



# City of San Antonio

## Legislation Details (With Text)

**File #:** 20-2689

**Type:** Purchase - Annual Contract

**In control:** City Council A Session

**On agenda:** 4/9/2020

**Title:** Ordinance approving a lease and contract with Atlas Organics CU05, LLC for processing services for the Solid Waste Management Department's organics program in an amount of \$1,870,000.00 for the first year of a ten year term, as well as a total payment of \$5,528,749.00 for infrastructure improvements and sorting equipment to be constructed at the Nelson Gardens Landfill. [David W. McCary, Assistant City Manager; David Newman, Director, Solid Waste Management]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Score Matrix - Atlas, 2. Contracts Disclosure Form - Atlas, 3. Draft Ordinance, 4. Staff Presentation, 5. Ordinance 2020-04-09-0250

Date	Ver.	Action By	Action	Result
4/9/2020	1	City Council A Session	Other	
4/9/2020	1	City Council A Session	Motion to Approve	Pass

**DEPARTMENT:** Solid Waste Management Department

**DEPARTMENT HEAD:** David Newman

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Organic Material Processing Contract

**SUMMARY:**

This ordinance authorizes a lease and contract with Atlas Organics CU05, LLC (Atlas) for processing services for the Solid Waste Management Department's (SWMD) organics program.

**BACKGROUND INFORMATION:**

The SWMD submits for Council consideration and action a proposal submitted by Atlas for processing organic materials collected through the SWMD's organics program. These are materials collected from the green cart such as grass clippings, leaves, shredded paper and kitchen scraps. Through this contract, these materials are turned into compost and sold by the processor as soil amendment and landscaping products.

The SWMD began the organics program in 2011 as a major strategy to divert waste from the landfill and increase recycling in the community. The program has grown into a very popular city-wide program. In FY2019, the SWMD sent approximately 68,000 tons of material to its organic processor. It is anticipated that this program may grow to over 80,000 tons annually within the next ten years.

The City Council received a pre-solicitation briefing at the City Council “B” Session on December 4, 2019. The Council recommended the release of the solicitation.

On January 10, 2020, the City issued a Request for Proposal for the procurement of Organic Material Processing Services. The City held a pre-submittal conference on January 24, 2020 to answer questions from potential respondents. The proposal was advertised to the public in the San Antonio Express News and industry publications, the City’s Bidding & Contracting Opportunities Website, TVSA (Time Warner Cable Channel 21), and outreach notices were sent to notify vendors of the RFP and how to respond. On February 28, 2020 the RFP closed. The City received two responsive proposals.

On March 13, 2020, an evaluation committee reviewed the responses and interviewed the respondents. The evaluation committee consisted of six voting members representing the City Manager’s Office, Solid Waste Management Department, Office of Sustainability and the San Antonio Water System. The Finance Department managed the RFP and evaluation process to ensure compliance with state and city purchasing requirements. The evaluation of each proposal response was based on a total of 100 points: 35 points allotted for experience, background, qualifications; 35 points allotted for proposed plan; 15 points allotted for respondent’s price; 10 points allotted for the Local Preference Program (LPP); and 5 points allotted for the Veteran-Owned Small Business Preference Program (VOSBPP).

After review by the evaluation committee and presentation of the program scores, Atlas received the highest ranking and was recommended for award by the evaluation committee.

The recommendation of Atlas is in accordance with the Local Preference Program (LPP). The LPP program was applied in the evaluation of responses received for this contract; however, the highest ranked firm is not an LPP eligible firm. Additionally, the recommendation of Atlas is in accordance with the Veteran-Owned Small Business (VOSB) Preference Program. The VOSB program was applied in the evaluation of responses received for this contract; however, the highest ranked firm is not a VOSB eligible firm.

The initial term of the agreement shall begin January 1, 2021 and shall terminate on December 31, 2031. Two additional one-year renewals, at the City’s option, shall also be authorized under this contract.

## **ISSUE:**

Final terms and conditions were negotiated between the City and Atlas and are defined in the contract and lease agreements. The major points are as follows:

Atlas shall lease up to 70 acres of land from the SWMD at the Nelson Gardens Landfill, as provided in the RFP. A lease agreement with the City of San Antonio shall be executed with an annual payment of \$1.00 from Atlas to City of San Antonio.

Atlas will design, construct, and install permanent infrastructure improvements on the Nelson Gardens Landfill site that will become the property of the City of San Antonio upon completion of the contract. These

improvements include: site work, a compost pad, roads, a scale house, a storm water pond and a Clear Span structure. The value of these improvements is estimated at \$3,478,800.00, and Atlas will be paid by SWMD in monthly draws based on the percentage of work complete related to the building, installation or purchasing of the infrastructure improvements with a deadline to complete such work by December 31, 2020.

Additionally, Atlas will design, construct, and install pick line assets on the Nelson Gardens Landfill site that will become the property of the City of San Antonio upon completion of the contract. These assets include: a robotic contamination removal system, a grinder, a radial stacker and electrical system upgrades to run the equipment. The value of these improvements is estimated at \$2,049,949.00, and Atlas will be paid for these improvements by SWMD in monthly draws based on the percentage of work complete related to the building, installation or purchasing of the assets with a deadline to complete such work by December 31, 2020.

Under the contract, Atlas shall provide organic processing services at the Nelson Gardens Landfill for a 10-year term at a rate of \$27.50 per ton, allowing for annual CPI increases. The first year of the contract is expected to be valued at \$1,870,000.00. Atlas shall accept all SWMD loads for organics processing and shall pay for all incidentals, including any non-organic or contamination below 5% by weight. Additional terms and conditions are defined in the City's RFP and Atlas responded to these conditions with a revised proposal.

#### **ALTERNATIVES:**

The current organics processing contract expires December 2020. Should this contract not be approved, the SWMD would not have a contract for the processing of organic material and an alternative disposal option would need to be identified for the approximately 68,000 tons of green cart materials.

#### **FISCAL IMPACT:**

This ordinance authorizes a lease and contract with Atlas Organics CU05 LLC for the processing of organic material for a total estimated contract value of \$1,870,000.00 for the first year, funded from the Solid Waste Operating Fund. Atlas shall lease up to 70 acres of land from the SWMD at the Nelson Gardens Landfill, as provided in the RFP. A lease agreement with the City of San Antonio shall be executed with an annual payment of \$1.00 from Atlas to City of San Antonio.

The estimated contract value for the complete 10-year contract is \$18,700,000.00. Additionally, this ordinance authorizes payment of \$5,528,749.00 to Atlas Organics for the infrastructure improvements and sorting equipment to be constructed on the City's Nelson Gardens Landfill for processing of the material. This ordinance also appropriates \$5,528,749.00 from the FY 2020 Adopted Solid Waste Fund Balance for construction.

#### **RECOMMENDATION:**

Staff recommends approval of the lease and contract with Atlas Organics CU05 LLC for the processing of organic material.

This contract is procured by means of a Request for Proposal. The Contract Disclosure Form is attached.