

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to proposed Supplemental Agreements to contracts with CR&R, Bestway Recycling Company, Inc., and City Fibers, Inc. for marketing and processing of residential single-stream commingled recyclable materials from the Harbor, North Central, and West Valley Wastesheds.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the Board of Public Works (Board), on behalf of the Bureau of Sanitation (BOS), to execute the following supplemental agreements for the marketing and processing of residential single-stream commingled recyclable materials from the West Valley, North Central, and Harbor Wastesheds, respectively, subject to City Attorney approval as to form:

| <u>Contractor</u> | <u>Contract No.</u> |
|---------------------------|---------------------|
| City Fibers, Inc. | C-112960 |
| Bestway Recycling Company | C-112958 |
| CR&R | C-112957 |

2. AUTHORIZE the BOS to accept receipts from the contractors for the sale of recyclable materials collected from the West valley, north Central, and Harbor Wastesheds.
3. AUTHORIZE the Controller to deposit receipts from contractors for the sale of recyclable materials into the Landfill Maintenance Special Fund No. 558/50, Revenue Source Code 442201 or other established Revenue Source Codes within Fund No. 558/50 at the discretion of the Director, BOS, or appointed designee.
4. AUTHORIZE the Director, BOS, to accept, on behalf of the City, contributions of \$1.00 per gross ton annually from CR&R (or approximately \$8,000 annually), over the life of the contract to be used for contamination reduction activities.
5. AUTHORIZE the Director, BOS, to accept, on behalf of the City, contributions of \$1.00 per gross ton annually from Bestway Recycling Company and City Fibers (\$100,000 total annually), over the life of the contracts to be used for contamination reduction activities.
6. AUTHORIZE the Controller to deposit contributions for the contractors for contamination reduction activities in the Solid Waste Resources Revenue Fund No. 508/50, Revenue Source Code 510100 or other established Revenue Source Codes within Fund No. 508/50 at the discretion of the Director, BOS, or appointed designee.
7. AUTHORIZE the City Administrative Officer (CAO) to make technical corrections as necessary to implement the Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that there is no General Fund impact. The approval of these Supplemental Agreements will generate approximately \$2.6 million in annual revenue from the Landfill Maintenance Special Fund to support post-closure costs and \$108,000 in annual revenue for the Solid Waste Resources Revenue Fund to support the Ambassador Program. The expenditure of these revenues is restricted to the eligible used of these special funds. The recommendations contained in the November 4, 2013 CAO report, attached to the Council file, are consistent with the

City's Financial Policies in that new revenues will be applied first to support existing programs prior to funding new programs.

Community Impact Statement: None submitted.

TIME LIMIT FILE - JANUARY 10, 2014

(LAST DAY FOR COUNCIL ACTION - JANUARY 10, 2014)

Summary:

On November 20, 2013, your Committee considered a November 4, 2013 CAO report relative to proposed Supplemental Agreements to contracts with CR&R (C-112957), Bestway Recycling Company, Inc. (C-112958), and City Fibers, Inc. (C-112960) for marketing and processing of residential single-stream commingled recyclable materials from the Harbor, North Central, and West Valley Wastesheds. According to the CAO, in 2012-13, the BOS collected approximately 195,000 tons of recyclable materials from 750,000 households through the BOS's residential curbside collection program or Blue Bin Program. These recyclables, which include paper, plastic, aluminum, and glass materials, are processed and marketed by contracted Material Recovery Facilities (MRF). The Bureau has executed contracts with various MRFs to service each of the City's six Wastesheds (East Valley, West Valley, North Central, South Los Angeles, Harbor, and Western) and the November 4, 2013 CAO report covers contracts for three of the six Wastesheds. Two of the three remaining contracts have yet to expire and the BOS will come back in a separate request to extend those contracts if needed. The last remaining contract is with Sun Valley Paper Stock (SVPS), which services the East Valley Wasteshed. This contract will expire on November 30, 2013 and the BOS is still negotiating with SVPS on the terms of the Supplemental Agreement. These contracts are essential to meeting State and City mandated waste diversion goals.

The City receives revenue from the sale of recyclable materials at these facilities and these funds are deposited into the Landfill Maintenance Special Trust Fund. Revenues from this fund are dedicated for post-closure maintenance activities of City-owned landfills in accordance with the California Public Resources Code and any other solid resources activities as the Mayor and Council may direct. In August 2006, the BOS issued a Request for Proposals (RPF), which was sent to 37 potential bidders and posted pursuant to City requirements. BOS staff reviewed and evaluated all proposals and selected the most qualified proposals.

Effective December 1, 2007, Council authorized the BOS to execute contracts with Bestway and City Fibers to service the North Central and West Valley Wastesheds, respectively (Council File No. 07-3947). In addition, effective December 23, 2007, Council authorized the Bureau to execute a contract with CR&R to service the Harbor Wasteshed (Council File No. 07-3946). The term for each contract is three years with an option to extend for an additional three years for a total term of six years. The BOS exercised the renewal options and these contracts will expire on November 30, 2013 and December 23, 2013. The proposed Supplemental Agreements are required to extend the term of these contracts for an additional two years until new contracts can be awarded. The BOS anticipates the new contracts to be awarded within the next two years.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the supplemental agreements as contained in the CAO report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| FUENTES: | YES |
| BLUMENFIELD: | ABSENT |
| LABONGE: | YES |
| HUIZAR: | ABSENT |
| KORETZ: | YES |

-NOT OFFICIAL UNTIL COUNCIL ACTS-