

**Council Meeting: April 3, 2012****SUBJECT: Increase an Existing Contract for the SMaRT Station®
Materials Recovery Facility (MRF) Fines Project (F1103-53)****BACKGROUND**

Approval is requested to increase an existing contract with CalRecovery Inc. by \$63,000, from \$88,000 to \$151,000, in support of efforts to improve the quality of organic matter brought to the Sunnyvale Materials Recovery and Transfer (SMaRT) Station and diverted from the landfill, as more fully explained below.

DISCUSSION

About 25% of the incoming municipal solid waste coming to the SMaRT Station is captured as “fines” or material smaller than 2 inches. A large portion of the fines material is organic and can be composted and sold to interested markets if the residue (contamination) rates are below 15%. The fines currently being generated have residue rates higher than local composters will accept, so the majority of the fines are going to the landfill. Improving the quality of the fines will increase diversion from the landfill, which will in turn reduce disposal costs for the SMaRT cities of Mountain View, Palo Alto and Sunnyvale. Increased diversion of fines from the landfill also enables the SMaRT Station operator (Bay Counties Waste Services) to meet its contractually-required diversion targets and promotes the City’s Zero Waste goals.

On November 30, 2010 a contract was awarded under the City Manager’s contract award authority to CalRecovery, Inc. to define the processing requirements of -2” fines in order to improve the quality, marketing flexibility and price for the material, and to define optimum process design criteria and equipment configuration. The scope of services was to finalize a test plan, order/coordinate processing equipment needed, and assist in installation and startup of a processing system.

Due to unexpected complexities in marketing the fines and challenges in obtaining testing equipment locally, the contractor has had to look outside the Bay Area and has almost exhausted the existing funds. CalRecovery has located equipment on the east coast, but due to the round trip shipping cost and lack of local and cheaper rental solutions, the equipment and labor costs are much higher for the project than expected. The SMaRT partner cities are in support of the additional funds needed to move forward with the project and will share the contract costs. If successful, 1,500 tons/month of additional

fines could be marketed for compost which will in turn increase the landfill diversion rate.

FISCAL IMPACT

The total contract cost is \$151,000, which is shared by the partner cities based on the proportions of total refuse delivered. The exact share amounts are not known until the end of each fiscal year, but are approximately 50% for Sunnyvale, 30% for Mountain View and 20% for Palo Alto. Budgeted funds are available in SMaRT Equipment Replacement Account 811250.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

RECOMMENDATION

It is recommended that Council increase the existing contract with CalRecovery Inc. by \$63,000, from \$88,000 to \$151,000.

Reviewed by:

Grace K. Leung, Director of Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

John Stufflebean
Director of Environmental Services

Approved by:

Gary M. Luebbers
City Manager

Attachments

A. Change Order to Purchase Order



ORDERED FROM 18959 - 001 CalRecovery Inc 2454 Stanwell Dr Concord CA 94520-4811 (925) 356-3700	ORDER DATE 03/19/2012	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	DELIVERY DATE 12/31/2012	
	PAYMENT TERMS N/30	
	BID NO/RFQ NO	
DELIVER TO ESD/Recycling - SMaRT Station 301 Carl Rd Sunnyvale CA 94089 Phone: (408) 730-7279	FOB POINT	FREIGHT CHARGES
	REQ. NO RQ008150	REQUISITIONER: NDIETZ
	CHARGE/OBJ CODE(S): 811250 5070 \$151,000.00	



ITEM	DESCRIPTION	QTY	UNIT	UNIT COST	TOTAL
1	<p>Define the processing requirements of -2" fines in order to improve the quality, marketing flexibility and price for the material and to define optimum process design criteria and equipment configuration per proposal dated June 2010, which is incorporated herein by this reference.</p> <p>Scope:</p> <ol style="list-style-type: none"> 1. Finalize test plan: determine pilot test processing diagram, processing equipment and operating conditions, equipment layout and the respective responsibilities of CalRecovery, BCWS and the City. 2. Order and coordinate processing equipment: CalRecovery will arrange and pay for transportation/rental of processing equipment needed for pilot. 3. Assist in installation and startup of pilot processing system: CalRecovery will assist the City and BCWS in the installation of pilot-test processing equipment for electrical connectivity. BCWS would supply electrical connection. BCWS or City would supply materials for electrical connections from main supply to pilot equipment. 4. Perform process testing and performance characterization: process samples of the fines to study the effect of different operating conditions on the recovered compostable fraction. Testing to be carried out over a period of 2-3 months. 5. Lab and market analysis: samples of fines to be tested by certified analytical lab to characterize the samples. Analysis will include particle size distributions and heavy metal content as well as other characteristics. The results of the samples will be shown to potential markets/third party processors to assess the marketplace. 	151000.00	DLR	\$1.0000	\$151,000.00
	<p>6. Update financial analysis: update May 2008 Final Report to reflect technical and marketing results from pilot testing.</p> <p>7. Final report: prepare a report of the results, conclusions and recommendations of pilot testing including markets for material, recommended processing equipment and operating conditions, physical layout and tie-in to existing processing equipment, and methods for partially drying the fines.</p> <p>Change Order #1: Increase contract amount by \$63,000.00 Requisition Number: RQ009360</p> <p>Approved by City Council 4/3/2012, RTC _____</p>				
TOTAL					\$151,000.00



BUYER:

Howard, Dreama

PHONE (408) 730-7396

FAX (408) 730-7710