



**DATE:** February 5, 2024  
**TO:** Angela Calvillo, Clerk of the Board  
**FROM:** Sailaja Kurella, Director of Office of Contract Administration and Purchasing SK  
**SUBJECT:** Resolution to approve Contract 1000032083 – Refuse Collection and Disposal Services

Enclosed please find the resolution authorizing execution of Contract 1000032083 (Term Contract 83151) with Allied Waste Services of North America, LLC (Allied Waste Services) for collection and disposal of refuse generated at City and County of San Francisco (City) facilities. The proposed contract is for an initial contract duration of seven years, commencing on April 1, 2024, and ending on March 30, 2031, with an option to extend for three additional years through March 30, 2034, for a total contract duration of 10 years, and with a total not-to-exceed contract amount of \$119,000,000 for the full 10-year duration.

The contract was competitively procured pursuant to Administrative Code Chapter 21.1, through a Request for Proposals (RFP) issued by the Office of Contract Administration (OCA) on June 30, 2022 (Sourcing Event 0000006945). The solicitation resulted in the conditional award of the contract to Allied Waste Services as the highest ranked proposer.

### **Solicitation Process for New Citywide Refuse Collection and Disposal Services Contract**

The City's Refuse Ordinance, which defines how waste must be disposed by residents, business, and institutions in San Francisco, and authorizes only licensed refuse collectors to transport waste through San Francisco among other things, does not prohibit the City from competitively soliciting for refuse collection services at City government facilities. As such, OCA and the Department of Environment (ENV) collectively developed a solicitation for the City's new refuse collection and disposal contract. OCA issued the RFP in June 2022. Two firms submitted proposals, and the evaluation resulted in Allied Waste Services as the highest-ranked proposer. OCA issued a Notice of Intent to Award on January 11, 2023. No protests contesting the results of the solicitation were received.

### CEQA Environmental Review

The issuance of a new refuse collection and disposal contract for City facilities is deemed a "project" under the California Environmental Quality Act (CEQA). Following completion of the solicitation, the City, as the Lead Agency, undertook a CEQA environmental review of the project. The Department of City Planning expects to publish the CEQA analysis on February 6, 2024, having prepared an addendum finding the project will not result in new or more severe significant impacts than those evaluated and disclosed in the environmental documents for the disposal and processing facilities to be used under the project. The full results of the CEQA analysis, once published, can be found here: <https://sfplanning.org/environmental-review-documents>.

### Vehicle Permitting

Prior to the start of service, Allied Waste Services is required to obtain permits from the Department of Public Health (DPH) for the refuse collection vehicles it will operate in the city, pursuant to Health Code Article 12 Section 714. Allied Waste Services submitted a vehicle permit application to DPH on November 17, 2023. On



January 10, 2024, DPH issued a Conditional Permit to Allied Waste Services. DPH's issuance of a final Permit to Operate Refuse Collection Trucks to Allied Waste Services is contingent upon several conditions, including authorization by the Board of Supervisors to enter into this contract and compliance with CEQA.

### **Proposed Contract**

The proposed contract will provide for collection and disposal services for the trash, compostable material, and recyclable material generated at over 380 City facilities. In addition to basic refuse collection service, the contract includes ancillary items and services, including leasing and purchase of compactors, and incorporates specific requirements for management of bin overages (bin overfilling) and contamination (mixing of waste streams in bins).

The rates under the new agreement are based on uniform rates for the three disposal streams: recyclable material, compostable material, and trash. Similar to the City's current contract for refuse services, the new contract includes a discount off the base collection rates (the "recovery discount"), based on the volume of recovered recyclable and compostable materials collected at each collection location. This rate structure ensures alignment with the City's Zero Waste program, overseen by the Department of Environment, by incentivizing greater diversion of waste generated at City facilities.

Should the new contract be approved by the Board of Supervisors, Allied Waste Services will work with the Department of Environment on the transition plan for all City facilities. Actual, refuse collection services will begin no later than July 1, 2024.

### **Projected Expenditures**

Expenditures on the proposed contract are estimated to be \$79.4 million for the initial 7-year duration, and \$119 million for the full 10-year duration. This estimate is based on the proposed rates and current City service levels. It assumes a 3.02 percent annual escalation (though the actual annual rate adjustment, based on the Consumer Price Index, may differ), and includes a 15 percent contingency to account for new collection locations, increased collection frequency, and future rate increases that may exceed 3 percent.

### **Recommendation**

This contract is essential for ensuring the City's substantial refuse collection needs are met. To ensure continuity of this critical service, OCA recommends approval of the proposed agreement with Allied Waste Services of North America, LLC (Contract 1000032083) with an initial 7-year contract duration and an option to extend up to three additional years, and with a total not-to-exceed contract value commensurate with expected usage.

Should you have any questions or require additional information, please contact Gloria Yuen, OCA Senior Purchaser, at 415-554-6258.

**City and County of San Francisco**  
London N. Breed, Mayor



**Office of the City Administrator**  
Carmen Chu, City Administrator  
Sailaja Kurella, Director  
Office of Contract Administration/Purchasing

**Enclosures:**

1. Contract 1000032083 (Allied Waste Services of North America, LLC)
2. Resolution - Contract 1000032083 (Allied Waste Services of North America, LLC)
3. SFEC Form 126(f)2 - Contract 1000032083 (Allied Waste Services of North America, LLC)
4. SFEC Form 126(f)4 - Contract 1000032083 (Allied Waste Services of North America, LLC)