



**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

Refuse Collection & Disposal Services

Contract 1000034862 / TC83151

File 241142

Office of Contract Administration

Board of Supervisors' Budget & Finance Committee

December 4, 2024

Refuse Services Contract History

- Since 2004, City has held a consolidated contract for City government facility refuse collection and disposal services
- November 2020: new long-term contract presented to Board but no action taken
- OCA entered into interim contract
 - **Original NTE:** \$5.6M
 - **Amendment 1 NTE:** \$9.9M
 - **Duration :** December 1, 2020 – November 30, 2021
- Five contract amendments subsequently approved by Board
 - **Amendment 2 (Nov. 2021):** extended through June 30, 2022
 - **Amendment 3 (June 2022):** extended through June 30, 2024 to allow time for competitive solicitation
 - **Amendment 4 (June 2023):** adjustment of rates, as authorized by Board in June 2022
 - **Amendment 5 (May 2024):** extended through October 31, 2024 to allow time to negotiate new contract
 - **Amendment 6 (Oct. 2024):** extended through December 31, 2024 to allow for conclusion of negotiations

Solicitation for New Contract

- **June 2022:** Issued solicitation for new contract. Two firms submit proposals:
 - Allied Waste Services of North America, LLC
 - Recology
- **January 2023:** Completed evaluation, issued Notice of Intent to Award to Allied Waste Services
- **February 2023 – February 2024:** Conducted CEQA process
- **February 2024:** Submitted new contract to BOS for approval
- **March 2024:** Allied Waste Services withdrew proposal following BOS Budget & Finance Committee meeting
- **March 2024:** City terminated negotiations with Allied Waste Services; negotiations with Recology commenced
- **December 2024:** Current contract with Recology ends

Proposed Contract: Overview of Major Provisions

- **Duration:** 7 years + option to extend up to 10 years
- **NTE:** \$119,000,000
 - Total for 7-year initial duration + 3-year extension
 - Based on representative month of utilization
 - Includes 20% contingency
- **Scope:**
 - Refuse collection service for all City departments comprising 380+ locations
 - Ancillary service (cardboard & pallet pickup; access, key, elevation, distance charges; bulky item pickup)
 - Lease and purchase of compactors
 - Contamination and overages requirements
 - Zero Waste Program requirements

Proposed Contract: Overview of Major Provisions

▪ Rates:

- **Uniform Collection Rates**: same rates applied for trash, recyclables, compost based on bin size and frequency of service
- **Ancillary Rates**: for cardboard & pallet pickup; access, key, elevation, distance fees; bulky item pickup
- **Equipment Rates**: for compactor leases and purchases
- **Contamination Charges**: for repeated mixing of materials in specified bins (e.g. recyclables in trash bin)
- **Volumetric “Recovery” Discount**: applied to Collection Location’s total monthly bill based on % of collected recyclable and compostable material vs. total collected, less an *“Adjustment Factor”* to cover contractor costs
- **Price Adjustments**: annual rate adjustment based on % change in WST (Water Sewer Trash) Index

Proposed Contract: Overview of Major Provisions

■ Recovery Discount Incentive Program

- New in this contract is a “Recovery Discount Incentive Program,” as proposed by Recology in its proposal
- Designed to support the City in meeting its Climate Action goals by the end of the seventh year of the contract; starts in Year 3
- Requires City as a whole to meet **two thresholds** each year to receive maximum possible Recovery Discount:
 - 1) Reduction in total subscribed monthly trash bin volume by **1,000 cubic yards**
 - 2) Reduction in total subscribed monthly bin volume for all three streams by **2%**
- If City does not fully meet these thresholds, the Recovery Discount will be adjusted in proportion to the reductions achieved
- Maximum achievable Recovery Discount could vary from year to year

Proposed Contract: Overview of Major Provisions

■ Contamination Charges & Notification Procedures

- New contract clarifies contractor's notification requirements and charges to be assessed for bin contamination
- Contamination is defined by specific thresholds for each bin
- Three possible charges, assessed progressively
 - 1) **Per Occurrence Charge**: assessed for each instance of contamination of a bin that occurs a minimum of 14 days following warning notifications
 - 2) **50% Recurring Charge**: monthly charge assessed for contamination that occurs a minimum of 30 days following a subsequent notification
 - 3) **100% Recurring Charge**: monthly charge assessed for contamination that occurs a minimum of 60 days following a subsequent notification
- Designed to ensure departments correctly separate material for maximum recovery

Projected Expenditures

	Annual
Collection + Ancillary Charges	\$7,530,469
Compactor Lease	\$168,901
Overage	\$27,367
Contamination	<i>unknown</i>
PROJECTED EXPENDITURES	\$7,726,737
SUBTOTAL 7-Year PROJECTED EXPENDITURES	\$64,985,383
20% contingency	\$12,997,077
7-year CONTRACT NTE	\$77,982,460
TOTAL 10-year CONTRACT NTE	\$118,387,698

Performance Measures

- **Response time to service issues and complaints by City**
- **Service Levels:**
 - *Number / percent of missed collections*
 - *Response to on-call, emergency, and holiday service requests*
- **Compliance with:**
 - *Audit, inspection, and route review requirements per Env. Code Ch. 19 and SB 1383*
 - *General reporting requirements*
 - *Contamination notification procedures and charges*
- **Billing:**
 - *Number / percent of bills with errors*
 - *Timely resolution of billing errors*

Performance Measures

■ Zero Waste:

Citywide goals

- *Reduce generation by 15% by 2030 and*
- *Reduce disposal to landfill by 50% by 2030*

City Government Goals

- *Improve of existing zero waste programs at City Departments*
- *Increase city agency recovery by 5% in the first year of the contract*

Thank You