



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: 6/4/2019
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, P.E., Director, (805) 568-3010
Director(s)
Contact Info: Leslie Wells., Deputy Director, (805) 882-3605

SUBJECT: Board Contract with Gold Coast Recycling, Inc. to Process Commingled Recyclables - First, Second, and Third Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the chair to execute the Agreement with Gold Coast Recycling (a subsidiary of EJ Harrison & Sons) to process commingled recyclables collected and delivered by the County to Gold Coast's recycling facility in Ventura for the Fiscal Year 19/20 ending on June 30, 2020, not to exceed \$1,500,000; and
- b) Find the proposed Agreement to the contract does not constitute a "Project" within the meaning of the California Environmental Quality Act, pursuant to 14 CCR 15378 (b)(5) (administrative activity of government).

Summary Text:

This item is on the agenda in order to contract with Gold Coast Recycling, Inc. to process commingled recyclables for Fiscal Year 19/20. For over two decades, Gold Coast Recycling (a subsidiary of EJ Harrison & Sons of Ventura, California) has performed the processing of commingled recyclables for the South Coast of Santa Barbara County. In the past two years, the market for commingled recyclables has become more volatile due to new policies enacted in China that reduce imported recyclables. As a result, the value of some commingled recyclables has decreased and the costs to process them has

increased. During Fiscal Year 18/19, Gold Coast was issued a contract not to exceed \$1.4 million after a competitive request for proposal (RFP) process conducted in coordination with staff representing the affected cities of Goleta and Santa Barbara. After review of responses to the RFP, Gold Coast was determined by staff from all affected jurisdictions to be the least expensive and most environmentally sound option for our ratepayers at that time. The contract before your Board today has the same terms as last year's contract with a total not to exceed limit of \$1.5 million, which is a 7% increase, due to rising operational costs and decreasing values for some recyclables.

Background:

Gold Coast has been processing commingled recyclables for Santa Barbara County since 1998. The commingled recyclables are collected from residents and some businesses in the cities of Santa Barbara, Goleta and South Coast unincorporated areas, processed into specific commodity types, and sold to a variety of markets for recycling. The original agreement established in 1998 was a net cost per ton to the County due to the low value of recyclables. In 1999, the agreement became a source of revenue to the County and its regional partners, as the value of the recycled commodities rose above the cost of processing. In the fall of 2017, commodities prices dropped and processing costs increased as China enacted policies related to greater enforcement on the importation of contaminated recyclables which caused the agreement with Gold Coast to change from being a net revenue generator to a net cost.

Last year, County staff developed an RFP to ensure that the ratepayers were given a competitive rate. County staff visited other regional recyclables processors and ultimately released the RFP to three local processors. Of those three, two responded and Gold Coast was determined to represent the best value and most environmentally sustainable option. Currently, up to 22,000 tons per year of commingled recyclables are collected in the South Coast region and delivered by the County to Gold Coast for processing and marketing. Over 80% of this material is recycled and diverted from the County-owned Tajiguas Landfill.

The attached contract will expire June 30, 2020 and contains the same terms as last year's contract, with a 7% increase in the not-to-exceed budget of \$1.5 million. Public Works staff continues to research all available options for recycling and will return in the spring of 2020 with recommendations and an update on the state of recycling for the next fiscal year.

The processing of recyclables for the unincorporated communities outside of the South Coast of Santa Barbara County, such as those contained within the Santa Ynez Valley, the Lompoc Valley, and the Santa Maria Valley, is performed by Waste Management and is roughly equivalent in cost (a variation of less than 3% with different operational requirements).

Fiscal and Facilities Impacts:

Budgeted: Yes

This new contract will establish a fixed processing fee of \$70 per ton delivered to Gold Coast.

Fiscal Analysis:

Narrative: This Agreement and its associated costs are included in the proposed FY 19/20 budget for the Resource Recovery & Waste Management Division.

Key Contract Risks:

This Board contract includes all standard terms and complies with all conditions set forth in the Service Contract, with the exception of Section 19 Termination, which has been altered so that this Contract may not be terminated by the County without cause. Further, on a monthly basis, reports are submitted by the contractor and reviewed by Public Works staff to ensure the conditions of the contract are met (as noted in Attachment A – Exhibit A). This review includes analysis of all costs associated with processing the recyclables as well as the recycled commodity values quoted by the contractor, which are then compared to posted monthly values by competitors and trade publications.

Special Instructions:

Please provide a copy of the agreement as well as a minute order to the Public Works Department Resource Recovery & Waste Management Division, Attn: Carlyle A. Johnston.

Attachments:

Attachment A: Agreement for Services of Independent Contractor

Authored by:

Carlyle A. Johnston, Project Leader, Resource Recovery & Waste Management Division, Department of Public Works, ext. 3617