



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: 7/3/2018
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, ext. 3010
Director(s)
Contact Info: Mark Schleich, P.E., Deputy Director, ext. 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 current Fiscal Year ending on June 30, 2019, not to exceed \$1,400,000.
- 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 comingled recyclables for the Fiscal Year 18/19. For two decades, the processing of commingled recyclables for the South Coast of Santa Barbara County has been performed by Gold Coast Recycling (a subsidiary of EJ Harrison & Sons of Ventura, California) most commonly under an annually renewed Purchasing Order and has consistently cost less than \$100,000 per year. During the past year, the market for comingled recyclables has become more volatile due to new policies enacted in China in response to increased contamination of imported recyclables. As a result there is currently a lowering of the value of

commingled recyclables and increased costs to process them. Due to these changes in the global market, Gold Coast was issued a Contract Amendment on March 13, 2018 through June 30, 2018 to cover the increase in costs. The current contract, recommended by Staff, was developed after a competitive request for proposal (RFP) process conducted this past spring in coordination with, and participation from, 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 this time.

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 causing the agreement with Gold Coast to change from being a net revenue generator to a net cost. In March of 2018, Gold Coast was awarded an amendment to its existing purchasing order to cover the added costs.

This year, County staff developed an RFP to ensure that the ratepayers were given a competitive rate. County Staff also 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, 2019. Public Works Staff will continue to research all available options for recycling and will return in the spring of 2019 with recommendations and an update on the state of recycling for the next fiscal year.

Recyclables processing 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. Our agreement with Waste Management staggers the rate impacts of market fluctuation on recyclables by one year. Therefore, the market impacts described in this Board Letter will not affect the ratepayers served by Waste Management until Fiscal Year 19/20.

Fiscal and Facilities Impacts:

Budgeted: Yes

This new contract will establish a flexible processing fee per ton delivered to Gold Coast depending on market conditions. Current market conditions indicate a processing fee per ton of \$47.24. Staff estimates that the processing fee will fluctuate over the course of the year from a high of \$67.24 to a low of \$38.24. The attached contract also fixes the processing fee at \$67.21 from September 15, 2018 until November 1, 2018 during which time Gold Coast will be required to deliver our commingled recyclables to be processed by a third party while they upgrade their MRF with new equipment.

Fiscal Analysis:

Narrative: This Agreement is projected to cost \$1,400,000 for the current fiscal year budget for the Resource Recovery & Waste Management Division. This Agreement is funded in the Enterprise Fund.

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

Attachment B: Notice of Exemption

Authored by:

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