

<p>Item 7 File 11-1201</p>	<p>Departments: Department of the Environment (DOE) Office of Contract Administration (OCA)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the Second Amendment to the Refuse Collection Agreement between the City and Recology San Francisco, Recology Golden Gate and Recology Sunset Scavenger to increase the total not-to-exceed amount of the Agreement by \$5,800,000 from \$23,537,527 to \$29,337,527 for the period from April 1, 2007 through June 30, 2012. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • On March 21, 2007, the Board of Supervisors waived a competitive solicitation process, and approved a sole source not-to-exceed \$23,037,527 Memorandum of Understanding (MOU) between the City and Recology to provide refuse collection and recycling services for City departments (Resolution No. 147-07) for the period from April 1, 2007 through June 30, 2011, which included two additional one-year options to extend, or through June 30, 2013, at the sole discretion of the Purchaser, after notification to the Board of Supervisors. • Under the proposed amended agreement, Recology would waive their right to a cost of living increase during this first option year from July 1, 2011 through June 30, 2012. • As of the writing of this report, the Budget and Legislative Analyst had not received complete responses regarding the (a) actual rates paid by individual City departments, including the associated discounts, and (b) rationale for requesting the entire \$29,337,527. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Continue the proposed resolution pending receipt of additional information submitted to the Budget and Legislative Analyst’s Office. 	

MANDATE STATEMENT AND BACKGROUND

Mandate Statement

In accordance with City Charter Section 9.118(b), any contract or agreement (in this case a MOU) that has a term in excess of ten years, or exceeds \$10,000,000 in anticipated expenditures, or the modification of such agreement exceeds \$500,000, is subject to Board of Supervisors approval.

Background

On March 21, 2007, the Board of Supervisors waived a competitive solicitation process, and approved a sole source not-to-exceed \$23,037,527 Memorandum of Understanding (MOU) between the City and County of San Francisco, through the Office of Contract Administration, and Sunset Scavenger Company, Golden Gate Disposal & Recycling Company and SF Recycling & Disposal Company, Inc., now known as Recology,¹ to provide refuse collection and recycling services for departments of the City and County of San Francisco (City) (Resolution No. 147-07)². Under the existing MOU, Recology is required to consolidate, collect, and transport all refuse generated by City departments on a specified schedule.

The initial four-year and three-month MOU was for the period from April 1, 2007 through June 30, 2011, and included two additional one-year options to extend, or through June 30, 2013, at the sole discretion of the Purchaser. Under the existing MOU, if the Purchaser exercises these options, the Purchaser is required to notify the Board of Supervisors of such extension of the MOU.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Second Amendment to the Refuse Collection Agreement between the City and Recology San Francisco, Recology Golden Gate and Recology Sunset Scavenger (Recology) to increase the total not-to-exceed amount of the Agreement by \$5,800,000 from \$23,537,527 to \$29,337,527 for the period from April 1, 2007 through June 30, 2012. Under the proposed amended agreement, Recology would waive their right to a cost of living increase during this first option year from July 1, 2011 through June 30, 2012.

¹ When this initial MOU was approved in 2007, Sunset Scavenger Company, Golden Gate Disposal & Recycling Company and SF Recycling & Disposal Company, Inc. were subsidiaries of Norcal Solid Waste Systems. On April 27, 2009, Norcal Waste Systems formally changed its name to Recology Inc, such that Recology's three new subsidiaries under contract with the City, through the existing MOU are (a) Recology Sunset Scavenger, (b) Recology Golden Gate, and (c) Recology San Francisco.

² Prior to 2007, the City did not have a written MOU with any provider for refuse collection services for City departments. Rather, the City's Rate Board negotiated directly with Norcal for refuse collection services during the rate setting process for approving residential rates in the City and then the Purchaser entered into a series of annual purchase orders with Norcal to secure such services.

As of the writing of this report, the Budget and Legislative Analyst had not received complete responses regarding the (a) actual rates paid by individual City departments, including the associated discounts, and (b) rationale for requesting the entire \$29,337,527.

RECOMMENDATION

Continue the proposed resolution pending receipt of additional information submitted to the Budget and Legislative Analyst's Office.