



Staff Report

RESOLUTION APPROVING THE SOLID WASTE, RECYCLABLE MATERIALS, AND ORGANIC MATERIALS COLLECTION SERVICES OUTLINED IN THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (SBWMA) AUGUST 2, 2007 DRAFT REQUEST FOR PROPOSALS (RFP) FOR COLLECTION SERVICES; APPROVING THE CONTRACT TERMS DETAILED IN THE SBWMA'S AUGUST 2, 2007 DRAFT UNIFORM FRANCHISE AGREEMENT FOR SOLID WASTE, RECYCLABLE MATERIALS, AND ORGANIC MATERIALS COLLECTION SERVICES; APPROVING THE SCOPE OF SERVICES IN THE SBWMA'S AUGUST 2, 2007 DRAFT REQUEST FOR PROPOSALS (RFP) FOR THE OPERATION OF THE SHOREWAY RECYCLING AND DISPOSAL CENTER (SRDC); AND APPROVING THE CONTRACT TERMS IN THE SBWMA'S AUGUST 2, 2007 DRAFT AGREEMENT FOR THE OPERATION OF THE SHOREWAY RECYCLING AND DISPOSAL CENTER

Honorable Mayor and Council Members:

Summary

City Council has given direction to staff to go through a parallel process for the City's future solid waste, recycling and organic material collection agreement. The parallel processes are the South Bayside Waste Management Authority (SBWMA) franchise process and the City of Belmont's evaluation of either bringing the collection services in-house or have a separate franchise agreement different from the SBWMA franchise agreement.

This report outlines the proposed collection services that have been developed by the SBWMA on behalf of the 12 member agencies and for the operations of the Shoreway Recycling and Disposal Center (SRDC). It should be noted that any action taken by the Council relative to the SBWMA process will have no impact on the parallel process the City of Belmont is undertaking.

Background

The SBWMA is assisting the 12 Member Agencies in developing and conducting a coordinated, competitive selection process for Collection Services and is conducting a similar selection process for the Operation of its Shoreway Recycling and Disposal Center.

The City of Belmont's franchise agreement with Allied Waste for solid waste, recyclable materials and organic materials collection services expires December 31, 2010, as does the SBWMA's agreement with Allied Waste for operation of the SRDC. These agreements have

never been subject to a competitive selection process.

An overview of the contractor selection process, including a schedule, was provided to the *Council/Board* in May 2006, which identified seven milestones at which the *agency Council/Board* would be asked for comments or decisions. In August/September 2006, a summary of the Programs and Facilities (PAF) and Process and Contracts (PAC) committee recommendations were presented to the *Council/Board*, prior to the vote at the SBWMA Board's meeting of October 26, 2006.

On October 26, 2006 the SBWMA Board approved the RFP recommendations to the Member Agencies regarding future services, contract terms and competitive proposal guidelines for the RFP process. As a follow-up to that meeting, a model staff report, resolution, and PowerPoint presentation were prepared and distributed to Member Agencies on November 20, 2006.

Member Agencies were then asked to agendaize an item for their council or board requesting action as follows:

- Adopt a resolution committing to the SBWMA RFP process and approving the SBWMA recommended core service package (i.e., the recommended PAC and PAF Committee programs and contract terms).

In summary, the core service package for residential collection services includes: weekly solid waste, single stream recyclables, and organic materials (plant materials and food scraps) collection using carts (sizes ranging from 32-96 gallons) and primarily automated collection vehicles. Side or backyard service is considered an optional service.

Beginning first with the City of San Carlos on December 11, 2006 and last with the City of East Palo Alto on March 20, 2007, all Member Agencies voted affirmatively to participate in the RFP process. The City of Belmont adopted the SBWMA resolution on March 13, 2007. Several of the Member Agencies agreed to participate in the RFP process contingent on special service needs (i.e., Atherton and Hillsborough) being addressed, retaining the right to initiate their own RFP process (i.e., Belmont) and stating concerns regarding the intent of some portions of the contract terms (i.e., West Bay Sanitary District).

Since the Member Agency approvals, SBWMA staff has prepared numerous drafts of the RFP documents. The draft documents have evolved over the past several months based on substantial input from a technical review committee of consultants, potential proposers, Board Members, Member Agency staff, and outside legal counsel. SBWMA staff also toured some of the largest material recovery facilities (MRF) in California and nationally to gather further information. The net effect of this input is that staff has made some changes to reduce the complexity of the RFPs (both collection and operations) while maintaining the same set of proposed programs and services previously approved. The changes are described below in the "Analysis" portion of the staff report.

Related to the RFP process, the SBWMA Board on April 26, 2007 approved a preferred master plan so staff could move forward with permitting and design work on significant site improvements (e.g., transfer station building retrofits, new MRF building construction, traffic improvements, new recycling sorting equipment, etc.) required for the new solid waste and recycling collection services to be rolled out in late 2010/early 2011. The approved master plan was incorporated as a Site Plan into the draft Shoreway facility operations RFP. The recommended facility improvements must be permitted, designed, and constructed in time for the rollout of the new services.

On June 28, 2007 the SBWMA Board approved the draft Collection RFP and Agreement and draft Shoreway Operations RFP and Agreement. The next step in the RFP process is for Member Agencies to reaffirm their approval of the programmatic details and contract terms, including approval of the changes recommended by SBWMA staff as explained in the analysis section.

After receiving Member Agency approvals and any recommended changes to the draft RFPs and Agreements, the documents will be brought to the October 25, 2007 SBWMA Board meeting for final approval. A Board vote at that meeting requires that all Member Agency approvals are **completed by September 28, 2007**. Staff will finalize the documents based on Member Agency approvals and input received by September 28th. Shortly after SBWMA Board approval, the approved documents will be released to proposers.

Schedule

The next steps in RFP process are outlined in the following schedule:

July – Sept. 28, 2007	Member Agency approval of draft Collection RFP and Agreement and draft Shoreway Operations RFP and Agreement (“RFP documents”) . All Member Agency approvals and comments to be completed by September 28, 2007 .
Oct. 18, 2007	SBWMA staff sends out Board packet with final “RFP documents.”
Oct. 25, 2007	SBWMA Board meeting to consider staff recommendation to approve release of the final “RFP documents.”
Nov. 1, 2007	SBWMA release of the final “RFP documents.”
Dec. 2007	Conduct mandatory pre-proposal conferences.
Feb. – Mar. 2008	Proposals due.
Mar. – July 2008	Review of Proposals, Proposer Interviews, and Selection.
Aug. – Sept. 2008	SBWMA Selection of Contractor(s).
Oct. – Dec. 2008	Member Agency Selection of Contractor(s).
Jan. – Mar. 2009	SBWMA and Member Agencies complete negotiations with contractor(s).

April-June 2009 *Member Agencies approve negotiated Agreements.
January 1, 2011 **Contractor(s) commences rollout of services.

*The Shoreway Operations Agreement is subject to approval of two-thirds of the Member Agencies whereas the Collection Agreements are unique to each Member Agency and subject to approval by each Member Agency.

**Services may be rolled out sooner if an alternative rollout schedule is negotiated.

Discussion

The SBWMA Board approved draft Collection RFP and Agreement and draft Shoreway Operations RFP and Agreement reflect some changes to the original core services and contract term recommendations approved by the Board and Member Agencies. These changes were notably driven by extensive input received from potential proposers. The changes primarily relate to making the RFP documents simpler in an effort to ensure that they are more reasonable and manageable for proposers to respond to and eventually provide the services requested. While simpler, the draft Collection RFP still remains highly complex given the large size of the SBWMA service area and magnitude of the rollout of new services, customization of services for Member Agencies, and potential for some Member Agencies to opt out of the process.

Summary of Changes to the Collection RFP

The key changes to the original SBWMA recommendations for Collection Services relate to the following areas:

1. Expanding the residential core recycling services to include used oil collection, battery and cell phone collection and food scraps (to be commingled with plant materials); **these programs were originally listed as optional programs.**
2. Expanding the commercial core recycling services to include multi-family and commercial technical assistance; **these programs were originally listed as optional programs.**
3. Developing separate and distinct scope of services to meet unique Member Agency needs. For example, the Town of Hillsborough has a unique scope that all potential proposers will be required to address.
4. Removing ancillary services (listed under Optional residential and/or commercial collection programs) such as on-call household hazardous waste, universal waste and SHARPS the Collection RFP so they can be addressed through a separate SBWMA procurement. **Member Agencies can still decide whether or not to add these services to their franchise agreement.**
5. Addressing significant staff and proposer concerns regarding the improbability of a successful rollout of new programs and services in one-day, on January 1, 2011, at the expiration of the existing contract. Staff has included direction in the Collection RFP to solicit proposals for a phased rollout starting July 1, 2010 (“alternative start date”) or a phased rollout after January 1, 2011.

6. Simplifying the contractor compensation methodology from a hybrid cost-plus/fixed-price compensation methodology to pursue a more typical industry standard fixed-price model. Very few communities currently use a cost-plus compensation methodology for solid waste collection and recycling services. This compensation process eliminates detailed annual rate reviews so that contractor's compensation will never be "trued up" to contractor's actual costs (with the exception of an annual cost reconciliation related to actual tonnage collected and actual disposal and processing costs). **Elimination of the detailed annual rate review will dramatically reduce consultant expenses for this activity beginning in 2011. Also, this fixed price model should result in far greater rate stability and predictability compared to the current cost plus approach.**
7. Requiring all proposers to use the same operational assumptions for key items such as residential cart sizes, use of new collection vehicles for core services and use of new commercial collection containers when preparing their proposals. These assumptions are for the purposes of obtaining comparable cost proposals from proposers. **Member Agencies still retain the right to establish cart sizes for residents, use of used equipment, etc., as part of the final negotiated scope of services and costs with their selected contractor.**
8. The term of Collection Agreement was recommended as a 7-year term but has now been changed to a 10-year agreement term. This modification has been made to reflect a more standard amortization schedule for the primary equipment used to provide collection services. In addition, based on the fixed-price compensation methodology and no need for an annual rate review, a longer contract term provides Member Agencies with a longer time frame for rate stability and defers for a longer period of time the next procurement or negotiation cycle.
9. Adjusted the "Acceptable Materials" list for the curbside recycling collection program to exclude some small scrap metal types that pose a problem to sorting equipment (i.e., small appliances, hand tools, automotive parts, chain, wire, and banding).

Summary of Changes to the Shoreway Operations RFP

The key changes to the original SBWMA recommendations for Shoreway operations relate to the following areas:

1. Similar changes as in the Collection RFP to simplify the compensation methodology.
2. Similar change as in the Collection RFP to change the term from 7 years to 10 years.
3. Contractor will oversee MRF processing equipment installation and startup prior to the expiration of the existing Operating Agreement.

4. All proposers are required to bid new equipment for rolling stock and transfer vehicles for the purposes of preparing cost proposals. SBWMA may later negotiate with the selected contractor for the use of some used equipment.

Council/Board should be aware that the final Collection RFP and Agreement will evolve through the procurement process as proposers raise questions and the SBWMA issues RFP addenda, as contract negotiations take place with selected contractor(s), and the final Agreements are approved. Ultimately, each Member Agency will approve its final Collection Agreement with the selected contractor(s).

The Shoreway Operations RFP and Agreement similarly will undergo change throughout the competitive procurement process. The final Shoreway Operating Agreement will be subject to approval by two-thirds of the SBWMA Member Agencies.

General Plan/Vision Statement

No impact.

Fiscal Impact

Solid waste and recyclables collection services and the operation of the Shoreway Recycling and Disposal Center are funded through the rates paid by customers. No change in the City/County/Agency franchise fee is recommended as part of the RFP process. Therefore, no budget impact is anticipated

Public Contact

Posting of City Council agenda.

Recommendation

It is recommended that the City Council approve the Solid Waste, Recyclable Materials, and Organic Materials Collection Services outlined in the South Bayside Waste Management Authority (SBWMA) August 2, 2007 Draft Request for Proposals (RFP) for Collection Services; Approve the Contract Terms Detailed in the SBWMA'S August 2, 2007 Draft Uniform Franchise Agreement for Solid Waste, Recyclable Materials, and Organic Materials Collection Services; Approve the Scope Of Services in the SBWMA's August 2, 2007 Draft Request for Proposals (RFP) for the Operation of the Shoreway Recycling and Disposal Center (SRDC); and Approve the Contract Terms in the SBWMA's August 2, 2007 Draft Agreement for the Operation of the Shoreway Recycling and Disposal Center.

Alternatives

1. Take no action.
2. Refer back to staff for further information.

3. Deny the request.

Attachments

- A. Resolution
- B. Resolution No. 9869/SBWMA Participation is RFP process
- C. Copy of presentation – Council only

Respectfully submitted,

Raymond E. Davis III, PE, PTOE
Public Works Director

Jack R. Crist
City Manager

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RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT APPROVING THE SOLID WASTE, RECYCLABLE MATERIALS, AND ORGANIC MATERIALS COLLECTION SERVICES OUTLINED IN THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (SBWMA) AUGUST 2, 2007 DRAFT REQUEST FOR PROPOSALS (RFP) FOR COLLECTION SERVICES; APPROVING THE CONTRACT TERMS DETAILED IN THE SBWMA’S AUGUST 2, 2007 DRAFT UNIFORM FRANCHISE AGREEMENT FOR SOLID WASTE, RECYCLABLE MATERIALS, AND ORGANIC MATERIALS COLLECTION SERVICES; APPROVING THE SCOPE OF SERVICES IN THE SBWMA’S AUGUST 2, 2007 DRAFT REQUEST FOR PROPOSALS (RFP) FOR THE OPERATION OF THE SHOREWAY RECYCLING AND DISPOSAL CENTER (SRDC); AND APPROVING THE CONTRACT TERMS IN THE SBWMA’S AUGUST 2, 2007 DRAFT AGREEMENT FOR THE OPERATION OF THE SHOREWAY RECYCLING AND DISPOSAL CENTER

WHEREAS, the South Bayside Waste Management Authority (“Authority”) is a joint powers authority between the Cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park Redwood City, San Carlos and San Mateo; the Towns of Atherton and Hillsborough; the West Bay Sanitary Service; and the County of San Mateo (“Member Agencies”); and,

WHEREAS, the Authority is planning to request and shall receive proposals for the collection, processing, and transfer of solid waste, recyclable materials, and organic materials within the jurisdiction of the Authority (RFP process”); and,

WHEREAS, the City of Belmont has reviewed the solid waste, recyclable materials, and organic materials collection programs; the Shoreway scope of services; and the contract terms in the draft Collection Agreement and Operating Agreement.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Belmont hereby approves the following:

1. Solid waste, recyclable materials, and organic materials collection programs outlined in the South Bayside Waste Management Authority (SBWMA) August 2, 2007 draft Request for Proposals (RFP) for collection services;
2. Contract terms detailed in the SBWMA’s August 2, 2007 draft Uniform Franchise Agreement for Solid Waste, Recyclable Materials, and Organic Materials Collection Services;
3. Scope of services in the SBWMA’s August 2, 2007 draft Request for Proposals (RFP) for the operation of the Shoreway Recycling and Disposal Center (SRDC);
4. Contract terms in the SBWMA’s August 2, 2007 draft Agreement for the Operation of the Shoreway Recycling and Disposal Center (SRDC).

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on September 25, 2007 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont

RESOLUTION NO. 9869

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT
ADVISING THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (SBWMA) THAT
THE CITY OF BELMONT BE INCLUDED AS A BID ALTERNATE IN THE SBWMA'S
COLLECTION AGREEMENT REQUEST FOR PROPOSAL (RFP) PROCESS AND THE CITY OF
BELMONT IS INVESTIGATING COLLECTION ALTERNATIVES**

WHEREAS, the City Council is dissatisfied with the service provided by Allied Waste for the collection of solid waste, recyclable and green waste materials throughout the City; and,

WHEREAS, there are concerns regarding the Board of Directors of SBWMA consisting of appointed, not elected, officials; and,

WHEREAS, there are questions whether or not the City of Belmont could negotiate a better franchise agreement on its own; and,

WHEREAS, there is a desire for the City to investigate alternatives to the SBWMA's Request for Proposal process for the new collection agreement that will go into affect January 1, 2011; and,

WHEREAS, the City wishes to be included in the SBWMA's process as a bid alternate; and,

WHEREAS, going through both processes will insure the City will be able to enter into a new franchise agreement that will provide the best service to the residential and commercial customers within the City of Belmont.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Belmont does hereby adopt the resolution advising the South Bayside Waste Management Authority that the City of Belmont be included as a bid alternate in SBWMA's Collection Agreement Request from Proposal (RFP) process and the City of Belmont is investigating collection alternatives.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on March 13, 2007 by the following vote:

AYES, COUNCILMEMBERS: Dickenson, Mathewson, Lieberman, Warden, Feierbach

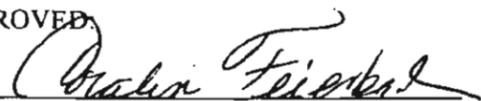
NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____



CLERK of the City of Belmont

APPROVED


MAYOR of the City of Belmont