



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	4/14/2020
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10403 – A Resolution Authorizing the City Manager to Execute an Agreement for the Purchase, Diversion and Processing of Commercial Recyclable Materials with Recycling Industries, Inc. and Appropriation of Funds
<b>FROM:</b>	Public Works Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

Public Works staff recommend that the City Council adopt Resolution No. 10403 – A Resolution Authorizing the City Manager to Execute an Agreement for the Purchase, Diversion and Processing of Commercial Recyclable Materials with Recycling Industries, Inc. and Appropriation of Funds.

## **BACKGROUND / ISSUE**

The Public Works Department, Solid Waste/Recycling Division (Division) currently implements a recycling program for the collection, processing and marketing of commercial recyclable materials produced by the businesses and multifamily complexes in the City of Folsom. This program is designed to meet the mandates of California's Mandatory Commercial Recycling Law (Assembly Bill 341), since its inception in 2012, as well as the Integrated Waste Management Act of 1989 (Assembly Bill 939). To accomplish this, the Division executed an agreement with WestRock CP, LLC (WestRock) in October 2015 to purchase, divert and process cardboard and mixed recyclable materials. The agreement was scheduled to expire in October 2020. However, on December 3, 2019 WestRock gave the City notice that they were going to terminate the agreement on March 1, 2020. On that same day, WestRock stopped accepting the City's commercial material at their Sacramento facility. In

order to remain in compliance with the agreement, WestRock made arrangements for a local recycler, Ming's Recycling, to accept our materials until the Division could procure another vendor.

## **POLICY / RULE**

California Government Code sections 37350 and 37351 provide that the City may dispose of personal property as it chooses for the common benefit.

## **ANALYSIS**

On December 20, 2019 the Division released Request for Proposals SW 19/20-001 (RFP) for the purchase, diversion and processing of the City's commercial recyclable materials. Six RFP's were requested by and provided to local recyclers. Two amendments to the RFP were issued to all those that requested the RFP. Two proposals were received by the submittal deadline on January 10, 2020. One proposal was from Cal Waste Recovery Systems (the City's current processor of residential recycling) and one proposal was from Recycling Industries, Inc.

The Division convened a committee to review and score the proposals based on criteria identified in the RFP. Proposals were ranked on the following weighted scoring criteria: operating experience (10%), facility/permitting requirements (10%), proximity to processing or transfer facility to the City's centroid (10%), pricing proposed processing fee and percent revenue to City (50%), and other factors (exceptions to contract terms, proposal conditions and references 20%). The proposals were reviewed and scored accordingly with a total possible score of 900 points. Based on the results, Recycling Industries is being recommended for selection.

## **FINANCIAL IMPACT**

Like the City's residential recycling processing contract, this processing contract will significantly increase the cost to the City to manage its commercial recycling stream. In the past, the revenue generated from the sale of the recycled materials had exceeded the expenses associated with the contract for the processing of the material. Declines in the value of the recycling commodities sold, coupled with increased processing costs in order to reduce contamination have completely eliminated all revenue previously received for the City's recyclables.

Based on historic levels of the City's commercial recycling stream, the expenses for this program were approximately \$100,000 while the revenue generated was approximately \$300,000. This resulted in an annual net revenue of approximately \$200,000. Based on the current market value of the material, the projected annual revenue will be approximately \$230,000 and the expenses will be approximately \$290,000 resulting in a net cost of approximately \$60,000. Therefore, expenses related to this contract will require an additional appropriation of \$72,500 in the Solid Waste Fund (Fund 540) for the remainder of FY 2019-

2020. For the additional expense and additional revenue of \$57,500 with the remainder to be appropriated to fund balance.

**ENVIRONMENTAL REVIEW**

This Project is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) (Review for Exemption) of the CEQA Guidelines.

**ATTACHMENTS**

Public Works staff recommends that the City Council adopt Resolution No. 10403 – A Resolution Authorizing the City Manager to Execute an Agreement for the Purchase, Diversion and Processing of Commercial Recyclable Materials with Recycling Industries, Inc. and Appropriation of Funds.

Submitted,



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Dave Nugen, Public Works Director

**RESOLUTION NO. 10403**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT FOR THE PURCHASE, DIVERSION AND PROCESSING OF COMMERCIAL RECYCLABLE MATERIALS WITH RECYCLING INDUSTRIES, INC. AND APPROPRIATION OF FUNDS**

**WHEREAS**, the City is striving to meet the requirements defined under AB 939 (1989) and the City's Solid Waste Management Plan which set forth the need to divert the City's recyclable materials from the landfills; and

**WHEREAS**, the City of Folsom is also required to comply with the requirements of the Mandatory Commercial Recycling law, AB 341 and provide recycling services to its businesses and multifamily complexes; and

**WHEREAS**, the City of Folsom seeks to maintain established solid waste and recycling programs to protect the community and environment; and

**WHEREAS**, the City of Folsom seeks to establish cost-effective and efficient solid waste and recycling programs; and

**WHEREAS**, California Government Code sections 37350 and 37351 provide that the City may dispose of personal property (recyclable materials) as it chooses for the common benefit; and

**WHEREAS**, the City conducted competitive bidding for the purchase, diversion and processing of its commercial recyclable materials stream; and

**WHEREAS**, Request for Proposals SW 19/20-001 was issued on December 20, 2019 and the City received proposals from Cal Waste Recovery Systems, LLC and Recycling Industries, Inc.; and

**WHEREAS**, the proposals were scored by qualified staff and Recycling Industries received the highest score on its proposal; and

**WHEREAS**, the additional expense for the remainder of fiscal year 2019-20 will be \$72,500, which will require an additional appropriation in the Solid Waste Operation Fund (Fund 540):

**WHEREAS**, the agreement will be in a form acceptable to the City Attorney; and

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom authorizes the City Manager to execute an agreement for the purchase, diversion, and processing of commercial recyclable materials with Recycling Industries, Inc.; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the Finance Director is authorized to appropriate an additional expense in the amount of \$72,500 and revenue in the amount of \$57,500 with the remaining \$15,000 appropriation from fund balance in the Solid Waste Operating Fund (Fund 520).

**PASSED AND ADOPTED** this 14th day of April, 2020, by the following roll-call vote:

**AYES:** Council Member(s):  
**NOES:** Council Member(s):  
**ABSENT:** Council Member(s):  
**ABSTAIN:** Council Member(s):

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Sarah Aquino, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

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