

CITY OF OAKLAND
AGENDA REPORT

PILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 DEC 20 PM 12:32

TO: Office of the City Administrator
ATTN: Deanna J. Santana
FROM: Public Works Agency
DATE: January 10, 2012

RE: Supplemental Report On Resolution Adopting The Recommended System Design To Meet The Adopted Zero Waste Strategy - Develop A New Waste Management System Design In Preparation Of Oakland's Next Collection And Disposal Contracts

SUMMARY

At the November 29, 2011 Public Works Committee meeting, staff presented a recommended Zero Waste System (System) to be used in a Request for Proposal process that will replace the existing solid waste and recycling agreements expiring on June 30, 2015. The System also addresses hauling of construction and demolition waste, and recycling services that currently are provided apart from these agreements. Staff recommends that the City Council adopt the recommended System, which would allow staff to prepare the necessary Request for Proposals (RFP).

The Committee directed staff to return with responses to several issues raised by the Committee and members of the public. Staff's responses to these issues are included in this report.

FISCAL IMPACT

This supplemental report does not change the fiscal impact section of the report.

BACKGROUND

In 2009 through Resolution No. 81870 C.M.S., Council directed staff to present a preferred system designed to reach the City's Zero Waste goal and replace the existing Franchise Agreement for Solid Waste at its term. The recommended System organizes franchised collection and processing, and landfill disposal activities into two franchises and one disposal contract.

A Request for Proposals will be issued using the recommended System. Proposers will be able to propose on either or both of the franchises, and the landfill disposal contract, providing the City with the greatest flexibility in its selection process and the number of agreements it will execute.

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Significant investment will be required to fund the collection and processing infrastructure necessary to achieve Oakland's goals. The recommended citywide franchises, and the recommended 10-year terms plus two 5-year options, provide sufficient incentive for private sector investment in the collection and processing infrastructure needed to achieve Oakland's goals. Smaller contracts or shorter terms might jeopardize the City's ability to attract highly competitive proposals. The recommended configuration of these contracts would ensure uniform community benefits, attract multiple proposers and ensure the cost benefits of a competitive procurement process.

Recap Of Recommended System & Benefits

Franchise for Garbage and Organics

The combination of garbage and organics as a franchise service is recommended because organic material constitutes the largest amount of recoverable material going to landfill. Recovering this material is essential in meeting Oakland's Zero Waste and Climate Change goals. A countywide mandate for recycling of organics in the commercial and MFD sectors (pending approval by the Alameda county Waste Management Authority Board) will take effect in 2014, changing the focus of collection services and the balance of materials found in garbage containers.

Coordinating a smooth and efficient transition from the status quo garbage collection and disposal service, to a service that focuses on recovery of organic materials, is achieved by a franchise that marries garbage and organics services.

Combining organics and garbage collection service will allow the service provider to "migrate" material from the garbage stream into the organics stream through programs and services that best meet the needs of residents and businesses. This transition from collecting less garbage to collecting more organics is a critical element for the service provider to coordinate, by providing appropriate container sizes and collection frequencies, because the mishandling could create blight and public health impacts.

Franchise for Residential Recycling

An assessment of the recycling collection and processing services marketplace available to Oakland, given the number of residences and potential volume recyclable materials, revealed that one citywide residential recycling franchise would deliver the highest level of service for residents and at the least cost. A RFP based on this recommendation is sufficiently large to attract companies with the technical and financial capacities to achieve Oakland's high waste diversion goals.

Landfill Disposal

As discussed on page 15 of the November 29, 2012 report, isolating landfill disposal from the diversion- and recycling-oriented collection and processing contracts has multiple advantages:

- Enables a larger, more competitive pool of companies to respond to the RFP for the Garbage and Organics franchise ensuring the most competitive procurement.

- Secures the lowest price possible for the disposal of waste, ensuring the most competitive price for this commodity.
- Ensures cost transparency, not only during the procurement process, but also through the duration of the contracts.
- Enables more effective franchise incentives for waste diversion eliminating cross-purposes for the franchisees to increase recycling and reduce disposal.

Separating a city's landfill disposal contract from its collection and processing franchise is a best practice strategy recommended by StopWaste.Org's Franchise Task Force.

KEY ISSUES AND IMPACTS

Adoption of the resolution establishing the System is necessary at this time to keep the project on schedule, leading to implementation of new contracts before the existing solid waste and recycling agreements expire on June 30, 2015. The System forms the structural framework for the RFP, which must:

- specify the configuration of services in contracts, and the services included in each contract, in order to attract proposals from qualified companies; and
- be released in the first half of calendar year 2012 to ensure sufficient time for companies to prepare proposals, and for the City to evaluate and select proposals, negotiate and award contracts to the selected companies, and ensure sufficient lead time for these companies to prepare to begin service upon the June 30, 2015 expiration of the current contracts. See *Attachment A* for timeline.

The Committee requested staff to provide additional information to address the following issues raised at the November 29, 2011 meeting by the Committee and members of the public:

1. A detailed explanation of the changes to the small business recycling program and its effects on traffic in commercial and residential areas
2. Strategy to deal with recycling, organics and bulky waste pickups in multi-family dwellings and condominiums
3. Options for managing large and specialty organics recycling
4. Create a process to permit all haulers to decrease illegal dumping
5. An explanation as to why the adoption of the framework resolution must be first

This report addresses the five concerns in order.

1. A detailed explanation of the changes to the small business recycling program and its effects on traffic in commercial and residential areas

The Committee expressed concern that moving the Small Business Recycling program from the existing residential recycling agreements to the proposed Garbage, Organics and Commercial Recycling franchise would increase truck traffic in the residential areas that have Small Business Recycling accounts. The conditions that made Small Business Recycling an efficient add-on for the residential recycling routes when the program was initiated in 1998 (truck capacity, proximity and cost subsidy) have changed significantly, and will change dramatically with the advent of mandatory recycling.

Given the expected growth in demand for business recycling services that mandatory recycling will create, it will be more effective to provide Small Business Recycling along with commercial recycling in the Garbage, Organics Franchise.

The existing system heavily subsidized Small Business Recycling which was a strategy used to build the Small Business Recycling program, which serves businesses too small to obtain services from the open-market recyclers. The Small Business Recycling program currently serves about 750 of Oakland's approximately 5,000 commercial business accounts, using residential recycling collection trucks. On-going challenges to providing this service with the residential recycling service has been the need to service small businesses in commercial areas early in the morning before vehicle and pedestrian traffic congestion peaks. The increased number of customers anticipated with mandatory recycling will impact the ability of residential recycling service providers to provide quality service to their primary residential customers.

Staff recognizes that there are some areas in the city where a small business may be isolated from a commercial district. These stand alone customers can be addressed by the proposer through subcontracting to create efficient collection routes.

2. Strategy to deal with recycling, organics and bulky waste pickups in multi-family dwellings and condominiums

Two-Container System to Recover Organic and Recyclable Materials

At the November 29, 2011 Public Works Committee meeting the East Bay Rental Housing Association (EBRHA) supported the recommendation for a two-container system at multi-family dwellings (MFD) where recyclables would be collected in one container, and organic materials mixed with garbage in the second container would be recovered at a material recovery facility. The Zero Waste Committee of the Sierra Club of Northern Alameda County (SC) opposed the recommendation and suggested a three-container approach.

A two-container system is recommended in the System to ensure recovery of organic material regardless of the vagaries of the MFD environment, which include high rate of tenant turnover,

no building managers in MFDs up to 12 units, wide variations in tenant participation in source-separation, and space constraints for placement of collection containers.

Staff convened a meeting with EBRHA and SC on December 5, 2011, and the attendees discussed the many challenges to effectively managing recycling programs at MFDs, including the need to recover organic materials to meet the City Zero Waste goal. The parties agreed that to provide flexibility in the System, source separation of organics (a three-container system) will be allowed for the MFD sector if requested by the property owner.

As a result of discussions staff will add language to the RFP for source separation options for collection of organics from MFDs, via three-container service.

Bulky Pickup Service for MFD/Condominiums

The Committee, and EBRHA, expressed concerns that the recommended System include increased options for bulky pickup services for MFDs and condominiums to address the safe, legal collection and disposal of bulky items when tenants move out, and to reduce the illegal dumping of those items. Currently the cost of bulky pickup service is not included in the rates paid by MFDs.

Bulky pickup service is available on a limited basis to 5-9 unit buildings under the terms the 2008 Settlement Agreement with Waste Management of Alameda County. The service is limited to a maximum of 1,100 bulky pickup appointments per year. Although this service (provided at no cost to the customer) has been marketed to 5-9 unit building owners and managers since 2008, only 300 appointments were made in each of the past two years. Additionally, WMAC currently offers fee-for-service bulky pickup to all MFD buildings without limit to size. In the past two years Oakland MFD buildings have used this service only ten times.

As a point of clarification on the current system, condominiums that opt to be billed individually, pay the same rates and receive the same services as single-family (1-4 unit) residences, including bulky pickup service. Condominium buildings that opt to pay for collection services collectively, through their home owners association (HOA) for example, pay the same rates and receive the same services as 5+ unit MFDs, which does not include bulky pickup service. While individual condominium owners may be under the impression that condominiums are not eligible for the bulky pickup services that they want, in fact they may be ineligible because their HOA opted for collective payment at the MFD rate.

The RFP will require proposers to address bulky pickup services for MFD and condominiums. Staff will continue to discuss with EBRHA whether the cost for bulky pickup services are included in the rates that MFD pay, or if the services should be provided on a pay-per-appointment basis. In either case, owners and managers of MFD and condominiums will have access to appropriate bulky pickup services to address the need of large quantities of items generated at move-outs that do not fit in their regular containers, which can lead to illegal dumping.

3. Options for managing large and specialty organics recycling

The SC expressed concern about how the recommended Garbage and Organics Franchise might affect Oakland businesses that generate large quantities of specialty organic discards (e.g., spent hops, coffee bean chaff). These organic materials are typically neither landfilled nor composted, but used to make livestock feed, and other beneficial uses. SC identified that this well established waste diversion activity is not explicitly exempted from the proposed exclusive organics franchise, and wants to ensure that Oakland businesses may continue to exercise the option of having this material picked up by non-franchised haulers for delivery to farms and other destinations other than solid waste or composting facilities.

Staff agrees that this activity provides environmental and economic benefit. Provisions to allow the continuation of this fee-for-service activity in the recommended System would be made in Oakland Municipal Code (O.M.C.). Staff will be preparing a report in 2013 to the City Council recommending updating a number O.M.C. sections, and will include in those recommendations, provisions to ensure that fee-for-service hauling of specialty organic materials will continue to be allowed under the recommended System.

4. Create a process to permit all haulers to decrease illegal dumping

The System includes provisions for a Non-Exclusive Permit System for Commercial Recycling and a Non-Exclusive Franchise for Construction and Demolition (C&D) Debris Hauling, which are intended to give the City some control over activities that are currently unregulated, for the purpose of increasing waste diversion. Regulation of these service providers could help with illegal dumping enforcement efforts by identifying lawful haulers of recyclables and C&D debris, enforcing performance standards, and distinguishing them from possible unlawful haulers.

5. An explanation as to why the adoption of the framework resolution must be first

Adoption of the resolution establishing the System is necessary at this time to keep the project on schedule, leading to implementation of new contracts before the existing solid waste and recycling agreements expire on June 30, 2015. The recommended System is the framework for the RFP, which in turn defines the number of contracts and the configuration of services in the contracts. The RFP must be released in the first half of calendar 2012 in order to ensure sufficient time to complete all the activities shown in **Attachment A**, in order to provide service upon the June 30, 2015 expiration of the current contracts.

SUSTAINABLE OPPORTUNITIES

Economic: Implementing a Zero Waste System in Oakland will help Oakland businesses and residents reduce waste and mitigate the long-term trend of increased disposal costs associated with landfill-based systems. Expanding and actively supporting use of discarded materials drives local economic and workforce development with 'green collar' jobs and value added production.

Environmental: Implementing a Zero Waste System will promote sustainability, conserve natural resources, reduce air and water pollution, protect habitat, and reduce greenhouse gas (GHG) emissions.

Social Equity: Implementing a Zero Waste System in Oakland will help provide new living-wage jobs for the community, as well as preserve and enhance natural systems that provide basic ecological services such as clean water, clean air, and safe food.

DISABILITY AND SENIOR CITIZEN ACCESS

Approving the attached resolution will not have any direct impact on access for persons with disabilities or senior citizens.

RECOMMENDATION AND RATIONALE


It is recommended that the City Council approve the attached resolution, adopting the Zero Waste System described in the November 29, 2011 report to be used in a RFP process, that will reduce landfill disposal to 120,000 tons per year by 2030, a reduction of 170,000 tons, and has these elements:

1. A single franchise for citywide garbage and organics collection services capable of maximizing diversion of organics and minimizing landfill disposal of garbage, and provides recycling services to Oakland businesses on a non-exclusive basis.
2. A single franchise for citywide residential recycling focused on maximizing recycling, particularly in the challenging multifamily sector.
3. Landfill capacity procured separately from collection and processing services to attract the broadest pool of proposers on the garbage and organics franchise, by eliminating landfill ownership as a barrier.
4. A permit system to regulate commercial recycling services to continue operation of the long-established independent recyclers, and allow the City to establish and enforce waste diversion and other performance standards.
5. A non-exclusive franchise system to regulate construction and demolition (C&D) debris hauling activities, allow the City to establish and enforce waste diversion and other performance standards, and to stimulate broader use of mixed debris processing facilities in the region.

ACTION REQUESTED OF THE CITY COUNCIL

It is recommended that the City Council adopt the attached resolution.

Respectfully submitted,



Vitaly B. Troyan, P.E.
Director, Public Works Agency

Reviewed by:
Brooke A. Levin, Assistant Director

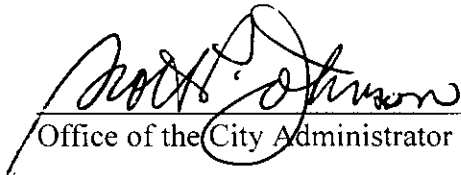
Reviewed by:
Susan Kattchee, Environmental Services Manager

Reviewed by:
Becky Dowdakin, Recycling Program Supervisor

Prepared by:
Peter Slote, Recycling Specialist
Environmental Services Division

Attachment A

APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:



Office of the City Administrator

Item: _____
Public Works Committee
January 10, 2012

Zero Waste System - RFP Timeline

**Council Approval of
Policies Related to RFP
Process & Content
Nov 2011-Mar 2012**

**Council Report on System Design
Council Report on RFP Process & Policies
Council Report on RFP and Model Contracts**

**November 29, 2011
February 14, 2012
February 28, 2012**

**RFP Process
4 months
May-Sep 2012**

**Mandatory RFP Release Conference
Proposals Due**

**May 21, 2012
September 24, 2012**

**Proposal Evaluation
Process
6 months
Sep 2012-Dec 2013**

**Evaluation Process Begins
Evaluation Process Ends**

**September 2012
December 2012**

**Selection of Top Proposers
and Authorization of
Negotiations
Jan-Mar 2013**

**Council Report Presenting Top-Ranked Proposals Selected through RFP
Procurement Process (Special Meeting, 5th Tuesday) January 29, 2013**

**Council Report on Authorization to Enter Exclusive Negotiations with Top-
Ranked Proposers March 5, 2013**

**Negotiations & CEQA
Process
Mar -Dec 2013**

**Enter Exclusive Negotiations
Complete CEQA
Council Report to Approve CEQA & Franchises**

**March 6, 2013
September 3, 2013
September 20, 2013**

**Execution of
Agreements &
Transition
Jan 2014- Jun 2015**

**Execution of Agreements
Begin New Services**

**January 2014
July 1, 2015**

REVISED

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 DEC 20 PM 12:46 **OAKLAND CITY COUNCIL**

Approved as to Form and Legality


City Attorney

RESOLUTION No. _____ C.M.S.

**RESOLUTION ADOPTING THE RECOMMENDED SYSTEM DESIGN TO
MEET THE ADOPTED ZERO WASTE STRATEGY - DEVELOP A NEW
WASTE MANAGEMENT SYSTEM DESIGN IN PREPARATION OF
OAKLAND'S NEXT COLLECTION AND DISPOSAL CONTRACTS**

WHEREAS, the City of Oakland's Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services with Waste Management of Alameda County, and the Agreement for Residential Recycling Service with California Waste Solutions expire on June 30, 2015; and

WHEREAS, in 2006 through Resolution No. 80286 C.M.S. the City Council adopted a Zero Waste Strategic Plan that included Strategy 2, Develop and Adopt New Rules and Incentives to Reduce Waste Disposal, which states: "Development and adoption of a new waste management system design in preparation for Oakland's next collection and disposal contract is key to the goal of reducing waste;" and

WHEREAS, the City will use a request for proposals procurement process to secure future solid waste, organic material, and recycling collection, processing and disposal services; and

WHEREAS, in 2009 through Resolution No. 81870 C.M.S. the City Council adopted Evaluative Criteria for assessing Zero Waste system models to replace the expiring franchise and recycling agreements, and directed staff to use these criteria in assessing Zero Waste system models and present a preferred model to Council for consideration; and

WHEREAS, in 2000 the City of Oakland disposed of 421,000 tons in landfills, and 291,000 tons in 2010, a reduction of 130,000 tons per year; and

WHEREAS, Alameda County 2008 Waste Characterization Study identifies organic material as the largest remaining recoverable material type, representing 49% of Oakland's total landfill disposal, or approximately 100,000 tons landfilled in 2010; and

WHEREAS, solid waste generated by multifamily dwellings and commercial businesses is rich in organic material that is primarily food and food-soiled paper; and

WHEREAS, diversion of organics from landfill represents the greatest opportunity for waste diversion and material recovery; and

WHEREAS, mandates on multi-family dwelling building owners and businesses to ensure recycling at their buildings and businesses are likely to be implemented by the state and/or

Alameda County in the near future, and greater access to recycling and organics collection services will be needed to comply with these mandates; and

WHEREAS, multifamily dwellings provide a significant challenge to the provision and use of recycling services because the building owner must allow the recycling containers to be placed on the property, overcome space constraints, promote the service to tenants, and address improper use; and

WHEREAS, the tenant turnover rates in multifamily dwellings requires constant renewal of public education and information on recycling programs, and

WHEREAS, other communities have used processing of mixed materials for multifamily dwellings to significantly improve waste diversion from this sector; and

WHEREAS, according to analysis of landfill tonnage data from the State and Oakland franchise tonnage reports, 26% of Oakland's total annual landfill tonnage, or 74,000 tons in 2010, is hauled by parties other than the solid waste franchisee, and consists largely of construction and demolition (C&D) debris; and

WHEREAS, the current system for C&D debris hauling pre-dates Oakland's Construction and Demolition Debris Waste Reduction and Recycling Ordinance, and allows large amounts of C&D debris to be hauled to landfills without any recycling; and

WHEREAS, independent recyclers in Oakland make a significant contribution to Oakland's waste diversion and recycling performance by providing valuable recycling collection services to Oakland businesses; and

WHEREAS, there are businesses in Oakland that generate organic by-products that are used on farms and destinations other than solid waste or composting facilities, providing environmental and community benefits; and

WHEREAS, continued voluntary efforts alone are unlikely to result in satisfactory progress toward Oakland's Zero Waste Goal; now therefore be it

RESOLVED: that the City Council adopts the Zero Waste System Design described in the report dated November 29, 2011 to be used in a Request for Proposals process, that will reduce landfill disposal to 120,000 tons per year by 2030, a reduction of 170,000 tons per year, that has these elements:

1. A single franchise for citywide garbage and organics collection services capable of maximizing diversion of organics and minimizing landfill disposal of garbage, and provides recycling services to Oakland businesses on a non-exclusive basis.
2. A single franchise for citywide residential recycling focused on maximizing recycling, particularly in the challenging multifamily sector.
3. Landfill capacity procured separately from collection and processing services to attract the broadest pool of proposers on the garbage and organics franchise, by eliminating landfill ownership as a barrier.

4. A permit system to regulate commercial recycling services to continue operation of the long-established independent recyclers, and allow the City to establish and enforce waste diversion and other performance standards.
5. A non-exclusive franchise system to regulate construction and demolition (C&D) debris hauling activities, allow the City to establish and enforce waste diversion and other performance standards, and to stimulate broader use of mixed debris processing facilities in the region.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California