



Legislation Text

File #: 12-0152, **Version:** 1

Recommendation to authorize City Manager to execute an agreement with RecycleRewards for the purpose of implementing a recycling incentive program, for a term of three years with two one-year renewal options at the discretion of the City Manager. (Citywide)

On November 30, 2011, the City issued a Request for Proposals (RFP) seeking a contractor to implement a recycling incentive program. The goal of this effort is to increase citywide recycling activity and enhance the existing residential recycling program by providing incentives for participating residents. RecycleRewards (RR) was the only respondent to the RFP.

The incentive program proposed by RR is structured around the concept that residents will recycle more materials if they are “rewarded” for their efforts. These rewards are issued in the form of points. The more residents recycle, the more points they receive. Points may then be redeemed for discounts or free offers, such as “buy one get one free,” “\$10 off with a purchase of \$50 dollars or more” or free samples of products. Current partners of RR include Macy’s, Kashi, Nestle Purina, Coca-Cola and Ziploc.

To implement this program, RR will partner with the Environmental Services Bureau (ESB), Waste Management, Inc. (WMI), the City’s contracted residential recycling service provider, and local businesses that will offer ‘rewards’.

RR’s responsibilities include program design, public outreach, and the initial and ongoing marketing of the program. Their performance will be evaluated according to the following criteria:

- Increase in the amount of residential recycling collected as it compares to the overall amount of waste generated among City serviced accounts;
- The percentage of eligible participants that join the rewards program;
- The percentage of participants that redeem rewards;
- Measurement of extraneous materials in recyclables collected; and
- Participation of local businesses as reward partners.

The City will evaluate the success of RR and help market the program. This assistance will include providing address information for direct mailers and promoting RR in relevant public education materials. The term of this agreement will be three years with two one-year renewal options.

This matter was reviewed by Deputy City Attorney Amy R. Webber on January 23, 2012 and by Budget Management Officer Victoria Bell on February 3, 2012.

City Council action is requested on February 21, 2012, in order to proceed with implementation of the program.

RR will earn a service fee of \$37.50 for each ton of additional recyclables collected over the current

baseline rate established in 2011. The baseline rate will be the ratio of tons of recyclables collected in FY 11 with a total amount of solid waste generated by City serviced accounts in FY 11. RR must increase the ratio of recyclables to total solid waste generated to be eligible for payment.

The City currently receives approximately \$50 per ton from the sale of recyclables plus California Redemption Value (CRV). However, this value may fluctuate as a result of supply and demand. RR will receive \$37.50 per ton of increased recycling tonnage above the calculated baseline. To ensure that the City does not spend more in service fees than increased sales of recyclables, if the cost per ton of recyclables drops below \$37.50 per ton, RR's fee for each ton of increased recyclables above the baseline will be reduced to match the City's revenue. All of the service fees paid to RR will be fully offset by and only paid from increased revenue. A budget adjustment may be requested for the Refuse/Recycling Fund (EF 330) as the results of this new program are evaluated. There is no fiscal impact to the General Fund and no known local job impact associated with this recommendation.

Approve recommendation.

MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

APPROVED:

PATRICK H. WEST
CITY MANAGER