

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL CORRESPONDENCE
ENVIRONMENTAL SERVICES DEPARTMENT**

ITEM NO. **73**

TO: Mayor and City Council

FROM: Daniel V. Cárdenas, Director of Environmental Services

THROUGH: Terry M. Brechtel, City Manager

COPIES: Melissa Byrne Vossmer, Assistant City Manager; Andrew Martin, City Attorney; Peter Zaroni, Acting Director of Management and Budget; Ramiro Cavazos, Director of Economic Development; Rebecca Waldman, Director of Asset Management; File

SUBJECT: Curbside Recycling Processor Contract; Allied Vista , Inc., doing business locally as Vista Fibers of San Antonio, LTD, under Allied Vista General Partner Limited Liability Company.

DATE: June 24, 2004

SUMMARY AND RECOMMENDATIONS

This ordinance accepts the proposal and authorizes the City Manager, or her designee, to execute a seven-year contract with Allied Vista, Inc., doing business locally as Vista Fibers of San Antonio, LTD, under Allied Vista General Partner Limited Liability Company (Vista Fibers) to process the recyclable materials, utilizing a single stream processing method, for items collected from the City's curbside recycling program for the period of August 1, 2004 to July 31, 2011 and authorizes up to three (3) one (1) year extensions upon the approval of City Council.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

The City began implementation of the curbside recycling program in 1993, with once per week collection. Recycling collection is available to all San Antonio residential solid waste ratepayers; however, participation is voluntary. Approximately 24,000 tons of recyclable material is collected annually and includes newsprint/paper; plastics #1 and #2 (such as plastic milk and juice containers, water bottles, and cleaning supply bottles); steel, aluminum, tin and aerosol cans; and glass bottles and jars (green, amber, and clear).

The direct service cost to collect the recyclable materials from the curb is approximately \$2.8 million per year. The FY 04 estimated net revenue from the curbside recycling program is \$600,000.00. Under the current contract, paper is the only revenue generator and represents 65% of the total weight in the recycling stream. With the current contract, all other recyclable items are processed at a cost to the City; however, by recycling, the City preserves 24,000 tons per year

of landfill space, saving almost one out of every ten years of landfill space consumed. If these 24,000 tons of material were not sold as recyclables, and were taken to area landfills at the City's average landfill rate of \$18.88 per ton for disposal instead, it would cost \$453,120.00 to dispose of these materials.

Currently, the City utilizes a dual stream (or two sort) recycling process. The recyclable materials are collected from the curb, sorted by the recycling driver into two separate truck compartments (one for paper, and one for plastics, glass and cans) and taken to the current processing contractor, Abitibi Consolidated. This collection process is known as "dual stream" recycling.

At the processing center, the recycling truck off-loads in two areas of the facility. The paper is unloaded in one area of the facility, and all of the other co-mingled materials (plastics, glass, cans) are unloaded in another separate area. The paper and co-mingled materials are then separated by machines and by hand at the processing facility.

All separated materials are then baled for shipment and transported, by truck or rail, to companies that further process the baled recyclables into raw materials for market. The recycled raw materials are then marketed to manufacturers for use as a substitute for virgin materials in their manufactured products.

The current contract provides for "dual stream" processing and is set to expire on July 31, 2004. With this opportunity, staff established several goals for this new recycling processor contract in developing the Request for Proposal. The goals were: 1.) to increase the financial benefit to the City; 2.) to provide for a longer contract term to lower processing fees; 3.) to include an option for "single stream" curbside collection to increase route collection efficiencies; 4.) to provide an opportunity to expand the types of materials collected, if economically feasible; and 5.) to increase community recycling education.

The request for proposals provided for a scope of services to include the performance of all tasks related to processing recycled materials for both dual stream and single stream recycling. These tasks are receiving, sorting, processing, storing, marketing, selling and transporting the material, and disposing of any residuals/contaminants. Additionally, a community education program focused on recycling was requested.

Proposals were received on April 26, 2004 from Abitibi Consolidated, Browning Ferris Industries (BFI), Vista Fibers and Waste Resources. The evaluation team consisted of representatives from the City Manager's Office, Environmental Services, Public Works, Asset Management, Finance, Purchasing and General Services, Economic Development and the Office of Management and Budget. The evaluation team reviewed the proposals and determined that the proposal from Waste Resources was non-responsive due to a lack of mandatory pricing information.

Factors used to evaluate and select the contractor included the company's responsiveness to the proposal, operational plan, background and capability, and the pricing schedule. The rating of each company was based on a total of 100 points, 5 points for responsiveness to the request for

proposals, 20 points for the operation plan, 20 points for background and capability, 35 points for the pricing schedule, and 20 points for Small Business Economic Development Advocacy (SBEDA) compliance. The rating matrix indicating the scores for Abitibi Consolidated, BFI and Vista Fibers is attached.

POLICY ANALYSIS

Approval of this ordinance is consistent with City Council policy to provide curbside collection of recyclable materials to San Antonio ratepayers in a continuing effort to conserve landfill space, to protect the environment, and to promote the reuse of recyclable materials. The City provides extensive community outreach programs, holding 216 events per year, partially funded with grants from the Alamo Area Council of Governments (AACOG). This year, AACOG provided approximately \$116,000.00 in funding toward recycling education. The tonnage diverted from the area landfills as a result of the community outreach programs is approximately 24,000 tons per year.

FISCAL IMPACT

A longer term contract is financially beneficial to the City as it allows the contractor to recoup the large capital investment involved in purchasing technologically advanced recycling equipment required for processing single stream materials. This results in a lower overall processing fee for the length of the contract, and allows the City to collect recyclables with the more efficient single stream method for operational savings of approximately \$521,000.00 per year.

Market prices for recyclable materials are similar to commodity markets and are subject to daily fluctuations. The pricing schedules submitted contain a maximum price (percent of market price) and a minimum price (floor price) to be received by the City. A financially conservative (25% - 75%) approach was used to establish the value of the contract, whereby 25% of the time the City would receive the maximum price and 75% of the time the City would receive the minimum price. From this approach, the contract is anticipated to generate approximate annual net revenue of \$960,000.00; this includes revenues for recyclable materials previously excluded from the pricing schedule, such as plastics and metals.

Current Annual Net Revenues	\$600,000.00
New Anticipated Annual Net Revenues	<u>\$960,000.00</u>
Potential Revenue Increase from Single Stream Recycling	<u>\$360,000.00</u>

COORDINATION

This Ordinance has been coordinated with the Asset Management Department, Economic Development Department, the Office of Management and Budget, Finance Department, Public Works Department, Purchasing and General Services Department and the City Attorney's Office.

SUPPLEMENTARY COMMENTS

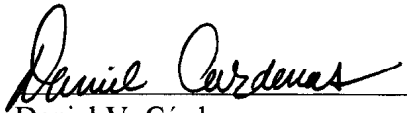
The Financial Disclosure form for Allied Vista , Inc., doing business locally as Vista Fibers of San Antonio, LTD, is attached as required by the Ethics Ordinance.

ATTACHMENTS

Scoring Matrix

Cost Analysis Matrix

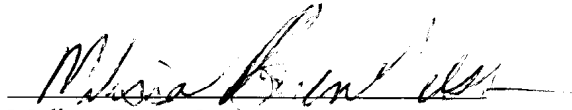
Financial Disclosure Form



Daniel V. Cárdenas

Director

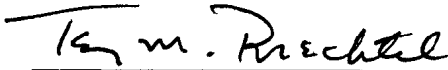
Environmental Services Department



Melissa Byrne Vossmer

Assistant City Manager

Approved



Terry M. Brechtel

City Manager

Scoring Matrix

Criteria	Abitibi	BFI	Vista Fibers
Responsiveness to RFP (5 Max)	4.00	3.81	3.88
Operational Plan (20 Max)	17.13	14.75	16.75
Background & Capability (20 Max)	17.75	17.25	17.88
Pricing Schedule (35 Max)	33.13	0.00 a	35.00
Local Business Enterprise (10 Max)	6.00	6.00	6.00
Disadvantaged Business Enterprise (5 Max)	1.25	0.00	1.25
Compliance w/ SBEDA Policy (5 Max)	1.00	1.00	2.00
TOTAL SCORE	80.26	42.81	82.75

A. BFI offered a negative amount of revenue resulting in a zero score

D. DISCRETIONARY CONTRACTS DISCLOSURE

ATTACHMENT C

City of San Antonio

Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the CITY in the enforcement of provisions contained in the CITY Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the CITY is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

Not Applicable

(2) the identity of any business entity¹ that would be a party to the discretionary contract:

Vista Fibers of San Antonio, LTD

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract:

YS Personnel

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

Allied Vista Inc.

Vista Fibers G P, LLC

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

Not Applicable

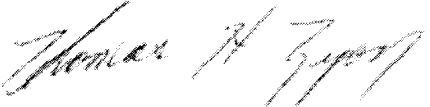
Political Contributions

Any individual or business entity seeking a discretionary contract from the CITY must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of CITY Council, any candidate for CITY Council, or to any political action committee that contributes to CITY Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
Not Applicable		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the CITY shall disclose any known facts which, reasonably understood, raise a question² as to whether any CITY official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: Thomas H. Lyon 	Title: President & C.E.O. Company: Allied Vista Inc. Allied Vista G P, LLC Vista Fibers of San Antonio, LTD	Date: April 21, 2004

COSA Form 1050-33-2, Discretionary Contracts Disclosure, 09/12/02

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.