



## City Council Report

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Sacramento, CA 95814

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**File ID:** 2019-00882

July 23, 2019

**Consent Item 21**

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**Title: Supplemental Agreement with Republic Services of Sacramento for Green Waste Processing [Published for 10-Day Review 07/11/2019]**

**Location:** Citywide

**Recommendation:** Pass a Motion authorizing the City Manager or the City Manager's designee to: 1) execute Supplemental Agreement No. 4 to City Agreement No. 2014-0523 with Republic Services of Sacramento for green waste processing in an amount not-to-exceed \$2,200,000, for a new not-to-exceed amount of \$14,200,000; and 2) reset the City Manager's authority to issue supplemental agreements for City Agreement No. 2014-0523.

**Contact:** John Febbo, Integrated Waste Planning Superintendent, (916) 808-3797; Jerome Council, Integrated Waste General Manager, (916) 808-4949, Department of Public Works

**Presenter:** None

**Attachments:**

1-Description/Analysis

2-Supplemental Agreement

## Description/Analysis

**Issue Detail:** On June 9, 2014, the Department of Public Works, Recycling and Solid Waste Division (RSW) executed a five-year agreement (City Agreement No. 2014-0523) with Republic Services of Sacramento (Republic) to process and dispose of up to 80,000 tons of green waste material per year collected within the City to comply with state landfill diversion mandates.

On June 27, 2017, Supplemental Agreement No. 2 with Republic Services of Sacramento was approved by City Council to compensate for changes in market conditions for green waste processing services.

On January 17, 2019, Supplemental Agreement No. 3 was executed to extend this agreement through June 30, 2020, aligning the end date with Sacramento County's green waste processing contract for the purpose of issuing a regional Request for Proposals (RFP). Since that time, the County of Sacramento, City of Sacramento, and City of Folsom have collaborated to release a regional RFP seeking contractors to process and recycle green waste and other organics starting July 1, 2020.

RSW anticipates exhausting the current not-to-exceed amount of \$12,000,000 by September 2019 due to the market adjustments contained in Supplemental Agreement No. 2 and increased tonnage from higher than normal green waste from both automated and street collection operations.

Approval of Supplemental Agreement No. 4 to City Agreement No. 2014-0523 with Republic Services of Sacramento will add \$2,200,000 for green waste processing and prevent service interruptions or delays in green waste collection and disposal.

**Policy Considerations:** The recommendations in this report are in accordance with City Code Chapter 3.56 for contract amendments that exceed the City Manager's delegated approval authority.

Approving this supplemental agreement will contribute to the City's capacity to meet state mandates to divert from landfill a minimum of 50 percent of the total waste generated within the City.

The Sacramento City Code Section 4.04.020 and Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a two-thirds vote of the City Council, all labor agreements and all agreements greater than \$1,000,000 shall be made available to the public at

least ten (10) days prior to council action. This item was published for 10-day review on July 11, 2019 as required.

**Economic Impacts:** None.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** In accordance with Section 15061 (b)(3) of the California Environmental Quality Act (CEQA) Guidelines, no environmental review is necessary because it can be seen with certainty that there is no possibility that the recommendation in this report may have a significant effect on the environment.

**Sustainability:** Continuing to divert green waste from disposal at landfills will lower the amount of greenhouse gas generated by the City and recycle a significant portion of the City's residential waste stream.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Supplemental Agreement No. 4 to City Agreement No. 2014-0523 is necessary to allow the City to continue to divert the green waste collected and avoid sending the material to a landfill to comply with state landfill diversion mandates.

In accordance with City Code Chapter 3.56, in February 2014, the RSW issued Invitation for Bid (IFB) No. 14131711005 for green waste processing services. Three bids were received, and Republic was the lowest responsive and responsible bidder.

In May 2017, RSW retained Crowe Horwath LLP (Crowe) to conduct a performance audit of Republic and provide a third-party assessment of the merits of Republic's request for increases to tipping fee rates. Crowe concluded that Republic was meeting the operational and financial obligations of City Agreement No. 2014-0523 and that moderate increases in contract tipping fees can be supported based on current market conditions. Further, Crowe conducted a survey of comparative regional green waste processing tipping fees, which averaged 20-35% above the tipping fee increases proposed in this supplemental.

**Financial Considerations:** Supplemental Agreement No. 4 to City Agreement No. 2014-0523 will increase the not-to-exceed amount by \$2,200,000, for a revised not-to-exceed amount of \$14,200,000. Sufficient funding exists in the Fiscal Year 2019/20 Department of Public Works, Recycling and Solid Waste Division Operating Budget (Solid Waste Fund, Fund 6007) to execute the supplemental agreement.

There are no General Funds planned or allocated for this project.

**Local Business Enterprise (LBE):** Republic Services of Sacramento is an LBE.

**CONTRACT SUPPLEMENT  
(Nonprofessional Services)**

**Project Title and Job Number:** Green Waste Processing/ 814131711005  
**Purchase Order #:**

**Date:** June 6, 2019

**Contract Supplement No.:** 4

The City of Sacramento ("City") and Allied Waste Services of North America, LLC d/b/a Republic Services of Sacramento ("Contractor"), as parties to that certain Nonprofessional Services Agreement designated as Agreement Number 2014-0523, including any prior contract supplements modifying the agreement (the agreement and contract supplements are hereafter collectively referred to as the "Agreement"), hereby supplement and modify the Agreement as follows:

1. The scope of Services specified in Exhibit A of the Agreement is amended as follows:  
The not-to-exceed amount is increased to \$14,200,000

As set forth in the Green Waste Processing Rate Schedule in Supplemental Agreement 2014-0523-2, the price per ton for the Fiscal Year of 2019-20 will be \$41.00

2. In consideration of the additional and/or revised services described in section 1, above, the maximum not-to-exceed amount that is specified in Exhibit B of the Agreement for payment of Contractor's fees and expenses, is increased by \$2,200,000, and the Agreement's maximum not-to-exceed amount is amended as follows:


Agreement's original not-to-exceed amount:	\$12,000,000
Net change by previous contract supplements:	\$0
Not-to-exceed amount prior to this contract supplement:	\$12,000,000
Increased by this contract supplement:	\$2,200,000
New not-to exceed amount including all contract supplements:	\$14,200,000

3. Contractor agrees that the amount of increase or decrease in the not-to-exceed amount specified in section 2, above, shall constitute full compensation for the additional and/or revised services specified in section 1, above, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised services, including costs associated with any changes and/or delays in work schedules or in the performance of other services or work by Contractor.
4. Contractor warrants and represents that the person or persons executing this contract supplement on behalf of Contractor has or have been duly authorized by Contractor to sign this contract supplement and bind Contractor to the terms hereof.
5. Except as specifically revised herein, all terms and conditions of the Agreement shall remain in full force and effect, and Contractor shall perform all of the services, duties, obligations, and conditions required under the Agreement, as supplemented and modified by this contract supplement.

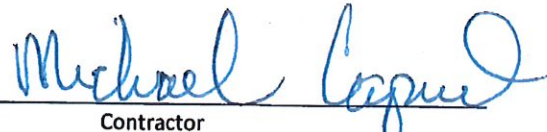
**Approval Recommended By:**

**Approved As To Form By:**

\_\_\_\_\_  
Project Manager

  
\_\_\_\_\_  
City Attorney

**Approved By:**

  
\_\_\_\_\_  
Contractor

**Approved By:**

**Attested To By:**

\_\_\_\_\_  
City of Sacramento

\_\_\_\_\_  
City Clerk