



London N. Breed
Mayor

Sailaja Kurella
Acting Director and Purchaser

Term Contract #83150: Refuse Collection Services

Background

The City provides a citywide contract for departments to use for refuse disposal in order to secure a consistent and discounted price compared to departments establishing individual refuse disposal accounts. Refuse disposal under the contract adheres to the City's Zero Waste goals of diverting material from landfill and ensuring City properties have recycling and composting services available. The current \$48 million contract is with Recology and expires on November 30, 2020. Recology is the sole provider of refuse disposal services in San Francisco.

Structure of the Existing Contract

The existing contract establishes a discounted rate to the City based on the established commercial rates, along with a Monthly Service Fee Cap that discourages site-specific diversion. Current rates are established through a voter-approved measure and set through a public process.

After the Office of Contract Administration enters into the Term Contract, individual departments utilize it at specific disposal sites by issuing purchase orders based on their needs. This provides flexibility as the operating locations and refuse disposal needs of City departments change. The funding for these payments is appropriated in departmental operating budgets. The contract's not-to-exceed amount serves as a maximum, not the total that the City is obligated to spend.

Proposed New Contract

The Department of the Environment and Office of Contract Administration propose a new six-year Agreement with a not-to-exceed amount of \$62.5 million. The new Agreement is authorized under the sole source authority in Administrative Code Chapter 21 because Recology is the only entity able to provide comprehensive refuse collection and processing to the City and County of San Francisco and meet the City's Zero Waste standards.

Removal of the Monthly Service Fee Cap and Addition of Composting Credit

To better meet the environmental goals of the City, the proposed contract eliminates the Monthly Service Fee Cap and adds a Composting Credit to incentivize waste diversion. This will strengthen the ability of the City to meet Zero Waste goals.

Rate and Budget Adjustments

Rates are adjusted at the start of each fiscal year per a cost-of-living adjustment (COLA). Departments may determine their annual budgets for refuse collection based on historical diversion by location, expected increases (or decreases) in diversion, and the anticipated COLA. Since the proposed contract not-to-exceed amount is calculated using existing diversion rates, costs should remain steady or decline.

Extension

The Agreement provides an option for the City and County of San Francisco to extend for four years after 2026.

For additional information, please contact Ian Fernando (ian.fernando@sfgov.org, 415-554-6751) or Stacey Lo (stacey.lo@sfgov.org, 415-554-6732).