



REPORT TO COUNCIL City of Sacramento

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CONSENT

November 30, 2010

**Honorable Mayor and
Members of the City Council**

Title: Agreement: Old Sacramento Garbage Collection District

Location/Council District: Old Sacramento / Council District 1

Recommendation: Adopt a Resolution: (1) approving and authorizing the Interim City Manager, or his designee, to enter into an exclusive franchise agreement with Allied Waste Services of North America, LLC (Allied) for solid waste collection and diversion services in the Old Sacramento Garbage Collection District; (2) renaming the Old Sacramento Waterfront Restroom CIP (M17700000) to the Old Sacramento Service Courts and Support Facilities CIP and modifying the scope of the CIP.

Contact: Leslie Wisniewski, Administrative Officer, 808-8920
Barbara Bonebrake, Director, Convention, Culture & Leisure, 808-8225

Presenters: Not Applicable

Department: Convention, Culture and Leisure

Division: Old Sacramento Historic District

Organization No: 17001311

Description/Analysis

Issue: The Old Sacramento Garbage Collection District was established by the City Council in 2000. On February 13, 2007, City Council adopted a franchise fee for the exclusive right to engage in the business of collecting, transporting, and disposing of solid waste, including Source Separated Recyclable Materials, Source Separated Organic materials, Recyclables and Organics mixed with other waste materials, and Construction and Demolition Debris kept, accumulated, or generated in the Old Sacramento Garbage Collection District (District). Currently, multiple garbage collection companies provide service in Old Sacramento, and only some businesses share garbage collection services. The District's business community is best served by the establishment of an exclusive franchise for the

provision of collection services within the District and selection of a single provider.

A Request for Proposals (RFP) was released to solicit potential proposers. The City received two proposals in response to the solicitation. The Old Sacramento Historic District Office (OSHD) convened a Selection Committee pursuant to City Code 13.10.610 which unanimously selected Allied Waste Services.

In addition to being the lowest bidder, Allied's commitment to customer service was verified by references within and outside of the OSHD.

Staff recommends that the City enter into an agreement with Allied to provide solid waste collection and diversion services to residents and businesses within the Old Sacramento Garbage Collection District. Staff recommends that the City enter into a franchise agreement with Allied for a five-year term, commencing on February 1, 2011, with five additional one-year period options at the City's sole discretion.

Staff also recommends that the Capital Improvement Program (CIP) project, M17700000, be modified by expanding the current scope of the Old Sacramento Waterfront Restroom project to include service court development and rename the project to Old Sacramento Service Courts and Support Facilities CIP. Restrooms and service court improvements are the highest priority project for the OSHD.

Policy Considerations: The recommendations of this report are in compliance with: 1) the provisions of City Ordinance, Chapter 13.10. Article VI of the Sacramento City Code; 2) the City's Strategic Plan goal of achieving sustainability and enhancing livability in the community as well as reflecting values of fiscal responsibility; and 3) Resolution No. 2010-346, the boycott of Arizona headquartered businesses. Although Allied is headquartered in Arizona, the provision of garbage collection services is a regulatory governmental function. Therefore, a boycott of Arizona based companies that provide City garbage collection services is not "permitted by law."

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the CEQA guidelines, California Code of Regulations, title 14 section 15301, this activity is categorically exempt from the provisions of CEQA.

Sustainability Considerations: Participation is required under the contract to provide waste diversion services and education to the property and business owners to improve the sustainability of the business practices within the District. Recycling services will be made available to each generator in the District and Allied will provide ongoing customer education, outreach, and help identify opportunities to expand the types of diversion and recycling services, to include new technologies, new markets, and expanded material

types. Selecting one provider decreases the number of trucks in the District which reduces the amount of pollution and improves air quality.

Other: Not applicable.

Commission/Committee Action: On April 30, 2009, the Old Sacramento Business Association Board of Directors unanimously approved the issuance of a RFP to solicit a single solid waste provider. On March 25, 2010, the Board approved the Selection Committee's recommendation to select Allied as the single solid waste service provider.

Rationale for Recommendation: Currently, multiple garbage collection companies provide service in Old Sacramento, many businesses share garbage collection services, making it difficult to verify which businesses actually receive garbage collection service and which do not. Further, inadequate collection services lead to increased litter in alleyways, overflowing garbage bins, and increased noxious odors, all of which have a harmful effect upon economic development in Old Sacramento as well as endanger public health and safety. Consequently, the needs of the OSHD and its business community are best served by the establishment of an exclusive franchise for the provision of collection services within the District.

On August 21, 2009, the City issued an RFP seeking proposals for a single solid waste service provider. After reviewing the proposals, the Selection Committee recommended Allied to be the sole provider. See Attachment 1 (page 5) for details on the selection process.

Allied will provide a sufficient number of containers, bins, drop boxes, and compactors of the appropriate size for the storage of solid waste on Old Sacramento service court locations and other locations as approved by OSHD. Allied will remove the garbage containers from Old Sacramento for steam cleaning or pressure washing on a quarterly basis, and will be responsible for immediately removing any spilled material and cleaning any street, alley, or other areas soiled by spillage from the garbage containers or vehicles.

Staff also recommends that the scope and name of M17700000 be expanded to include garbage service court development. Most of the service courts are undeveloped. Many need pads, fences, water and other improvements to clean up the garbage/alley ways in this highly concentrated area. By expanding the scope of this CIP to include service courts, staff recommends changing the name of the CIP from Old Sacramento Waterfront Restroom to Old Sacramento Service Courts and Support Facilities.

Financial Considerations: During the term of the agreement, the selected contractor will pay to the City franchise fees (10%) on gross revenues received from customers located within in the Old Sacramento Garbage Collection District.

The City will receive an estimated \$5,000 per year with current occupancy rates and up to \$9,000 per year from the franchise fee if the properties were to be fully occupied. Revenue collected from the franchise fee will be recorded in the General Fund within the Old Sacramento operating budget. The contract will commence in Fiscal Year 2010/11 and budget adjustments will be made accordingly. The fees collected will be used for maintenance and services directly related to the provision of solid waste services in the Old Sacramento Garbage Collection District.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: Leslie Wisniewski
LESLIE WISNIEWSKI
Administrative Officer
Convention, Culture and Leisure Department

Approved by: Barbara E. Bonebrake FOR
BARBARA E. BONEBRAKE
Director
Convention, Culture and Leisure Department

Recommendation Approved:

Gus Vina
Gus Vina
Interim City Manager

APPROVED AS TO FORM:

Angela Casaromero
CITY ATTORNEY

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Attachment 1

Background

The City Council created the Old Sacramento Garbage Collection District in 2000 (Chapter 13.10, Article VI of the Sacramento City Code), establishing the City's authority to provide for garbage and recycling collection service within the district through an exclusive franchise agreement with a single garbage collection company. The purpose of the collection district is to facilitate implementation of an integrated waste management system for Old Sacramento that will reduce the number of bins (compactors, dumpsters, or both) required to provide adequate service for all customers, encourage increased recycling, and result in cleaner streets and alleys.

Currently, commercial and multi-family garbage and recycling collection services in the Old Sacramento Garbage Collection District are provided by various private firms and the City's Solid Waste Services Division under an open-competition system and regulated by Sacramento Regional Solid Waste Authority (SWA).

The current open-competition system for providing solid waste services in Old Sacramento has resulted in:

- Increased difficulty in holding businesses accountable for adequate collection services due to multiple collection companies and unauthorized use of bins by businesses that do not subscribe to service;
- Inadequate collection services have led to increased litter in alleyways and crowding of bins, and increased noxious odors, all of which have a harmful effect upon economic development in the District, as well as endangering the public health and safety.

Upon completion of the Request for Proposals (RFP) process pursuant to Section 13.10.610 of the Sacramento City Code, collection services for owners and tenants within the Old Sacramento Garbage Collection District shall be provided exclusively by the selected contractor including source separated recyclable materials, source separated organic materials, recyclables and organics mixed with other waste materials and construction and demolition debris and except as provided for in Section 13.10.600. An existing service provider may continue to provide collection services within the district for a period of five years from the date that the City provides notice to the current collection service provider. Notices to the collection companies were dated June 21, 2005. The current rights of existing service providers will be terminated before February 1, 2011.

- The Old Sacramento Historic District Office released an RFP in early 2007 to solicit proposals from qualified companies to provide garbage and recycling collection services for the Old Sacramento Garbage Collection District for a period of seven years. Council rejected all proposals received for the Old Sacramento Solid Waste Collection and Diversion Programs RFP's and directed

staff to proceed with a revised RFP for selection of traditional (bin / compactor) garbage collection service using the Old Sacramento service courts.

- In March 2009, staff retained HF&H Consultants to develop the composition of the service courts, establish a fee structure formula to allocate cost among property owners and update and revise the RFP.
- The City issued an RFP on August 2009. Two bids were received, and Allied Waste Services of North America, LLC (Allied) was selected.

The following outreach efforts have also taken place:

- January 2009 to present – Historic District Manager provides updates at Old Sacramento Business Association's Board of Directors monthly meetings.
- The OSHD office produced a periodic newsletter for property owners called "Let's Talk Trash."
- April 30, 2009 – Old Sacramento Business Association Board of Directors unanimously endorse the City's intention to move forward with a RFP to consolidate garbage collection by a single provider.
- May 14, 2009 – OSHD held two information meetings for Old Sacramento stakeholders on the proposed RFP.
- May 27 and June 24, 2009 – The Historic District Manager summarizes the RFP at the Old Sacramento Property Owners meeting and solicits comments and answers questions.

The City, through the Redevelopment Agency of the City of Sacramento, had the foresight to acquire and retain ownership of service courts for the specific purpose of containerizing waste. These service courts are primarily located in the alleyways within Old Sacramento. As mentioned in the outline above, staff retained HF&H Consultants, a solid waste management consulting firm, to determine how many garbage and recycling containers (compactors, bins, or both) are needed, and on which service courts they will be located to meet the current and future demand of Old Sacramento businesses. Extensive garbage and recycling demand data as well as service court infrastructure / engineering analysis that had been completed over the past decade provided the foundation for the new collection plan.

Once the contract commences on February 1, 2011, garbage and recycling containers will be shared with Old Sacramento businesses to ensure easy, convenient access to all businesses and to reduce the total number of containers needed. Streamlining the number and configuration of compactors/bins on the service courts will ensure the most efficient development of the service courts and significantly improve the appearance of Old Sacramento alleys. Garbage and recycling service costs will be charged to owners

of occupied Old Sacramento properties. The charges will be based on square footage of the containers by category – retail, residential, office, or restaurant.

On March 8, 2007, the Sacramento Regional Solid Waste Authority (SWA) adopted a mandatory Business Recycling Ordinance requiring all Sacramento businesses that generate four cubic yards or more of garbage collection service to recycle at least 50% of their waste and establish a recycling program including employee training, signage, etc. The RFP reflected the new SWA recycling program requirements.

The City received two proposals in response to the RFP. The OSHD convened a Selection Committee comprised of the Convention Culture & Leisure Director's designee, the Historic District Manager, the Executive Director of the Old Sacramento Business Association, an Economic Development Department representative, and one property owner. The panel evaluated both proposals based on the criteria described in the RFP, including: comprehensiveness and consistency of the proposal; demonstrated experience of the proposer and key personnel; satisfaction of the proposer's references for services received in the past five years; reasonableness and reliability of the proposed collection methods, equipment, and receptacles; and competitiveness of the company's proposed rates based on estimated annual revenue.

Allied was unanimously chosen by the panel. In addition to being the lowest bidder, Allied's commitment to customer service was verified by references within and outside of the Old Sacramento Historic District.

BIDDER	ANNUAL AMOUNT
Allied Wasted Services	\$57,534.00
Atlas Disposal Industries	\$86,966.16

Allied has been conducting business in the Sacramento area for over 30 years. Allied has over 85,000 residential customers and 7,000 commercial customers in the greater Sacramento area including nine commercial customers in Old Sacramento.

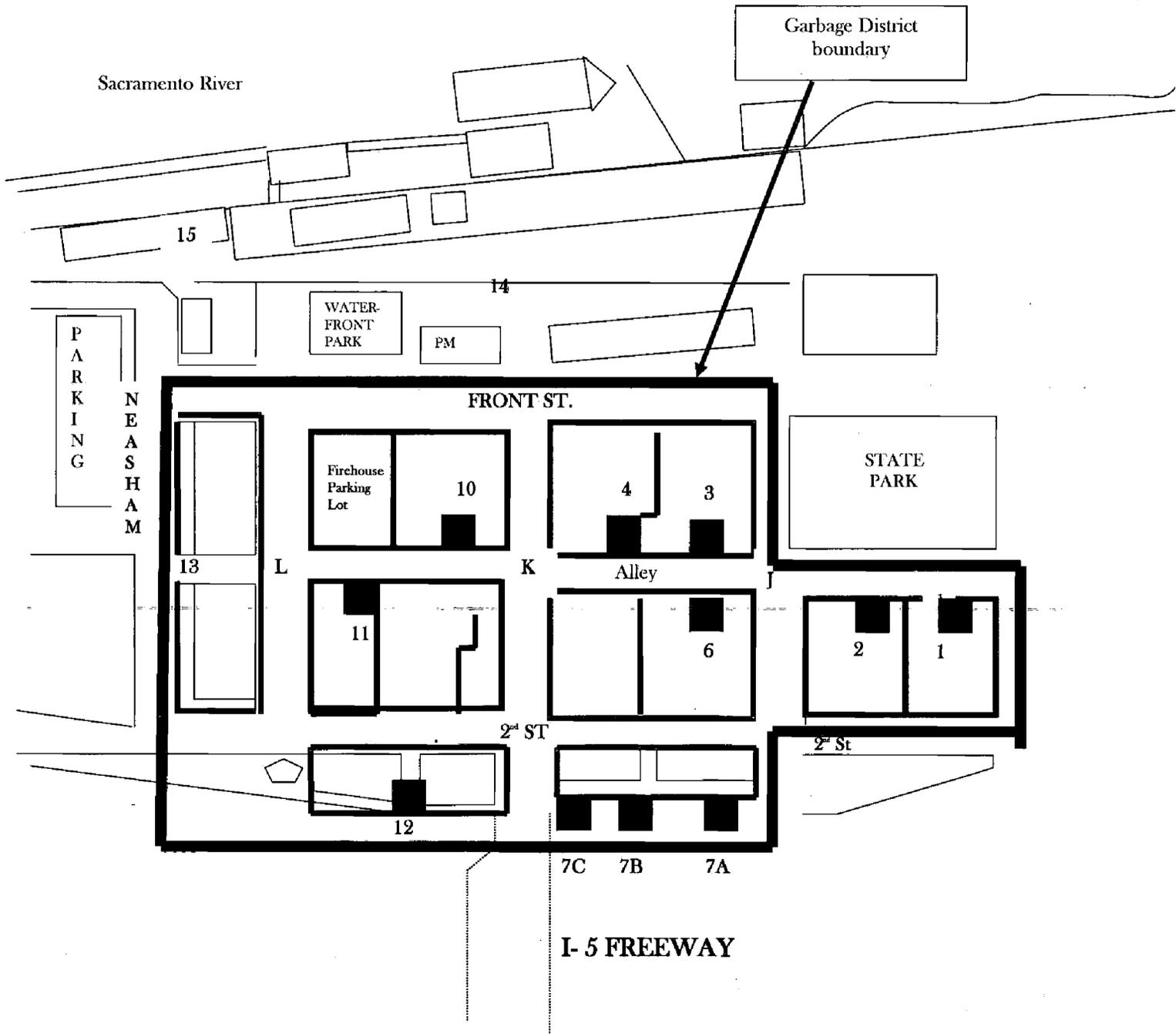
The proposed agreement can be found in Exhibit A. Below are a few of the significant terms of the agreement:

- Collecting all solid waste generated in the Old Sacramento Garbage Collection District and placed by Generator for collection.
- Offering and providing source-separated recyclable materials and organic materials collection services to any and all customers requesting such service(s).
- Transporting collected materials to the approved disposal location, approved composting site, or approved recyclable materials processing site.
- Processing and marketing recyclable materials and organic materials collected in the Old Sacramento Garbage Collection District.

- Billing customers for collection services at rates established by this Agreement and collecting payment from customers.
- Providing customer service staff to assist customers with complaints, requests or modifications to collection service, billing questions, etc.
- Cleaning each container, at least once a quarter, using either a steam cleaning system or a pressure washing system that is equivalent to steam cleaning. This cleaning shall be conducted off-site.
- Provide a presentation to the Old Sacramento Business Association (OSBA) or other organization no less than quarterly.
- Preparing and implementing a diversion plan and achieving the diversion and recycling requirement established in Section 8 of the Agreement.

In addition to the above, Allied will conduct a minimum of three orientation programs for customers within the District and a regular newsletter will be issued by the OSHD office to keep stakeholders informed.

OLD SACRAMENTO SERVICE COURTS



RESOLUTION NO. 2010-

Adopted by the Sacramento City Council

**APPROVING EXCLUSIVE FRANCHISE AGREEMENT WITH
ALLIED WASTE SERVICES OF NORTH AMERICA, LLC
FOR SOLID WASTE COLLECTION AND DIVERSION SERVICES
IN THE OLD SACRAMENTO GARBAGE COLLECTION DISTRICT;
RENAMING AND MODIFYING SCOPE OF CIP M17700000**

BACKGROUND

- A. The Old Sacramento Garbage Collection District was established by the City Council in 2000 to provide an effective and efficient integrated solid waste management system for Old Sacramento, including solid waste collection and recycling services.
- B. The current, open-competition system for providing solid waste services in the Old Sacramento Garbage Collection District has resulted in difficulty in holding businesses accountable for adequate collection services. Further, inadequate collection services have led to increased litter in alleyways, overflowing garbage bins, and increased noxious odors, all of which have a harmful effect upon economic development in Old Sacramento and endanger public health and safety.
- C. The needs of the Old Sacramento Historic District and its business community are best served by the establishment of an exclusive franchise for the provision of collection services. City Code section 13.10.560 authorizes granting a single contractor the exclusive right to provide collection services in Old Sacramento.
- D. On August 21, 2009, a Request for Proposals (RFP) was issued in compliance with the requirements of City Code section 13.10.610. The City received two proposals in response to the RFP. The Old Sacramento Historic District Office convened a Selection Committee pursuant to City Code section 13.10.610 which unanimously chose Allied Waste Services of North America, LLC (Allied).
- E. In addition to being the lowest bidder, Allied's commitment to customer service was verified by references within and outside of the Old Sacramento Historic District.
- F. During the term of the agreement, Allied will pay to the City franchise fees for the exclusive right to engage in the business of collecting, transporting, and disposing of solid waste kept, accumulated, or generated in the Old Sacramento Garbage Collection District.
- G. The revenue associated from the above fees will be used for the maintenance or services directly related to the provision of solid waste and recycling service in

the Old Sacramento Garbage Collection District. Revenue collected from the franchise fee will be recorded in the General Fund within the Old Sacramento operating budget. Since the contract will commence in Fiscal Year 2010/11, staff will analyze and review at mid-year to make budget adjustments accordingly.

- H. The scope of the Old Sacramento Waterfront Restroom (M17700000) Capital Improvement Program (CIP) project will be expanded to include service court development.
- I. This agreement is for a five-year period with the option to extend the contract for five additional one-year periods at the City's sole discretion.

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

- Section 1. The exclusive franchise agreement with Allied Waste Services of North America, LLC for solid waste collection and diversion services in the Old Sacramento Collection District is approved, and the Interim City Manager, or his designee, is authorized to execute the agreement.
- Section 2. The scope of Old Sacramento Waterfront Restroom CIP (M17700000) is modified to include service court development and is renamed the "Old Sacramento Service Courts and Support Facilities" CIP.
- Section 3. Exhibit A is part of this Resolution.

Table of Contents:

- Exhibit A Agreement between the City of Sacramento and Allied Waste Services of North America, LLC