

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
BUREAU OF CONTRACT ADMINISTRATION
JOINT BOARD REPORT NO. 1
November 6, 2009

CD: 1, 4, 9, 13, 14

AUTHORITY TO AWARD AND EXECUTE A SOLE SOURCE CONTRACT WITH RECYCLE REWARDS, INC., TO IMPLEMENT RESIDENTIAL INCENTIVE BASED RECYCLING PILOT PROGRAM (AKA "RECYCLING REWARDS PROGRAM")

RECOMMENDATIONS

Authorize the Director of the Bureau of Sanitation to:

1. Approve and forward this report, with transmittals, to the Mayor with the request that the Board of Public Works (Board) be authorized to execute a sole source personal services contract with Recycle Rewards, Inc. to implement a Pilot Residential Incentive Based Recycling Program. The term of the proposed agreement shall be one (1) year from the date of execution with the option to renew for another one (1) year. The cost ceiling for the sole source personal services contract will be \$95,000.00.
2. Upon authorization by the Mayor, the President, or two members of the Board, will execute the contract.
3. Upon execution, contact the Bureau of Sanitation, Board Reports Section, at ext. 5-4246 for pick up and further processing and issuance of the Notice to Proceed.

TRANSMITTALS

1. Copy of the proposed sole source contract between the Bureau of Sanitation and Recycle Rewards, Inc.
2. Copy of the sole source letter from Recycle Rewards, Inc.

DISCUSSION

Background

The City of Los Angeles (City) provides its residents with three (3) curbside containers: black, green and blue. The black container is for refuse. The green container is for yard trimmings. The blue container is for recyclable materials. In fiscal year 2007-2008, the City collected 260,000 tons of recyclable materials citywide, which helped to achieve 65% diversion.

The City's diversion goal is 70% by 2015. In order to meet this goal, the City currently implements a variety of recycling programs, such as Curbside Recycling (blue-bin), Recycling Ambassadors, Organic Recycling, Bulky-Item Pick-up, and Multi-Family Recycling.

Although the City is conducting a multi-faceted public education campaign using buses, bus stops, etc., some residents are still either not employing or unaware of the proper use of the containers they are provided.

The City sought a pilot program to further increase curbside recycling participation. The City is seeking a contractor to implement a pilot Residential Incentive Based Recycling Program (RIBRP). The RIBRP is a rewards program that motivates residential customers to recycle by rewarding them for the amount (by weight) they recycle. The RIBRP operates as a community-weight-based system, rewarding residents based on the total weight of recyclables collected in a route or service area per day of pick-up. Residents are rewarded with recycling points that can be redeemed at hundreds of local, regional, and national businesses at a rate that is established by the participating businesses. Recycling points are based on the average weight of recyclables collected in a given service area (community) per subscriber who participates per collection day. The RIBRP aims to increase recycling by rewarding residents who recycle properly.

SCOPE OF SERVICES

In coordination with the Bureau's Public Affairs group, Recycle Rewards (contractor) shall provide services including but not limited to public outreach, soliciting subscription/participation, and rewarding subscribers for recycling with reward points, which may be redeemed at local, regional, and national store chains. The contractor shall provide other incentives to further increase participation, i.e., gift cards. The contractor shall determine set-out rates, including supply of equipment, software, hardware and technical support.

In the event the tonnages in the service area exceed the baseline tonnage criteria in the contract, the revenue above the baseline tonnages will be split at the rate of 60% to the City and 40% to the contractor. The recycling revenue tonnages shall be calculated in accordance with the existing contracts with the Material Recovery Facility (MRF) for each service area. The contractor will be paid from increase in revenue attributable to the incentive program that will come from the existing MRF contracts, and there will be no fiscal impact to the General Fund.

The revenue received by the City from the sale of recyclable materials will be deposited into the Landfill Maintenance Special Trust Fund (Fund 558), Department 50, Revenue Source Code 4088.

Sole Source Justification

The Recycling Rewards program motivates households to recycle by providing incentives through reward points. Each participating household is able to track recycling behavior, total reward points, point redemption history, and environmental footprint, and to redeem the points at hundreds of reward partners or to donate points to local environmental initiatives via a personalized online account or over the phone.

The contractor provides municipalities with Incentive Based Recycling Rewards support that includes software, service of environmental rewards programs, community outreach and measurement/performance tracking. The contractor is the only service provider of its kind (software and business method patents pending) that has been recognized by industry organizations with awards for innovation.

On September 24, 2009, the Bureau of Contract Administration (BCA), the Designated Administrative Agency (DAA) for the Contractor Responsibility Ordinance (CRO) approved the request of Sanitation for an Exemption from the CRO for RECYCLE REWARDS, INC. due to its sole source justification.

Since 2005, Recycle Rewards has successfully provided Incentive Based Recycling programs and services in cities in Arizona, Delaware, Florida, Michigan, Minnesota, New Jersey, Pennsylvania, Texas, and Virginia -rewarding households for recycling.

The following is a list of some of Recycle Rewards unique services:

1. Provides individual household recycling data and tracking
2. Provides rewards to residents in the form of Recycle Reward Points
3. Employs community outreach efforts to provide environmental messaging to residents by;
 - a. Creation of a unique Recycle Rewards account for each resident
 - b. Internet-based and direct mail outreach program
4. Potential stimulus of local business.

The ability of Recycle Rewards to tie local, regional and national business investment into the City's recycling effort has been proven in over 100 other municipalities some of which are: Wilmington, Delaware; Cherry Hill, New Jersey; Everett, Pennsylvania; and Clayton, New Jersey.

Recycle Rewards provides a service that will significantly raise recycling awareness among the City residents at no additional cost to the City with a real potential for increased recycling rates and revenue.

The special services by Recycle Rewards are expert and technical in nature, and are temporary and occasional in occurrence.

This is a pilot project without comparable parameters within the City's history. The annual increase in recycling revenue depends on the recyclable materials, collected above the baseline tonnages and processed by the MRF's.

Proposed Term of Agreement

The term of the proposed agreement shall be one (1) year from the date of execution with an option to renew for one (1) additional year.

Performance Bond

The contractor will provide the City with a ten thousand dollar (\$10,000) performance bond that will expire one (1) year from date of contract execution.

Notification of Intent to Contract

The required Notification of Intent to Contract was filed with the CAO Clearinghouse for this sole source contract on October 29, 2008.

Charter 1022

The Personnel Department, on November 13, 2008, deemed that a 1022 determination was not required, because the contract has no initial cost to the City.

MBE/WBE/OBE Subcontractor Outreach Program

The cost of this contract is valued at \$95,000. Per Mayor's Executive Directive No. 2001-26, the Good Faith Effort requirement does not apply to contracts that have a value of less than \$100,000.

City Policies and Requirements

The contractor will comply with the following City contractual requirements:

- Non-Discrimination / Equal Employment Practices / Affirmative Action
- Equal Benefits Ordinance
- Business Tax Registration Certificate
- Child Support Obligation Ordinance
- Slavery Disclosure Ordinance
- Insurance Requirements
- Municipal Lobbying Ordinance
- Living Wage and Service Contractor Worker Retention Ordinances
- Los Angeles Residence Information
- Non-Collusion Affidavit
- City of Los Angeles Contract History
- Americans with Disabilities Act

Contractor Responsibility Ordinance

This contract is exempt from the Contractor Responsibility Ordinance (CRO) requirements. On September 24, 2009 the Bureau of Contract Administration (BCA), the Designated Administrative Agency (DAA) for the CRO approved the Bureau's request for an exemption from the CRO for Recycle Rewards, Inc. based on its sole source justification.

Contractor Performance Evaluation

In accordance with Article 13, Chapter 1, Division 10 of the City of Los Angeles Administrative Code, the appropriate City personnel responsible for the quality control of this personal services contract shall submit Contractor Performance Evaluation Reports to the Bureau of Contract Administration upon completion of this contract.

Contract Administration

The responsibility for the administration of this contract will be with the Solid Resources Support Services Division, Bureau of Sanitation.

Headquarters and Workforce Information

Recycle Rewards, Inc.
149 5th Avenue, 4th Floor
New York, NY 10010
Telephone: (212) 659-9902

None of the workforce resides in the City.

City Attorney Review

The City Attorney's Office reviewed the attached contract and approved it as to form.

STATUS OF FINANCING

There is no impact to the General Fund and no financial impact during Fiscal Year 2009-2010. Funding for this project in the amount of \$95,000 is available in the Solid Waste Resources Revenue Fund (Fund 508), Contamination Reduction (Account F605), Department 50. The funds will be used to pay the contractor 40% of the revenue over the baseline.

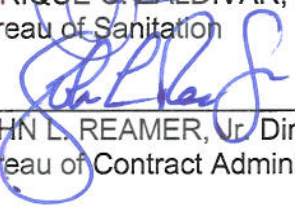
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Respectfully Submitted,




ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation



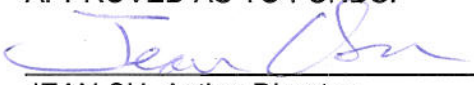
JOHN L. REAMER, Jr. Director
Bureau of Contract Administration

COMPLIANCE REVIEW PERFORMED
AND APPROVED BY:



HANNAH CHOI, Program Manager
Office of Contract Compliance
Bureau of Contract Administration

APPROVED AS TO FUNDS:



JEAN SU, Acting Director
Office of Accounting
Date: 10/30/09

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