



## **Staff Report**

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RESOLUTION ACCEPTING THE REPORT ON BRINGING SOLID WASTE SERVICES IN-HOUSE AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AMENDED PROFESSIONAL SERVICES AGREEMENT WITH HDR/BROWN, VENCE & ASSOCIATES TO PROVIDE CONSULTING SERVICES TO ASSIST THE CITY WITH DEVELOPING AND ISSUING A REQUEST FOR PROPOSAL FOR SOLID WASTE SERVICES FOR AN AMOUNT NOT TO EXCEED \$78,880 AND AUTHORIZING SUPPLEMENTAL FUNDING IN THE AMOUNT OF \$54,280 FROM THE SOLID WASTE MANAGEMENT FUND THAT WILL BE INCLUDED IN THE FINAL MID-YEAR BUDGET ADJUSTMENTS

Honorable Mayor and Council Members:

### **Summary**

City Council has provided direction to staff to explore solid waste collection service options outside of the process being undertaken by South Bayside Waste Management Authority (SBWMA).

The City entered into a professional service agreement with HDR/ Brown, Vence & Associates (HDR/BVA) to evaluate solid waste collection options as follows: 1) whether or not the solid waste collection services should be performed by City crews in-house; 2) enter into an agreement with a private solid waste collection company outside the SBWMA Request for Proposal (RFP) process; 3) use the SBWMA RFP process to select a private solid waste collection company.

The consultant has completed their analysis of the City's capacity to provide solid waste services, and submitted their report. The report identifies City infrastructure requirements, labor and equipment requirements, and collection routing and operational considerations associated with an in-house City collection service. They also developed a cost model to identify likely customer rates needed to fund the improved services, which would be consistent with collection services identified in the SBWMA RFP process. The report concluded a City program would be feasible, and customer rates would need to increase approximately 6.7 percent (compared to current rates) to fund the City program. This increase would be primarily due to the expanded services envisioned rather than for any inherent inefficiencies or extra costs due solely to internalizing the solid waste functions.

## **Background**

The City Council has been disenchanted with the current franchise solid waste collection agreement that was developed through the SBWMA Joint Powers Board and has previously expressed concerns regarding the Request for Proposal (RFP) process that is currently on-going with SBWMA.

Council provided direction to staff to explore other options available to the City that may be outside of the SBWMA. The option of the City providing solid waste services at reasonable rates is feasible, based on the conclusion of the study. In discussing the results of the study, City staff and the consultant concluded that another option for the City to explore is for the City to independently go out to bid for collection services. This will allow the City to compare the results of competitive proposals from the private sector, which may result in lower customer rates that can be expected with City provided services or received through the SBWMA RFP process.

## **Discussion**

The following conclusion for the City is based upon the proposed SBWMA collection services and the City of Belmont's organizational structure and physical infrastructure to support solid waste collection.

### **Financial and Service Aspects**

Based on our analysis, it appears that the City could provide enhanced solid waste management services to its residents and commercial establishments at rates equal to or slightly below the current rates. The service enhancements with the new system include:

- Provision of standardized wheeled carts to residential customers, eliminating need for customers to purchase their own cans or rent carts from the hauler
- Choice of 20-, 30-, 60- or 90-gallon carts for refuse, and 60- or 90-gallon carts for recyclables and organics
- Weekly collection of recyclables (commingled in one cart) and weekly collection of organics, eliminating current every two-weeks schedule
- Provision of residential holiday tree collections and on-call bulky item collections at no extra fee
- Collection service for community drop-off collection service and for large venues and events
- Use of fully automated residential collection vehicles to increased efficiency and minimize worker injuries
- Continuation of current commercial refuse service levels with enhanced recycling and organics collection options

### City Facilities

The City's Public Works Corporation Yard located on Sem Lane on the east side of Highway 101 does not currently provide adequate space for a staging area to support a fleet of new automated collection vehicles and support vehicles, additional employee parking, maintenance facilities and other support structures such as a new fuel tank and truck washing station. The City would need to consider the following site improvements and costs in order to accommodate municipal collection operations at the Corporation Yard:

- Capital cost for land acquisition, site improvements and installation of a wash rack and fuel storage tank would be approximately \$1.5 million
- Capital cost for the maintenance building construction would be another \$1.5 million
- Total facility costs for the above items annualized over a 20-year debt term would be \$241,000 per year
- The City will need to decide very soon whether it will relocate the Public Works Corporation Yard to another location within the City or not. Planning should be underway for that project in order to allow sufficient time to acquire a new site, develop construction plans, obtain environmental permits, and complete construction of a new Corporation Yard prior to start-up of new collection services by December 2010.

If a City policy decision is reached to pursue implementation of municipal collection services, the City should initiate design and engineering of collection related facilities concurrent with an operational plan for the future (relocated) Corporation Yard.

### City Organization Structure

Implementing municipal solid waste services through the Public Works Department would be a new challenge to the City of Belmont. The City will need to consider how to best integrate the new solid waste program and related operations within its own organizational structure to achieve program efficiency and a smooth integration into this new service category within the City government. The following items require consideration as the City assesses its capability and options for obtaining future solid waste collection service for Belmont residents and businesses.

1. Inter-departmental communications and responsibilities to coordinate Public Works collection operations with Finance Department customer billing and customer service operations.
2. Finance Department development of a municipal billing system and provision of on-going technical support to maintain the system. The City's Finance Director has prior experience with the requirements of municipal solid waste services and related customer billing systems, which is an advantage to the City.

3. Development of customer billings and collections protocols and customer service protocols for handling requests for service starts and stops, special service requests, customer questions and complaints, missed pick-ups and similar contacts by the customers
4. Staff recruitment and training requirements to hire, train and retain a skilled management team, collection drivers, recycling coordinator and other administrative and operations staff dedicated to solid waste service.
5. Program funding approach – whether to establish a Solid Waste division within the Public Works Department as an “enterprise funded” division, or fund the program through the general fund or other means.
6. City development of a public information program to educate the public on the collection program features, and to encourage increased public participation in the recycling and organics collection services.
7. Assigning administrative support resources to track and monitor collection data and provide waste diversion reporting functions.
8. Incorporating a “Belmont Solid Waste & Recycling” web page on the City’s website to provide updated program information (i.e., collection schedules, service levels and rates, cart set-out requirements, prohibited materials, etc.), as well as provide a web-based bill payment option for customer convenience.

The study has identified the City’s capacity to integrate solid waste collections within the scope of service areas the City provides through the Public Works Department. The 10-year term of the City’s franchise agreement with Allied will expire at the end of 2010, which provides an opportunity for the City to plan how best to provide future service. The new collection system modeled reflects major changes that are anticipated, whether the City decides to continue with a franchise service provider selected through a competitive procurement process or through implementation of its own municipal collection program. The future system will provide a higher level of customer service and convenience as well as increased collection efficiencies achieved by the transition to automated collection methods and providing standardized wheeled carts to replace customer-purchased types of containers currently used in Belmont. Finally, the City can meet the annual revenue requirements for a municipal collection system by structuring the rates at levels that are approximately 6.7 percent higher than the franchise rates in place. We consider this a very modest increase for the benefits of direct City control over the quality of the service to be provided and the service enhancements provided by this program.

The City Manager, Public Works Director, and Finance Director participated in the project recently completed by the consultant. This report examines fully the option of bringing the refuse collection services in-house. The team recommends that a Request for Proposals process be carried out for the City’s independent procurement of solid waste services. This will allow a full comparison to bringing these services in-house, and when the SBWMA proposals are in, with participating in that process. The City staff team is unanimous in recommending the next phase of RFP development and professional assistance during the procurement process be provided by

the same consultant, given their recent work for the City and their significant experience in providing consultant services to both public agencies and to the private sector. They are intimately familiar with the process that SBWMA is currently going through and with the City's desire to examine alternatives outside the SBWMA RFP process.

A summary of the Consultant's recommendations and conclusions regarding bringing the refuse services in-house follows. The full report is attached and the Consultant will make a presentation at the Council meeting. The detailed scope of services is attached to this report.

It should be noted that Tasks 1, 2, 4, 5, 6, and 7 will be completed prior to undertaking Task 3, the preparation of a collection agreement. This will enable the City to determine whether or not the City receives any attractive proposals.

### **General Plan/Vision Statement**

No impact.

### **Fiscal Impact**

The cost to provide consulting services is for an amount not to exceed \$78,880 and will come out of the Solid Waste Fund Account No. 530-4340-8351. These are the funds that were returned to the City as the result of the settlement with Allied Waste for overcharging SBWMA for dumping at Ox Mountain. There was \$55,000 originally budgeted for Phase I and Phase II. Phase I cost \$31,400. The existing balance is \$24,600. An additional \$54,280 is required to fund Phase II. If approved by City Council, supplemental funds will augment the original budget and will be incorporated into the final Mid-Year Budget adjustments considered in March.

It should be noted that these funds will likely be recovered through the RFP process. It is common practice to require the vendors to make a non-refundable deposit of \$10,000 with their proposal. In addition, it is common to require the winning vendor to reimburse the City for all of its expenditures, less the amount paid in the non-refundable proposal deposit.

### **Public Contact**

The Council agenda was posted.

### **Recommendation**

It is recommended that City Council accept the report on bringing solid waste services in-house and authorizing the City Manager to amend the professional services agreement with HDR/Brown, Vence & Associates to provide consulting services to assist the City with developing and issuing a request for proposal for solid waste services for an amount not to exceed \$78,880, and authorizing supplemental funding in the amount of \$54,280 from the Solid Waste Management Fund that will be included in the final Mid-Year Budget adjustments.

**Alternatives**

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

**Attachments**

- A. Resolution
- B. Scope of Services (Council Only)

Respectfully submitted,

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

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Jack R. Crist  
City Manager

**Staff Contact:**

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**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT ACCEPTING THE REPORT ON BRINGING SOLID WASTE SERVICES IN-HOUSE AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AMENDED PROFESSIONAL SERVICES AGREEMENT WITH HDR/BROWN, VENCE & ASSOCIATES TO PROVIDE CONSULTING SERVICES TO ASSIST THE CITY WITH DEVELOPING AND ISSUING A REQUEST FOR PROPOSAL FOR SOLID WASTE SERVICES FOR AN AMOUNT NOT TO EXCEED \$78,880, AND AUTHORIZING SUPPLEMENTAL FUNDING IN THE AMOUNT OF \$54,280 FROM THE SOLID WASTE MANAGEMENT FUND THAT WILL BE INCLUDED IN THE FINAL MID-YEAR BUDGET ADJUSTMENTS**

**WHEREAS**, City Council provided direction to explore solid waste collection service options outside of the process being undertaken by South Bayside Waste Management Authority (SBWMA); and,

**WHEREAS**, City Council authorized retaining HDR/Brown, Vence and Associates to assist the City evaluate its options, which include bringing those services in-house, independently soliciting its own refuse collection firm and participating in the SBWMA process; and,

**WHEREAS**, the Consultant, working with the City Manager, Public Works Director and Finance Director has completed an analysis of bringing the refuse collection system in-house and concluded that it was feasible; and,

**WHEREAS**, the City Manager, Public Works Director and Finance Director believe that the best way to understand the feasibility of independently contracting for these services is to solicit proposals from interested service providers; and,

**WHEREAS**, the cost to provide solid waste collection consulting services in an amount not to exceed \$78,880 will be drawn from the Solid Waste Fund, Account Number 530-4340-8351; and,

**WHEREAS**, an additional \$54,280 is required to fund Phase II will augment the original budget and will be incorporated into the final Mid-Year Budget adjustments considered in March; and,

**WHEREAS**, the Consultant has extensive experience in assisting Bay Area cities with providing consultant services to both public agencies and to the private sector.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Belmont accepts the Consultant report on the feasibility of bringing refuse collection services in-house and authorizes the City Manager to amend the professional services agreement with HDR/Brown, Vence & Associates to provide solid waste collection consulting services for an amount not to exceed \$78,880, and authorizing supplemental funding in the amount of \$54,280 from the Solid Waste Management Fund that will be included in the final mid-year budget adjustments.

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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 February 26, 2008 by the following vote:

AYES, COUNCILMEMBERS: \_\_\_\_\_

NOES, COUNCILMEMBERS: \_\_\_\_\_

ABSTAIN, COUNCILMEMBERS: \_\_\_\_\_

ABSENT, COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of the City of Belmont

APPROVED:

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MAYOR of the City of Belmont