>	<u>Year 1 Cost / Month</u>	<u>10 Year Cost</u>
Autolift – Brokered Year 1–2 MRF in Year 3	\$0.44	\$80.28
Three Bin – Brokered Year 1–2** MRF in Year 3	\$0.52	\$123.88

* From Public Works staff report to Council dated July 24, 1990.

** Three Bin alternative was selected.

06-Jun-91