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DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

September 13, 2002
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City Council
Sacramento, California

APPROVED
SEP 24 2002
OFFICE OF THE
CITY CLERK

Honorable Members in Session:

SUBJECT: INCREASE IN EXPENDITURE AUTHORIZATION LIMIT FOR THE PURCHASE AND DISTRIBUTION OF RECYCLING CONTAINERS

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

Staff recommends that City Council authorize an increase in the expenditure limit under the current contract that resulted from Bid No. 1829, for the Purchase and Distribution of Recycling Containers from a total amount not to exceed \$3,500,000 to an annual amount not to exceed \$800,000 per contract year. This contract was awarded by the City Council in July 2001 to Environmental Delivery Services, Inc., P.O. Box 1156, Windsor, CA 94501.

CONTACT PERSONS: Harold Duffy, Solid Waste Manager, 433-4932
Dennis Kerhulas, Senior Buyer, 433-6242

SUMMARY:

This report recommends that the City Council authorize an increase in the expenditure limit under current contract with Environmental Delivery Services, Inc. for the purchase and distribution of recycling containers from a total amount not to exceed \$3,500,000 to an annual amount not to exceed \$800,000 per contract year.

FOR COUNCIL MEETING OF: September 24, 2002

BACKGROUND:

In July 2001, the City Council awarded Bid No.1829 for the purchase and distribution of recycling containers to Environmental Delivery Services, Inc., in a total amount not to exceed \$3,500,000 to

facilitate completion of the initial implementation of the commingled curbside recycling program. This amount was also intended to allow for the purchase of replacement refuse containers, which are included in the contract. This contract provides for containers manufactured by Toter, Inc., and replaced an earlier contract with RRS Industries, Inc., which provided the initial (RRS brand) containers for the commingled curbside recycling program. RRS Industries withdrew from their contract with the City due to financial difficulties. At the time of award of the current contract, staff believed the amount of \$3,500,000 would be sufficient to complete the implementation of the commingled curbside recycling program and to allow for the purchase of replacement recycling and refuse containers through the life of the contract. The City is now in the second year of the potential five-year contract and it has become evident that the currently authorized amount will not be sufficient to support ongoing operational needs.

Because of continual growth in the north area of the City, the Solid Waste Division is required to provide new homes with a trash container and a blue recycling container. Additional containers are also needed as older trash containers that have been in service for over 12 years are ending their life cycle (10% annually). A significant portion of the new trash containers are 64-gallon and 32-gallon sizes that the Solid Waste Division will distribute to residents that want smaller trash containers.

Based on the above information, staff recommends that Council authorize an increase in the expenditure limit under current contract with Environmental Delivery Services, Inc. for the purchase and distribution of recycling containers from a total amount not to exceed \$3,500,000 to an annual amount not to exceed \$800,000 per contract year. This increase will help ensure that the City continues to receive high-quality containers, identical to those received since Environmental Delivery Services, Inc. was awarded this contract and began delivering the Toter brand containers.

The recommended increase in the contract amount will allow for the purchase of additional items that were included in Bid No. 1829 at the same competitively bid prices set forth for such items in the successful bid. The recommendation does not increase these prices, and does not authorize the purchase of items that were not included in Bid No. 1829.

FINANCIAL CONSIDERATIONS:

Sufficient funds have been budgeted for recycling container procurement in FY-03 by the Department of Public Works in CIP No. YB52. In addition, funds are included each year the Solid Waste Division budget for the purchase of replacement refuse and recycling containers.

ENVIRONMENTAL CONSIDERATIONS:

The current project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA), under Section 15061(b)(3), which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The current proposal involves only the purchasing of recycling and refuse containers for use by the Solid Waste Division. Therefore, it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment.

POLICY CONSIDERATIONS:

This recommendation seeks authorization for an increase in the contract amount for products and services already contracted through competitive bidding, at the same competitively bid prices, and is consistent with the requirements for purchasing of supplies and services detailed in Chapter 3.56 of the Sacramento City Code.

ESBE CONSIDERATIONS:

In the original solicitation for Bid No. 1829, request for bid were sent to 22 vendors, three of which were identified as certified Emerging or Small Business Enterprises. RRS Industries, Inc., to whom the contract was originally awarded, was a City-certified Small Business Enterprise, and Environmental Delivery Services, Inc., the current supplier, is a City-certified Emerging Business Enterprise.

Respectfully Submitted,



Robert B. Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager