

# MEMORANDUM

*Engineering Division*

---



**To:** Thomas C. Williams, City Manager  
**Through:** Steven J. Machida, Director of Engineering *SSM*  
**From:** Solid Waste Procurement Evaluation Committee  
**Subject:** Recommendation for Collection Contract Negotiation  
**Date:** June 13, 2016

## Introduction

This memo addresses the process for soliciting and evaluating proposals to provide solid waste collection and processing services and related outreach efforts, addresses current and recommended future services, and provides recommendations for Council direction to staff for negotiating final agreements.

## Background

The City's solid waste disposal and collection agreements expire September 2017. Future solid waste services will include collection of solid waste, recyclables and organic materials, processing of recyclables and organic materials, and disposal of solid waste. The City Council established a process and issued a competitive Request for Proposals (RFP) with the intent to award a disposal agreement followed by award of a collection and materials processing agreement. The RFP provided for award of the agreements to either a single contractor or to two contractors. The City issued the RFP on July 6, 2015.

Proposals were received on October 27, 2015. The City Council awarded the disposal contract on March 15, 2016. The collection contractor will collect solid waste from the community and deliver it to the disposal contractor for landfill disposal. The collection contractor will also collect recyclables and organic materials (yard trimmings and food scraps) from the community for processing (sorting and preparing the material as a commodity for resale). This memorandum addresses collection and material processing services only.

The City received collection and material processing proposals from six companies: California Waste Solutions; Garden City Sanitation; Green Team (Waste Connections); GreenWaste Recovery; Republic Services; and, Waste Management. Collection and material processing proposers were invited to present their qualifications and technical approaches at the May 23<sup>rd</sup>, 2016 City Council study session and public meeting.

## ***Recommendation for Collection Contract Negotiation***

The agreement to provide collection and material processing services will be for a 10 year term beginning September 6, 2017 (immediately on the conclusion of the existing contract). The selected contractor will: collect garbage, recyclables, and organic materials; deliver garbage to the City's approved disposal contractor; and, process recyclables and organic materials as follows:

1. California Waste Solutions, Inc. would process recyclable materials at its Timothy Drive and Berryessa Road Materials Recovery Facilities located in San Jose, would deliver organic materials to GreenWaste Recovery's Charles Street Materials Recovery Facility for transport to and processing at GreenWaste Recovery's Z-Best Facility near Gilroy, and would deliver construction and demolition materials for processing at the Zanker Road Facility (an affiliate of GreenWaste Recovery's) in North San Jose.
2. Garden City Sanitation, Inc., provided several distinct proposals. Depending on the manner of collection and processing, Garden City would deliver recyclable material to its Alameda County Industries Materials Recovery Facility in San Leandro or the City of Sunnyvale's SMaRT Station, organic materials to the SMaRT Station for processing at Garden City's SAFE facility in Santa Clara and to other third party facilities, and construction and demolition materials for processing at the SMaRT Station.
3. Green Team would deliver recyclable materials to GreenWaste Recovery's Charles Street Materials Recovery Facility located in North San Jose for processing, and organic materials to the Charles Street Materials Recovery Facility for transport to, and processing at the Z-Best Facility near Gilroy.
4. GreenWaste Recovery, Inc. would process recyclable materials at its Charles Street Materials Recovery Facility located in North San Jose, process organic materials at the Zero Waste Energy Development (ZWED) facility in North San Jose and at its Z-Best Facility near Gilroy, and process construction and demolition materials at the Zanker Road Facility (operated by an affiliate) in North San Jose.
5. Republic Services, Inc. would process recyclables, organic materials and construction and demolition materials at its Newby Island Recyclery and Newby Island Composting Facility.
6. Waste Management would deliver recyclable materials for processing at the Fremont Recycling and Transfer Station (a third party located in Fremont) and the TriCED Community Recycling (a not-for-profit located in Union City), organic materials to Mission Trails Waste Systems' SAFE facility in Santa Clara, and construction and demolition materials to Mission Trails Waste Systems for processing.

## **Overview of Evaluation Process**

The evaluation committee was comprised of City staff. The committee received technical assistance and process guidance from the City's Consultant (HF&H), the City Attorney, the City's Purchasing staff, and senior City Management. The evaluation process was conducted in four steps, as described below.

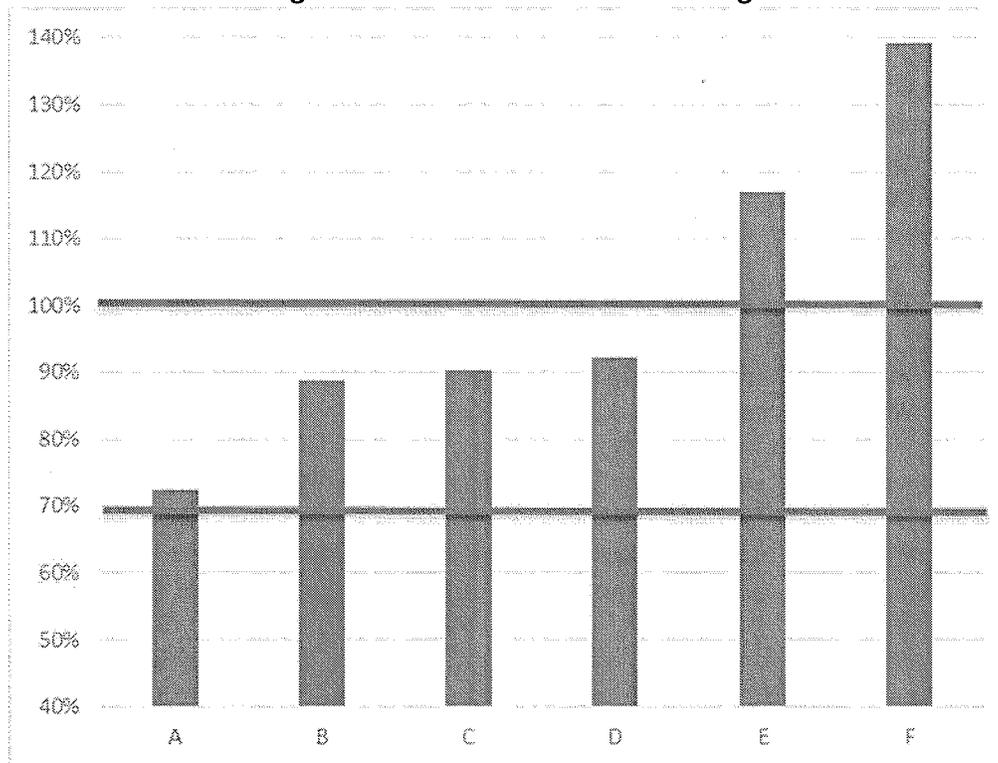
## Recommendation for Collection Contract Negotiation

### 1. Determination of Shortlist

First, HF&H and the committee worked to identify a purely objective basis (if any) on which to create a “shortlist” that would reduce the number of proposers receiving a full evaluation from the initial group of six. HF&H first conducted an initial review to determine whether all proposers had met the minimum level of experience defined in the RFP and to assure that all proposals were substantially complete and compliant. This initial review determined that all proposers met the minimum qualifications and all proposals were substantially complete and compliant with the requirements of the RFP.

Second, HF&H conducted a “blind” process with the committee to determine if relative proposal costs should result in a shortlist. Figure 1 shows the relative costs for Proposer A, Proposer B, etc. based on comparing them each to the average cost of the six proposals combined. The average cost for all six is the 100 percent line and a 70 percent line is also shown for reference. Following a shortlisting process commonly used by the City’s Purchasing Department, the committee determined that the two most expensive proposals submitted by Proposers E and F (Waste Management and California Waste Solutions, respectively) were outside of the “competitive range”. The resulting shortlist included: Garden City Sanitation; Green Team: GreenWaste Recovery; and, Republic Services. Thus committee members did not know which proposer had submitted which cost prior to finalizing the qualitative scoring, as discussed below.

Figure 1: Cost Review for Shortlisting



## **2. Proposal Review and Qualitative Evaluation**

Second, the committee reviewed and evaluated the shortlisted proposals with the goal of determining each proposer's overall ability to provide collection and processing services. Proposals were evaluated and scored based on the criteria defined in the RFP, including: proposer qualifications and experience; technical approach; diversion plans; and, the number and nature of exceptions taken to the City's draft agreement. The committee toured the proposed collection and processing facilities to gather additional information and to observe technical and environmental aspects of the sites and operations. The committee conducted on-site interviews with each proposer and reviewed responses to proposer interview questions and clarifications.

## **3. Review of Proposed Costs**

Third, following completion and submittal of the scoring for the criteria described above, and calculation of the composite scoring, committee members reviewed the proposed costs for the shortlisted proposers.

## **4. Develop Recommendation**

Fourth, the committee developed this recommendation, reflecting its qualitative evaluation, the proposed costs, and information received from the outreach activities.

# **Outreach Activities**

The City conducted a range of community outreach activities related to the collection proposal evaluation process. The outreach efforts provided opportunities, in a number of venues convenient for residents and businesses, to inform residents and businesses of possible pending changes in services, and to give them the opportunity to help inform the City Council's decisions about the service specifications for the new contract.

On May 23, 2016 the Council held a public workshop, providing the Council and the public their first opportunity to learn about the collection and processing proposals. The Council viewed presentations from proposers and received public comment. The presentations and proposals are included in the Council packet.

The City's Recycling and Source Reduction Commission met on May 25<sup>th</sup> to discuss proposed services, with a focus on the services of most import to single family residents. The results of the RSRAC discussion are further described below with relation to the committee's service recommendations, and the minutes of the meeting are an attachment to the Council staff report.

The City conducted a detailed survey during May, and over 800 Milpitas residents responded online or by phone (double the target response rate of 300). The excellent turnout rate coupled with clear results in a number of areas regarding the public's service preferences provides especially important input to the process. The results are further described below with relation to the committee's service recommendations, and the final survey report is included in the Council packet.

**Recommendation for Collection Contract Negotiation**

On June 16, 2016 the City will conduct a business workshop to discuss the proposed multi-family and commercial services with interested parties.

## Collection Services

The following figures are excerpted from the RFP and provide a summary of current services and future service options. Figure 2 summarizes current single-family, multi-family and commercial collection services.

**Figure 2: Current Single-Family, Multi-Family and Commercial Collection Services**

| Service                     | Single-Family  | Multi-Family   | Commercial   |
|-----------------------------|--|--|--|
| <b>Solid Waste</b>          | <ul style="list-style-type: none"> <li>• Weekly, curbside collection</li> <li>• 96-gallon carts provided by contractor at customer option with a monthly rental fee; additional carts available for an additional fee or,</li> <li>• Unlimited number of 32-gallon customer-provided cans or bags</li> </ul>   | <ul style="list-style-type: none"> <li>• 96-gallon carts, 1 to 8 cubic yard bins provided by contractor, compactors for high density developments</li> </ul>   | <ul style="list-style-type: none"> <li>• 32- and 96-gallon carts, 1 to 8 cubic yard bins, 10 to 50 yard drop boxes provided by contractor and compactors in a range of sizes</li> </ul>  |
| <b>Recyclable Materials</b> | <ul style="list-style-type: none"> <li>• Weekly, curbside collection</li> <li>• Commingled (single-stream) system using containers provided by contractor</li> <li>• 32-*, 64*-, or 96-gallon cart provided by contractor</li> </ul>   | <ul style="list-style-type: none"> <li>• Commingled system using 32-**, 64-, 96-gallon carts, 1-6 yard bins, or 8-40 yard drop boxes provided by contractor</li> <li>• 8 to 40 yard compactors can be rented from contractor or third-party</li> </ul> | <ul style="list-style-type: none"> <li>• At least once every 30 days (60 days for compactors) collection or more frequent</li> <li>• 32- and 96-gallon carts, 1 to 8 cubic yard bins, 10 to 50 yard drop boxes provided by contractor</li> <li>• 8 to 40 yard compactors can be rented from contractor or third-party</li> <li>• 10 to 50 yard drop boxes with minimum of 2.5 hauls per month</li> <li>• Deskside recycling boxes</li> </ul> |
| <b>Yard Waste</b>           | <ul style="list-style-type: none"> <li>• Weekly, curbside collection</li> <li>• 96-gallon cart provided by contractor</li> <li>• 32-gallon customer-provided containers may be set out with stickers from contractor</li> <li>• Extra material may be bundled and placed next to cart</li> <li>• Holiday trees may be placed next to solid waste containers</li> </ul> | <ul style="list-style-type: none"> <li>• Yard waste collection program to begin April 2016 to comply with AB 1826</li> <li>• Holiday trees may be placed next to solid waste containers</li> </ul>   | <ul style="list-style-type: none"> <li>• Yard waste collection program to begin April 2016 to comply with AB 1826</li> <li>• Holiday trees may be placed next to solid waste containers</li> </ul>   |

***Recommendation for Collection Contract Negotiation***

| <b>Service</b>                      | <b>Single-Family</b>   | <b>Multi-Family</b>  | <b>Commercial</b>   |
|-------------------------------------|--|--|---|
| <b>Food Scraps</b>                  | None   | None   | <ul style="list-style-type: none"> <li>• Pilot scale program with ten businesses</li> <li>• Food scrap collection program to begin April 2016 to comply with AB 1826</li> </ul> |
| <b>Backyard or Sideyard Service</b> | <ul style="list-style-type: none"> <li>• Provided to senior citizens or disabled at no additional cost</li> </ul>  | Not applicable   | Not applicable  |
| <b>Other</b>                        | <ul style="list-style-type: none"> <li>• Two community-wide bulky item collection events per year at no charge</li> <li>• Used motor oil and oil filter collection provided curbside weekly at no charge</li> <li>• Household Dump Day every 2<sup>nd</sup> and 4<sup>th</sup> Saturday of each month for non-commercial solid waste at Newby Island Landfill***</li> <li>• Two annual on-call bulky item pickups for seniors</li> </ul> | <ul style="list-style-type: none"> <li>• Household Dump Day every 2<sup>nd</sup> and 4<sup>th</sup> Saturday of each month for non-commercial solid waste at Newby Island Landfill***</li> </ul> | <ul style="list-style-type: none"> <li>• Will provide free monthly report of volumes of material collected upon customer's written request</li> </ul>                           |

\* 32 or 64 gal option for seniors/ high-density households

\*\* 32 or 64 gal option for mobile homes

\*\*\* Except when Christmas and New Year's falls on a Saturday

The RFP required that proposers submit a defined set of “base services” and of “alternative services” addressing residential and commercial needs, and the base services and alternative services are shown in Figures 3 through 5 with relation to current services for single-family and multi-family residents and for commercial customers, respectively.

Proposers also had the option to submit additional alternative proposals reflecting their own innovative or cost saving solutions to the City’s service needs. The base services required in the RFP are very similar to current services, with a few key changes such as replacement of scheduled community-wide cleanups with more convenient individual on-call cleanups. Required alternative services include a cart-based system for collection of single-family garbage, addition of food scrap collection for single-family customers, and incorporating the current non-exclusive system for temporary debris boxes into the exclusive franchise with the collection contractor. AB 1826 provides State mandated programs to collect yard trimmings from multi-family properties, and yard trimmings and food scraps from businesses. These programs are shown in Figures 4 and 5 as alternative services so that proposers would provide separate pricing for them. These programs are not optional, but the proposal process allows multi-family and commercial customers to understand any increased costs associated with these programs.

*Recommendation for Collection Contract Negotiation*

**Figure 3: Single-Family Collection Services**

| Service                           | Current Services  | Base Services   | Alternative Services  |
|-----------------------------------|---|---|---|
| <b>Mandatory Service</b>          | <ul style="list-style-type: none"> <li>Customers required to subscribe to and pay for solid waste, recyclable materials, and organic materials</li> </ul>   | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>   | N/A   |
| <b>Solid Waste</b>                | <ul style="list-style-type: none"> <li>Weekly curbside collection</li> <li>96-gallon carts provided by contractor at customer request (rental fee for contractor-provided cart; additional carts available for an additional fee); or,</li> <li>Unlimited number of 32-gallon customer-provided cans or bags</li> </ul> | <ul style="list-style-type: none"> <li>Same as current service, <u>plus:</u></li> <li><i>32-gallon and 64-gallon carts</i></li> <li><i>Cart purchase option (see text)</i></li> </ul>   | <ul style="list-style-type: none"> <li>Solid waste cart system using 32-, 64-, 96-gallon carts</li> <li>Unlimited setout options</li> </ul> |
| <b>Recyclable Materials</b>       | <ul style="list-style-type: none"> <li>Weekly curbside collection</li> <li>Commingled (single-stream) system;</li> <li>32*, 64*- or 96-gallon carts provided by contractor</li> </ul>   | <ul style="list-style-type: none"> <li>Same as current service, <u>plus:</u></li> <li><i>Curbside cooking oil collection, with option to provide drop-off location</i></li> <li><i>Expanded list of recyclables at proposer option</i></li> </ul> | N/A   |
| <b>Yard Waste</b>                 | <ul style="list-style-type: none"> <li>Weekly curbside collection;</li> <li>96-gallon cart provided by contractor;</li> <li>32-gallon customer provided containers may be used with stickers</li> <li>Extra material may be placed next to cart</li> <li>Curbside holiday tree pick up at no cost</li> </ul>            | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>   | N/A   |
| <b>Food Scraps</b>                | <ul style="list-style-type: none"> <li>None</li> </ul>  | <ul style="list-style-type: none"> <li>None</li> </ul>  | <ul style="list-style-type: none"> <li>Collection of food scraps and food-contaminated paper with yard trimmings; indoor pails</li> </ul>   |
| <b>Backyard/Side Yard Service</b> | <ul style="list-style-type: none"> <li>Provided to senior citizens and disabled customers at no additional cost</li> </ul>  | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>   | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |

**Recommendation for Collection Contract Negotiation**

| Service | Current Services  | Base Services  | Alternative Services                                    |
|---------|---|--|---|
| Other   | <ul style="list-style-type: none"> <li>• Two community-wide bulky item clean-ups</li> <li>• Two on-call bulky pick-ups per year for seniors</li> <li>• Weekly used motor oil and oil filter collected curbside</li> <li>• City bills services</li> <li>• Mobile home parks receive a single bill</li> </ul> | <ul style="list-style-type: none"> <li>• Same as current service <u>except</u>:</li> <li>• <i>Replace two community-wide cleanups with 4 on-call bulky pick-ups per year</i></li> <li>• <i>Contractor to bill services with local option for in-person bill pay</i></li> <li>• <i>Contractor to offer option of per-unit billing for mobile home parks</i></li> <li>• <i>Weekly household battery collection curbside</i></li> <li>• <i>Sharps disposal by mail</i></li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> |

*Italics denote Base Services changes from Current Services.*

\* 32 or 64 gal option for seniors/ high-density households

**Figure 4: Multi-Family Collection Services**

| Service              | Current Services   | Base Services   | Alternative Services |
|----------------------|--|---|----------------------|
| Mandatory Service    | <ul style="list-style-type: none"> <li>• Customers required to subscribe to and pay for solid waste collection</li> </ul>  | <ul style="list-style-type: none"> <li>• Same as current service</li> </ul>   | N/A                  |
| Solid Waste          | <ul style="list-style-type: none"> <li>• At least weekly collection;</li> <li>• Contractor-provided carts or bins;</li> <li>• 96-gallon carts or 1-8 yard bins provided by contractor</li> </ul> | <ul style="list-style-type: none"> <li>• Same as current service, <u>plus</u>:</li> <li>• <i>32-gallon and 64-gallon carts</i></li> </ul>                   | N/A                  |
| Recyclable Materials | <ul style="list-style-type: none"> <li>• At least weekly collection;</li> <li>• Commingled (single-stream) system;</li> <li>• 32-*, 64- or 96-gallon carts provided by contractor</li> </ul>     | <ul style="list-style-type: none"> <li>• Same as current service, <u>plus</u>:</li> <li>• <i>Expanded list of recyclables at proposer option</i></li> </ul> | N/A                  |

**Recommendation for Collection Contract Negotiation**

| Service     | Current Services  | Base Services   | Alternative Services   |
|-------------|---|---|--|
| Yard Waste  | <ul style="list-style-type: none"> <li>Yard waste recycling program to begin April 2016 to comply with AB 1826</li> </ul> | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>   | <ul style="list-style-type: none"> <li>Per AB 1826, add 4 CY/week solid waste generators as of 1/1/19</li> <li>Per AB 1826, add 2 CY/week solid waste generators as of 1/1/20**</li> </ul> |
| Food Scraps | <ul style="list-style-type: none"> <li>None</li> </ul>  | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>   | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| Other       | <ul style="list-style-type: none"> <li>Two annual community wide cleanups</li> <li>Billing services</li> </ul>            | <ul style="list-style-type: none"> <li>Same as current service, except:</li> <li><i>Replace community wide cleanups with:</i> <ul style="list-style-type: none"> <li><i>Four on-call bulky item cleanups at no added charge for properties with Single Family style.</i></li> <li><i>On-call bulky item cleanups available for a fee for properties with Multi-Family style.</i></li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |

*Italics* denote Base Services changes from Current Services.

\* 32 gal option for mobile homes.

\*\* Will apply if by 1/1/20 CalRecycle determines disposal of organic waste is not below 50% of 2014 levels.

*Recommendation for Collection Contract Negotiation*

**Figure 5: Commercial Collection Services**

| Service                     | Current Services   | Base Services  | Alternative Services  |
|-----------------------------|--|--|---|
| <b>Mandatory Service</b>    | <ul style="list-style-type: none"> <li>Customers required to subscribe to and pay for solid waste collection</li> </ul>  | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>  | N/A   |
| <b>Solid Waste</b>          | <ul style="list-style-type: none"> <li>At least weekly collection;</li> <li>Contractor-provided carts, bins, roll-off boxes or compactors;</li> <li>32-, 64- or 96-gallon carts or 1-8 yard bins;</li> </ul>   | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>  | N/A   |
| <b>Recyclable Materials</b> | <ul style="list-style-type: none"> <li>At least once every 30 days (or 60 days for compactor) collection;</li> <li>Commingled (single-stream) system;</li> <li>Additional fee for recycling</li> <li>32-, 64- or 96-gallon carts or 1-8 yard bins provided by contractor</li> <li>10-50 yard roll-off container (must be picked up 2.5 times per month or bin rental fee applies)</li> <li>Deskside recycling boxes</li> </ul> | <ul style="list-style-type: none"> <li>Same as current service, <u>plus</u>:</li> <li><i>Expanded list of recyclables at proposer option</i></li> </ul>  | N/A   |
| <b>Yard Waste</b>           | <ul style="list-style-type: none"> <li>Yard waste collection program to begin April 2016 to comply with AB 1826</li> </ul>   | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>  | <ul style="list-style-type: none"> <li>Per AB 1826, add 4 CY/week solid waste generators as of 1/1/19</li> <li>Per AB 1826, add 2 CY/week solid waste generators as of 1/1/20*</li> </ul> |
| <b>Food Scraps</b>          | <ul style="list-style-type: none"> <li>Pilot-scale food scrap program</li> <li>Food scrap collection program to begin April 2016 to comply with AB 1826</li> </ul>   | <ul style="list-style-type: none"> <li>Same as current service</li> </ul>  | <ul style="list-style-type: none"> <li>Per AB 1826, add 4 CY/week solid waste generators as of 1/1/19</li> <li>Per AB 1826, add 2 CY/week solid waste generators as of 1/1/20*</li> </ul> |
| <b>Other</b>                | <ul style="list-style-type: none"> <li>Billing services</li> <li>Limited shared service (primarily Great Mall compactors)</li> </ul>   | <ul style="list-style-type: none"> <li>Same as current service, <u>plus</u>,</li> <li><i>On-call bulky item cleanups available for a fee.</i></li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |

*Italics* denote Base Services changes from Current Services.

\* Will apply if by 1/1/20 CalRecycle determines disposal of organic waste is not below 50% of 2014 levels.

## Evaluation Results

### Qualitative Scoring

As defined in the RFP, four technical criteria were used to evaluate the collection proposals. Table 5 contains the criteria and detailed sub-criteria, the maximum scores for each criterion, and the composite scores awarded to each proposer by the evaluation team. The committee determined all four proposers to be qualified and capable of providing high quality services, but saw a clear delineation in quality offered by the top two ranked firms.

Figure 6: Qualitative Scoring

| Evaluation Criteria (RFP Section 7.4)   | %    | Garden City Sanitation       |                             | Green Team                   |                             | GreenWaste Recovery          |                             | Republic Services            |                             |
|---|------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
|   |      | Base Services Weighted Score | Alt Services Weighted Score | Base Services Weighted Score | Alt Services Weighted Score | Base Services Weighted Score | Alt Services Weighted Score | Base Services Weighted Score | Alt Services Weighted Score |
| 1 Experience and Qualifications<br>- Collection and Processing Experience<br>- Key Personnel Qualifications<br>- Performance Record<br>- Financial Stability  | 10%  | 6.0                          |                             | 6.7                          |                             | 7.7                          |                             | 8.3                          |                             |
| 2 Base Technical Approach, including but not limited to:<br>- Collection Approach<br>- Processing and Marketing<br>- Public Outreach Program<br>- MF and Comm Recycling Technical Assistance<br>- Customer Service<br>- Billing System<br>- Implementation Plan<br>- Facilities for Equipment, Maintenance, and Admin<br>- Customer Convenience<br>- Other Technical Considerations<br>Alternative Technical Approach, including but not limited to:<br>- Collection Approach<br>- Customer Convenience<br>- Other Technical Considerations | 40%  | 24.0                         | 24.0                        | 30.7                         | 25.3                        | 33.3                         | 32.0                        | 33.3                         | 32.0                        |
| 3 Base Diversion Plan:<br>- Diversion Ability (if applicable)   | 20%  | 12.7                         |                             | 13.3                         |                             | 17.3                         |                             | 16.7                         |                             |
| Alternative Diversion Plan:<br>- Diversion Ability (if applicable)  |      |                              | 14.7                        |                              | 14.0                        |                              | 16.7                        |                              | 14.7                        |
| 4 Acceptance of RFP and Franchise Terms<br>- Number and Nature<br>- Likelihood of Prompt & Successful Negotiations  | 30%  | 20.0                         |                             | 16.0                         |                             | 27.0                         |                             | 24.0                         |                             |
| <b>Base Services Total</b>  | 100% | 62.7                         |                             | 66.7                         |                             | 85.3                         |                             | 82.3                         |                             |
| <b>Alternative Services Total</b>   | 100% |                              | 64.7                        |                              | 62.0                        |                              | 83.3                        |                              | 79.0                        |

Scores have been rounded to the nearest 10<sup>th</sup>.

Figure 6 presents the composite weighted score of the committee members' individual scores for the base and alternative proposals. Note that the base and alternative proposals received the same score for Criteria 1 Experience and Qualifications and Criteria 4 Acceptance of RFP and Franchise Terms, but were scored separately for Criteria 2 Approach and Criteria 3 Diversion Plans, reflecting the different approaches taken to each set of services.

**Recommendation for Collection Contract Negotiation**

**Diversion Comparison**

The current contractor’s diversion rate – the percentage of the total material collected that is recycled in some form rather than being put in a landfill - is about 30 percent. Proposers provided a range of estimated diversion from 30% to 60% depending on the package of services.

**Cost Comparison**

Figure 7 provides a summary of total proposed costs for the four shortlisted proposers in relation to the City’s best estimate of current costs. The costs as shown include those for collection and processing, as well as those for transport and disposal of solid waste at the City’s approved disposal facility. The costs address continuation of current residential and commercial services, with the replacement of City-wide cleanups with on-call cleanups and in the second case with unlimited collection of customer-owned containers for single family solid waste with subscription to a contractor-provided cart for solid waste (“three cart system”). Contractor negotiations will focus on these cost differences with relation to Council direction on the service package. Disclosure of details at this point may undermine the City's ability to negotiate, and for this reason the detailed costs and the agreement exceptions are not included with the contractor proposals that are included in the Council packet.

**Figure 7: Comparison of Current Revenues with Proposed Costs (before City fees)**

**Base Services with Unlimited Single-Family Garbage Collection**

|  | <b>Current Revenues</b> | <b>Garden City Sanitation</b> | <b>Green Team</b> | <b>GreenWaste Recovery</b> | <b>Republic Services</b> |
|--|-------------------------|-------------------------------|-------------------|----------------------------|--------------------------|
| <b>Collection</b>                          | \$13,000,000            | \$13,260,000                  | \$ 13,610,000     | \$13,920,000               | \$ 10,150,000            |
| <b>Direct Haul/Transfer/Disposal Costs</b> |                         | \$ 3,100,000                  | \$ 3,020,000      | \$ 3,060,000               | \$ 3,210,000             |
| <b>Total</b>                               | \$13,000,000            | \$ 16,360,000                 | \$ 16,630,000     | \$ 16,980,000              | \$ 13,360,000            |

**Alternative Services with Three Cart System**

|  | <b>Current Revenues</b> | <b>Garden City Sanitation</b> | <b>Green Team</b> | <b>GreenWaste Recovery</b> | <b>Republic Services</b> |
|--|-------------------------|-------------------------------|-------------------|----------------------------|--------------------------|
| <b>Collection</b>                          | n/a                     | \$12,540,000                  | \$ 13,560,000     | \$13,920,000               | \$ 10,070,000            |
| <b>Direct Haul/Transfer/Disposal Costs</b> | n/a                     | \$ 3,100,000                  | \$ 3,020,000      | \$ 3,060,000               | \$ 3,210,000             |
| <b>Total</b>                               | n/a                     | \$ 15,640,000                 | \$ 16,580,000     | \$ 16,980,000              | \$ 13,280,000            |

Notes:

1. Except as otherwise noted, “Base Services” include all collection and processing costs, including those associated with AB1826 services, use of compressed natural gas (CNG) collection vehicles, and solid waste transportation and disposal costs. “Alternative Services” are Base Services with substitution of a contractor cart for single-family garbage rather than the current collection of an unlimited number of customer-owned containers. GreenWaste Recovery proposed use of biodiesel or CNG for collection trucks; the costs as shown reflect use of biodiesel fuel.
2. All costs exclude City fees and are rounded to the nearest \$10,000.

## ***Recommendation for Collection Contract Negotiation***

3. Regarding “Current Revenues”, under the City’s current agreement with Republic, the City does not receive direct data on total revenues associated with collection and/or disposal services for which Republic bills customers. The figure shown here is the City’s best estimate of total current revenue for all services currently provided by Republic, with revenue collected by Republic and the City and with City fees excluded. The figure may somewhat understate current revenues due to recent increased growth in the commercial sector.
4. Alternative services costs exclude the addition of a single-family food scraps program. The added cost for the four proposers for such a program ranged from less than \$20,000 per year to about \$500,000 per year.
5. Alternative services costs exclude transitioning to an exclusive temporary debris box system. The proposed costs to make this transition varied widely reflecting in part uncertainty about the total tonnage of material currently collected through the non-exclusive system.

## **Discussion**

### **Public Input Regarding Services**

#### Public Opinion Survey Results

The goal was to have 300 survey responses but the survey team completed a total of 883 surveys initiated via telephone and the internet. Key survey responses included:

- About 76% of respondents use wheeled carts for garbage provided by the contractor while about 24% use their own containers.
- About 83% of respondents expressed satisfaction with having a three cart system in the future, with about 72% being extremely satisfied.
- About 78% of respondents expressed satisfaction with having a contractor cart for garbage, coupled with adding four on-call pick-ups scheduled at customer convenience replacing the current City-wide cleanups. About 55% reported being extremely satisfied.
- About 31% of respondents reported using Dump Days. About 75% of the respondents who reported using Dump Days, reported using it 1-2 times in the past year.
- About 70% of survey respondents reported that the four on-call pick-ups, should they replace Dump Days would meet their current need for Dump Days. About 75% of the respondents that reported using Dump Days 1-2 times in the past year, reported that the four on-call pick-ups would replace their current Dump Days need.
- In a direct comparison of the four on-call pick-ups with Dump Days, about 69% prefer the former while about 15% prefer the latter.
- About 59% of survey respondents would be satisfied with a split cart for recycling. Satisfaction drops sharply if rates would increase to provide this service.
- About 53% of survey respondents reported they would be likely to participate in a food scraps program that combined food scraps with yard trimmings. Satisfaction drops sharply if rates would increase to provide this service.

#### Input from the Recycling and Source Reduction Commission

As noted in the minutes of the May 25, 2016 Recycling and Source Reduction Commission (Commission):

## ***Recommendation for Collection Contract Negotiation***

“The Commission reached broad consensus in several areas. First, single family garbage collection, cart subscription service (rather than the current cart rental option) should be provided with the addition of a smaller cart such as a 20 gallon, and with an option to place overages next to the cart. The option for unlimited use of customer-owned cans should also continue to be available with the service priced to reflect its cost, and the goal of encouraging a shift to full automated cart collection over time. Second, food waste recycling for single family households should not be implemented immediately, but should be included in the new collection contract as a possible future service should additional diversion be required. Third, the on-call Bulky Item Pickups for single family and multi-family residents provide an attractive alternate disposal option in addition to, or instead of HHD (e.g., Household Dump Days) service.”

### **Service Package**

The following is discussion of key service options.

#### **Single-Family Garbage Collection**

Automated cart collection of garbage, as Milpitas currently uses for recyclables and yard trimmings, has been the norm for 15 years. Automation provides greater efficiency and reduced worker injury. Three of the four proposals provide a reduced cost for automated collection of single family garbage, rather than unlimited collection of garbage from customer-owned containers. The fourth proposes to provide the service at the same cost. In the recent past, about half of Milpitas residents have used their own containers while half have paid a monthly charge to rent a cart from the contractor. As noted above, about 76% of survey respondents reported using a contractor cart for garbage, and respondents were highly supportive of using contractor carts in combination with the four on-call cleanups.

#### **Single-Family Food Scraps**

Adding this program now would result in negligible, if any added cost. However, this is not a State mandated program at this time and programs in many Bay Area communities have resulted in relatively little diversion rates due to low participation. Several Santa Clara and Alameda County communities are engaged in conducting and/or analyzing the results of pilot programs to design food scraps collection programs in a way that increases participation and diversion – whether collecting food together with, or separate from yard trimmings. In addition, the rapidly changing housing stock in Milpitas means that over time there may be an increased need to provide “food scraps only” service for residents that do not generate yard trimmings, and this will require some planning.

#### **Temporary Debris Box Services**

City staff currently administer a non-exclusive temporary debris box system with about a dozen companies providing services. Making temporary debris box services exclusive would reduce administrative burden, and would ensure better collection of fees and data for reporting to the state. The City Attorney is reviewing issues related to the process and timing for making such a transition.

## *Recommendation for Collection Contract Negotiation*

### “Dump Day”

All of the proposers have indicated that they can provide a service similar to Dump Days. However, the survey found that for most respondents, the availability of the four on-call pick-ups would eliminate much of the need for a Dump Day option.

## **Recommendations**

### **Conduct of Negotiations**

The Committee recommends that Council direct staff, as follows to:

1. Negotiate final agreements that reflect Council direction regarding the service package and associated costs, and customer rates based on the service package recommended below.
2. Conduct negotiations in a two-step process. First, staff will initiate individual discussions with the four shortlisted proposers, making an early determination for each proposer whether staff believes it is likely that a final agreement can be reached within the schedule, the requested range of services, and with costs, rates and contract terms that will be acceptable to the Council. Second, conduct and complete negotiations with the remaining proposers with whom staff believes an acceptable final agreement can be reached.
3. Return to Council on or before September with final recommendation and proposed contractor-executed agreements for City Council consideration of a franchise award.

### **Service Package**

#### General

The Committee recommends that staff negotiate agreements that provide the following:

- The Single-Family “Alternative Services” as shown in Figure 3, with contractor provided garbage cart, but without food scrap collection (see further discussion below).
- The Multi-Family “Alternative Services” package as shown above in Figure 4, including the mandatory AB 1826 programs.
- The Commercial “Alternative Services” package shown above in Figure 5, including the mandatory AB 1826 programs.

See also the following additional recommendations and notes.

#### Single-Family Garbage Collection

The committee recommends moving to required use of a contractor provided garbage cart as the default service along with the elimination of the monthly cart rental fee. Customers would have the option to add additional carts as needed, and would have access to an overage process for “high volume” times like holidays. The committee recommends that negotiations consider the

## ***Recommendation for Collection Contract Negotiation***

addition of a 20 gallon cart to provide a full range of cart sizes, with graduated rates that reflect the added volume with each jump in cart size.

### **Single-Family Food Scraps**

The committee recommends waiting for the results of the pilots described above and/or a State mandate to provide the program. However, the negotiations should “lock in” program cost and provide processing capacity guarantees so that such a program could be added at any time during the term of the new agreement.

### **Temporary Debris Box Services**

The committee recommends that the non-exclusive service be made an exclusive part of the new collection agreement, either initially or during the term. The committee further recommends that in parallel with the collection negotiations, staff develop an approach and schedule for making the services exclusive.

### **“Dump Day”**

The committee recommends that a Dump Day option should be made available, as proposed facility distances, services and cost are determined to be feasible or reasonable.

## **Further Considerations in Negotiation**

The following is a partial list of other key issues the negotiation of the agreements should address:

### **Customer Service**

- Retain call centers close to the City, as required by the draft agreement, to improve familiarity with the community and the services.

### **Diversion Goals**

- Ensure that the agreement provides for the minimum diversion necessary to maintain compliance with reasonably anticipated State mandates.
- Provide additional services to exceed diversion mandates only if they enhance customer convenience with little or no cost impact.
- Ensure that solid waste processing and other higher diversion options are available if and as needed.

### **Processing**

- Negotiate recycling and organics processing options that minimize environmental and social impacts.
- Ensure the agreements, to the extent possible, reserve capacity throughout the term to accommodate all material types as well as any likely potential mandated level of

## *Recommendation for Collection Contract Negotiation*

diversion.

- Ensure agreements are clear that all residue resulting from solid waste processing will be delivered to the City's approved disposal facility.

### Data Reporting and Tracking

- Require that, in addition to the significant increase in data and reporting already required in the draft agreement, data related to permanent and temporary debris box services are separately tracked and reported, whether the service becomes exclusive or not.

### Rates

- Provide a graduated rate structure for residential cart customers that reflects added volume with each increased cart size.
- Price commercial recycling and organics services relative to solid waste services to provide an incentive to participate similar to those used by many Bay Area communities.

### Other

- Ensure agreements provide for collection from City facilities at no added charge, including materials that City crews currently deliver to the disposal facility.

