

0150-10121-0000

TRANSMITTAL

TO
The Council

DATE
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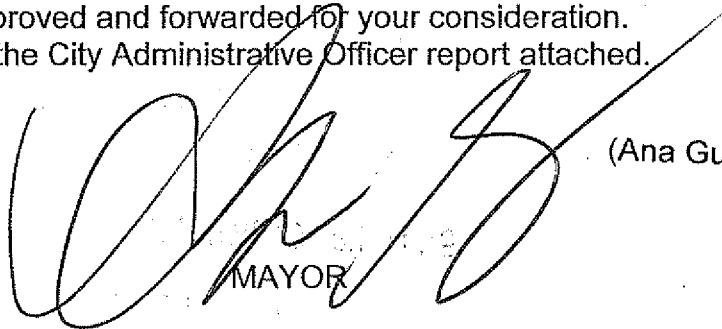
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
All

**Personal Services Contracts with Electronic Recyclers International and
Sims Recycling Solutions for Support of the City
Electronic Waste Collection and Recycling Services**

Approved and forwarded for your consideration.
See the City Administrative Officer report attached.



(Ana Guerrero)

MAYOR

MAS:EMM:06140056t

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

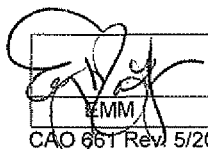
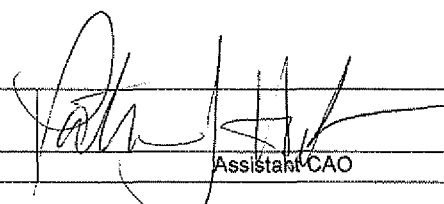
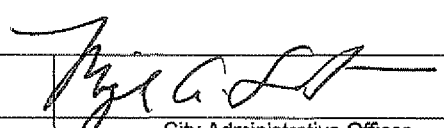
To: The Mayor	Date: 02-18-14	C.D. No. All	CAO File No.: 0150-10121-0000				
Contracting Department/Bureau: Bureau of Sanitation		Contact: Melissa Plamondon; (213) 485-3822					
Reference: Board of Public Works report dated November 20, 2013; referred for report November 21, 2013.							
Purpose of Contract: To provide Electronic Waste (E-waste) disposal services for the City of Los Angeles and its residents.							
Type of Contract: (x) New contract () Amendment		Contract Term Dates: Five years with two three-year renewal options for a total of eleven years					
Contract/Amendment Amount: \$0							
Proposed amount \$ 0 + Prior award(s) \$ 0 = Total \$ 0							
Source of funds: N/A							
Name of Contractor: Electronic Recyclers International (Primary) and Sims Recycling Solutions (Backup) Address: See Report.							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	x			a. Equal Employmt. Oppty./Affirm. Action	x		
2. Appropriated funds are available			x	b. Good Faith Effort Outreach**			x
3. Charter Section 1022 findings completed	x			c. Equal Benefits Ordinance	x		
4. Proposals have been requested	x			d. Contractor Responsibility Ordinance	X		
5. Risk Management review completed	x			e. Slavery Disclosure Ordinance	x		
6. Standard Provisions for City Contracts included	x			f. Bidder Certification CEC Form 50	x		
7. Workforce that resides in the City: See Report.				*N/A = not applicable ** Contracts over \$100,000			

COMMENTS

In accordance with Executive Directive No. 3, the Board of Public Works (Board), on behalf of the Bureau of Sanitation (Bureau), is requesting authority to execute two personal services contracts with the following electronic waste (E-waste) recyclers:

Contractor	Address	Workforce that resides in City
Electronic Recyclers International (Primary)	2860 South East Avenue, Fresno, CA 93725	0%
Sims Recycling Solutions (Backup)	20212 South Rancho Way, Rancho Dominguez, CA 90212	0%

The term of each agreement is five years from the date of execution with two three-year renewal options. These are revenue generating contracts and the City has no financial obligations under these contracts. In accordance with the Los Angeles Administrative Code Section 10.5 (a), Council approval is required to execute the proposed contracts as the total term of the contracts exceeds five years.

 EMM	Analyst	06140056	 Assistant CAO	 City Administrative Officer
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CAO 661 Rev. 5/2007

Background

Collection of electronics and computer equipment started in the City of Los Angeles (City) in November 2000, where unwanted TVs, VCRs, computers and other electronic equipment were accepted through the City's Residential Special Materials (RSM) Program. The City's E-waste program has since expanded to offer residents several means to dispose of their electronics. The City operates various permanent collection centers, known as SAFE Centers, where residents may drop off their E-waste two to three days per week throughout the year and several mobile household hazardous waste (HHW), E-waste and universal waste (U-waste) collection events in locations that are not in close proximity to a SAFE Center. The Bureau also operates a Bulky Item Collection Program that will pick up E-waste from residences and collect them at Sanitation collection yards. In addition, the City also offers a small business program and at-the-door pickup service for elderly and disabled residents who may not be able to drop off their E-waste at either a SAFE Center or a mobile collection event. Since the inception of the RSM program, the City has collected over 28 million pounds of E-waste.

Effective July 1, 2004, the Electronics Recycling Act (Senate Bill 20) codified the collection and processing of E-waste in the Public Resources Code (PRC). Retailers collect a front-end fee from consumers for each electronic device that contains a screen that is larger than four inches in diameter. Once these devices are discarded, they are eligible for reimbursement under Senate Bill 20 and are considered Covered Electronic Waste (CEW). Monies collected by retailers are remitted to the California Department of Resources Recycling and Recovery (CalRecycle) for disbursement to authorized recyclers and collectors at the rate of \$0.23 and \$0.16 per pound, respectively. Certified collectors may collect and prepare E-waste for disposal, while recyclers may process and dismantle the E-waste in accordance with State and Federal regulatory requirements. In 2005, CalRecycle approved the City as a certified collector of electronic waste.

Contractor Selection Process

The current contracts for E-waste recycling expired on May 7, 2010 (C-111595). The existing contracts have been extended on a month-to-month basis until the new contracts are executed. On August 25, 2010, the Board authorized the Bureau to distribute a request for proposals (RFP) to select and negotiate new contracts. On November 2, 2010, the Bureau received six proposals for E-waste, four of which met the RFP requirements. Bureau staff then made unannounced site visits to inspect the proposers' facilities. As a result of these site visits, three of the four proposers were invited to give presentations for their proposals.

Based on the proposals, presentation and site inspections, the three proposers were evaluated on their abilities to meet the objectives of the RFP and scored based on the evaluation criteria in the RFP as follows: Record of Past Performance (20 Points), Technical Proposal (25 Points), Price (45 points) and Waste Management (10 points). Based on staff's evaluation, Electronic Recyclers International (ERI) received the highest score with a total of 88 points and Sims Recycling Solutions (Sims) received the second highest score with 82.66 total points. Based on these scores, the Bureau is proposing to execute two contracts, with ERI as the primary and Sims as the backup contractor. The City will utilize Sims if ERI is not available for a certain project, unable to perform the task or the contract has been terminated.

Scope of Work

The contractors are responsible for the transportation and recycling of E-waste at SAFE Centers, Sanitation Collection Yards and mobile collection events. Per Section 4.21 and 4.22 of the contract, the contractors are also responsible for responding to additional requests for pickup as specified by the Bureau as well as providing at-the-door pickup services for the elderly and disabled. In addition to recycling CEW, the contractors are responsible for recycling non-covered cathode ray tubing (CRT) materials, all computers and miscellaneous E-waste. Non-covered electronic devices include dismantled televisions or monitors or electronic devices not purchased in California. Miscellaneous E-waste includes but is not limited to printers, keyboards, mice and cell phones that do not have a screen larger than four inches in diameter. E-waste will be transported to contractor facilities for disassembly. Once the waste is broken down to a commodity level, it is sold on the open market. Commodities such as copper from CRT that is present in antiquated television monitors can be sold to be incorporated into new products.

One major concern surrounding E-waste is that the waste will not be broken down to the commodity level before it is exported, and improperly disposed of in other countries such as China or India. Health and safety regulations are less stringent in these countries and as such, E-waste is scrapped in a manner that compromises the well-being of residents in these areas. In an effort to curtail improper disposal and exportation of E-waste, the Bureau performed site visits to both ERI and Sims and ensured that E-waste is disassembled on site.

Compensation for Services

The City does not get reimbursed directly from CalRecycle for the collection of covered electronic waste. Claims for reimbursement are submitted to CalRecycle by the recycler (contractor), and subsequently the recycler reimburses the City its share. As such, the proposed E-waste contracts are revenue generating in nature. The cost of monthly services is less than that of the reimbursements to be provided to the City by the contractors. Invoices for services performed will be provided on a monthly basis to the City from each contractor. ERI and Sims will include with each invoice a reimbursement payment to the City for credits in excess of the costs. As mentioned previously, the State reimburses certified collectors \$0.16 cents per pound for CEW/CRT material. The Bureau reports that the sale of commodities on the open market is profitable and therefore the City was able to negotiate increased rates that will be paid by both contractors as indicated in the table below:

Material:	CEW/CRT Material	Non-Covered CRT Materials	Computers (CPU)	Miscellaneous E-waste
ERI	\$0.25/lb	\$0.00/lb	\$0.20/lb	\$0.06/lb
Sims	\$0.23/lb	\$0.00/lb	\$0.24/lb	\$0.04/lb

The Bureau estimates that these new rates will generate approximately \$413,000 in annual revenue. Revenue from this contract is deposited into the Household Hazardous Waste Fund (HHW) and helps to offset the cost of maintaining facilities open to the residents for free recycling of their E-waste and RSM. Over the last five years, the Bureau reports that 19,817,014 pounds of E-waste have been recycled and \$1,373,023 in revenues have been collected from the recyclers and the State:

Fiscal Year	Annual Pounds Collected	Payment Amount
2008-09	3,504,460	\$ 225,707
2009-10	4,585,350	359,783
2010-11	3,955,214	238,322
2011-12	3,592,813	248,915
2012-13	4,179,177	300,296
TOTAL:	19,817,014	\$ 1,373,023

Compliance with City Contracting Requirements

On June 30, 2009, in accordance with Charter Section 1022, the Personnel Department and this Office determined that there is an insufficient number of City staff available to perform the work. Additionally, the City does not own the proper facilities and equipment nor possess permits and certifications to recycle and dispose of E-waste. Obtaining the required infrastructure and permits would result in a disruption in services. The City Attorney has approved these contracts as to form.

RECOMMENDATION

That the Mayor authorize the Board of Public Works, on behalf of the Bureau of Sanitation, to execute the proposed Personal Services contracts with Electronic Recyclers International and Sims Recycling Solutions to provide electronic waste disposal for a term of five years with two three-year renewal options for a total of eleven years for both contracts and forward these contracts to the Council for further consideration.

FISCAL IMPACT STATEMENT

There is no General Fund impact. The approval of these contracts will generate approximately \$413,000 in annual revenue for the Household Hazardous Waste Fund to support E-waste and Residential Special Materials Collection Programs. The expenditure of these revenues is restricted to the eligible uses of these special funds. The recommendation in this report is consistent with the City's Financial Policies in that new revenues will be applied first to support existing programs prior to funding new programs.