



Date: September 6, 2024
To: Angela Calvillo, Clerk of the Board
From: Sailaja Kurella, Director of Office of Contract Administration (OCA) and Purchaser
Subject: **Resolution to approve sixth amendment to Contract 100020021 (Term Contract 83150) – Refuse Collection Services with Recology**

The Office of Contract Administration (OCA) respectfully requests approval from the Board of Supervisors (BOS) for a sixth amendment to Contract 100020021 (OCA Term Contract 83150) with Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and Recology San Francisco (collectively, "Recology"), increasing the contract amount by \$1,500,000 for a total not-to-exceed amount of \$45,300,000; and to extend the term by two (2) months, to December 31, 2024, for a total contract duration of three (4) years and 1 month. The proposed resolution authorizing this amendment is enclosed.

City's Contract with Recology

Since 2004, the City has entered into exclusive "sole source" contracts with Recology for the collection of refuse from City facilities. Term Contract 83150, the current refuse collection agreement, was similarly entered into under City Administrative Code Chapter 21 sole source authority in December 2020. The original \$5.6 million, seven-month agreement, from December 1, 2020 to June 30, 2021. The contract has been amended five times to date. A summary of all amendments to date is provided below:

- Amendment 1: Dated June 29, 2021, extended the contract end date to November 30, 2021 and increased the contract not to exceed amount to \$9,900,000.
- Amendment 2: Dated November 5, 2021, extended the contract end date to June 30, 2022 and increased the contract not to exceed amount to \$15,622,000. The amendment was approved by the Board of Supervisors under Resolution No. 532-21 on November 16, 2021.
- Amendment 3: Dated July 1, 2022, extended the contract end date to June 30, 2024 and increased the contract not to exceed amount to \$39,600,000. The amendment was approved by the Board of Supervisors under Resolution No. 312-22 on July 12, 2022.
- Amendment 4: Dated June 20, 2023, adjusted the pricing for the time period July 1, 2023 to June 30, 2024. Because this amendment did not increase the contract not to exceed amount of the previously Board approved contract NTE, the amendment did not require Board approval.
- Amendment 5: Dated April 8, 2024, extended the contract end date to October 31, 2024 and increased the contract not to exceed amount to \$43,800,000. The amendment was approved by the Board of Supervisors under Resolution No. 278-24 on May 14, 2024.

Solicitation Process for New Citywide Refuse Collection 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 of North America, LLC (Allied Waste Services) as the highest-ranked proposer. OCA issued a Notice of Intent to Award to Allied Waste Services on January 11, 2023.

In February 2024, upon conclusion of the required environmental review process for the contract pursuant to California Environmental Quality Act (CEQA), OCA brought forward to the BOS the proposed new seven-year contract with Allied Waste Services, with services to commence July 1, 2024. However, Allied Waste Services withdrew its proposal on March 8, 2024, prior to action by the BOS.

Proposed Amendment

OCA terminated negotiations with Allied Waste Services for the new Citywide refuse collection and disposal contract, and commenced negotiations with Recology, the second highest-ranking proposer to the City's solicitation. OCA is currently still in negotiations with Recology and so seeks to extend the current contract with Recology to ensure there is no lapse in service should negotiations or final contract approval extend beyond the current contract end date of October 31, 2024.

Under the proposed amendment, the City and Recology have agreed to a 3.77% price adjustment based on the U.S. Department of Labor's Consumer Price Index for San Francisco-Oakland-Hayward, CA for the full duration of the two-month contract extension. The City will continue to receive a discount off the base rates based on the volume of recycling and compostable materials collected. The proposed amendment not-to-exceed contract value is based on average monthly expenditures on the contract to-date, plus a 15% contingency to account for potential increases in service levels or addition of new locations.

Recommendation

This contract is critical for the City. Every City department utilizes this contract for their refuse collection needs, allowing for streamlined and efficient provision of services under common contractual requirements and rates. To ensure continuity of this essential service, OCA recommends extending the current refuse collection agreement with Recology (Contract 1000020021) to December 31, 2024, increasing the 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 628-652-1635.

Enclosures:

- Resolution for Sixth Amendment (Contract 1000020021, TC 83150)
- S.F. Ethics Commission form 126f4, Notification of Contract Approval (Contract 1000020021, TC 83150)
- Refuse Collection Services Agreement – Original Agreement (Contract 1000020021, TC 83150)
- Refuse Collection Services Agreement – First Amendment (Contract 1000020021, TC 83150)
- Refuse Collection Services Agreement – Second Amendment (Contract 1000020021, TC 83150)
- Refuse Collection Services Agreement – Third Amendment (Contract 1000020021, TC 83150)
- Refuse Collection Services Agreement – Fourth Amendment (Contract 1000020021, TC 83150)
- Refuse Collection Services Agreement – Fifth Amendment (Contract 1000020021, TC 83150)
- Refuse Collection Services Agreement – DRAFT Sixth Amendment (Contract 1000020021, TC 83150)
- Approved Resolution File No. 21-1083 for TC83150 (Contract 1000020021, TC 83150)
- Approved Resolution File No. 22-0422 for TC83150 (Contract 1000020021, TC 83150)
- Approved Resolution File No. 24-0365 for TC83150 (Contract 1000020021, TC 83150)