



THE CITY OF KEY WEST

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MEMORANDUM

EXECUTIVE SUMMARY

TO: Bogdan Vitas, City Manager
E. David Fernandez, Asst. City Manager - Operations

FROM: Jay Gewin, Utilities Manager

DATE: January 29, 2013

RE: **Approval of a Contract from Rehrig Pacific Company in the Amount of \$631,290 for 65 Gallon Recycling Carts for City of Key West Residents with Tracking Software. Piggybacking on a Bid/Contract from the City of Deerfield Beach, FL. Authorizing Budget Transfer from Solid Waste Fund Reserves.**

ACTION STATEMENT:

This resolution will approve a contract from the Rehrig Pacific Company in the amount of \$631,290 for 65 Gallon Recycling Carts for City of Key West residents with tracking software.

The agreement will be executed pursuant to City Code 2-797 (3), which allows purchases under contracts of federal government and the state or its political subdivisions. In this case, the City would be piggybacking on the awarded contract from the City of Deerfield Beach, FL from July 10, 2012. This resolution will also authorize necessary budget transfers to execute the agreement.

BACKGROUND:

At its meeting on August 29, 2012, the City Commission decided to implement the Phase 1 recommendations of the new Solid Waste Master Plan (Resolution 12-253). Included in these recommendations is a conversion to a carted collection of residential recyclables instead of the current smaller 18-gallon bins.

There are several reasons to recommend moving to a larger sized recycling container:

Key to the Caribbean – Average yearly temperature 77° F.

- The current 18 gallon containers are far too small to capture all of the recyclable materials produced by the typical household.
- 26% of residential solid waste is materials that could instead be recycled under our existing program.
- With the shift away from twice weekly solid waste pickup, larger recycling containers are needed as we encourage residents to recycle a larger percentage of their materials.
- Other communities that have shifted to larger recycling carts have experienced a significant increase in residential recycling rates.

At its December 4th, 2012 meeting, the City Commission approved a resolution amending the last two years of our collection contract with Waste Management (Resolution 12-360). Waste Management has indicated that there will be no additional fee to the City as a result of increasing the size of recycling containers from 18 gallon bins to new 65 gallon carts.

PURPOSE AND JUSTIFICATION

There are several different types of brands of recycling carts that could be purchased. Because of their durability, City Staff is recommending purchase of Rehrig carts. The following report was submitted to the City by Kessler Consulting, who wrote the City's Solid Waste Master Plan.

“We also looked into some recent cart performance tests conducted by Burlington, NC, Highpoint, NC, and the Solid Waste Authority of Palm Beach County, FL (SWA). Burlington subjected Rehrig and Otto carts to wall thickness and drop testing. Rehrig carts passed both tests, but some Otto carts failed because they had thinner walls than specified or cracked along sidewalls when dropped. Highpoint subjected Rehrig, Otto, Toter, and Schaefer carts to tip and drop tests. All brands passed the testing except for Otto, which failed to work with current tipping mechanisms due to manufacturer error and cracked along sidewalls when dropped. SWA has not yet released the results of its testing, but we were told that Rehrig carts passed their tests.” – *Kessler Consulting*

Deerfield Beach similarly ran their own tests and confirmed the superiority of the Rehrig containers. The current City inventory of solid waste containers contains a mix of Rehrig carts and Cascade carts. City Staff and Waste Management have found Rehrig containers to generally be more durable. Rehrig carts are fully compatible with the hydraulic mechanisms utilized to empty materials on Waste Management trucks.

The City researched several different options for the purchase of recycling carts. This included the bids of other municipalities in-state, as well as the option of bidding the contract ourselves. Staff is recommending we piggyback the bid award from Deerfield Beach, FL for the following reasons:

- The price is competitive and comparable to the bid prices of other municipalities.
- This bid allows for the contractor, rather than City staff, to both assemble and deliver all of the carts.
- The contract allows for the use of RFID software, which allows for the City to track recycling participation and cart ownership.

- The contract includes an in-mold color recycling label for the lid. This allows us to display what materials can be deposited into the recycling carts so that it is easy for residents to see and understand. The in-mold label would be much more resilient to the sun's UV rays than an adhesive decal.
- This contract includes a 10 year warranty for full replacement of the cart.
- The contract is for the Rehrig carts, which appear to be the most durable carts on the market.
- Piggybacking on the Deerfield Beach contract will help expedite the purchase and delivery of the carts than the time required to bid and award the contract ourselves. Staff believes there is no reason to expect Deerfield Beach, a slightly larger municipality than ours, to receive bids that would be substantially different than what the City of Key West would receive. There is no local manufacturer of carts that can provide this product.

The carts would take approximately two months to be manufactured and delivered. This would allow the City time to implement a public relations campaign to inform the residents of the new program with a conversion to a once-a-week pickup for trash, recycling, and yard waste.

The only line item in the City's quote from Rehrig that is not included in the Deerfield Beach bid is the extra shipping costs to deliver the carts to Key West. City Staff has researched the quote for shipping from the contractor and determined that is a fair rate for the marketplace. Additionally, the quote for the toters does slightly fluctuate based on the commodity index for resin (plastic), which is the material from which much of the toters are made. The price quoted to the City of Key West is based on the current index of the resin (plastic) material.

City Staff is also recommending the use of RFID software to accompany the carts. This will allow the City to track ownership of each recycling cart to a specific address using a bar code. The software would also allow the City to track recycling participation for each bin in the future, as RFID readers in our new collection contract can be required on all recycling collection trucks. This would be essential in creating a recycling incentive reward program for residents in the future. There would be a \$10,800 annual expense for this software with two handheld units.

OPTIONS / ADVANTAGES / DISADVANTAGES:

1. The City Commission can piggyback on the Deerfield Beach bid and award the contract to Rehrig Pacific Company and proceed with purchasing the 65 gallon recycling carts for all of our residents. This option is recommended by City Staff and is an important part of achieving the Phase I objectives from the City's Solid Waste Master Plan approved by the City Commission.
2. The City Commission can decline the Deerfield Beach contract and bid the recycle carts ourselves. This option is not recommended by Staff, as City Staff does not believe that the City would receive a more favorable bid than the City of Deerfield Beach. Additionally, bidding the project ourselves would likely take at least three months thereby delaying the implementation of the Phase I Objectives from the Master Plan.

3. The City Commission can decide to continue to use our existing 18 gallon recycling containers. This option is not recommended by Staff as it would be difficult to increase residential recycling rates without providing larger containers for our residents. It would also make tracking recycling participation much more difficult.

FINANCIAL IMPACT:

The expected expenditures under the contract are as follows:

13,000 carts x \$41.63 /per cart =	\$541,190	<i>(purchase of carts)</i>
13,000 carts x \$4.00/per cart =	\$52,000	<i>(delivery to residents and assembly of carts)</i>
13,000 carts x \$1.10/per cart =	\$14,300	<i>(in-mold label)</i>
Freight =	\$13,000	<i>(shipping of carts)</i>
RFID Software =	\$10,800	<i>(software with 2 handheld units – annual expense)</i>
TOTAL =	\$631,290	

The price includes assembly, delivery, and distribution, along with a 10 year full replacement warranty, and an in-mold instruction label on the lid.

The total purchase price is below the \$750,000 originally budgeted for the carts. The purchase was originally approved in the FY 2012 budget with the intention of rolling it into FY 2013 if it wasn't completed before the fiscal year deadline. The expense for the carts was calculated in the Solid Waste Rate Model. Reserves will be transferred into line item 403-3406-534-52.

RECOMMENDATION:

Staff recommends that the City Commission select option 1, approving piggybacking on the Deerfield Beach contract with Rehrig Pacific Company for the purchase of recycling carts for City of Key West residents.