TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS

DATE: APRIL 17, 2006 CMR:189:06

SUBJECT: TIMELINE FOR NEW REFUSE AND RECYCLING COLLECTION CONTRACT

This is an informational report and no Council action is required.

BACKGROUND
In August 1999, Council approved a new agreement for Palo Alto Sanitation Company/Waste Management (PASCO) to provide refuse and recycling services within the City of Palo Alto starting September 1, 1999 for a term of up to ten years.

The agreement required City staff to conduct four reviews of the collector’s performance to determine whether the collector complied with the standards for performance set forth in the agreement. Each review evaluated the collector’s performance during the preceding twenty-four months and the target cost range. PASCO performance reviews were conducted in 2000, 2001, 2003, and 2005. Each review determined that PASCO had met the standards for performance set forth in the agreement. PASCO was within the target cost range in the most recent review. The 2005 review resulted in the agreement automatically continuing in effect until June 30, 2009.

DISCUSSION
In anticipation of the current refuse and recycling service agreement expiring in 2009, the Public Works Director created a team to oversee the project to solicit proposals for a new agreement. The team includes staff from the Administrative Services and Public Works Departments with staff from the City Attorney’s office and the City Auditor as advisors. The team created a timeline (Attachment A) listing major milestones. June 2008 is the estimated date for awarding a new contract. Staff is planning to bring the new contract to Council for award one year prior to the 2009 termination date of the current agreement to allow for a transition period between the possible change of contractors.

Staff anticipates returning to Council in the fall of 2006 to request approval for consultant and legal services to assist City staff in preparing for the solicitation of proposals and provide technical support during the solicitation process and negotiations for the new contract. Staff expects the solicitation process for a new contract to begin in June 2007.

There are three projects occurring simultaneously that will influence the new collection services. These include the Zero Waste project, the Sunnyvale Materials Recovery and Transfer (SMaRT) Station operator agreement and the City Auditor’s review of the current agreement with PASCO. The timelines for these projects are also included in Attachment A.
Zero Waste Project
In October 2005, Council adopted a Zero Waste resolution, approved the Zero Waste Strategic Plan and directed staff to prepare a Zero Waste Operational Plan. Staff obtained consultant services to conduct and prepare a waste generation study and a Zero Waste Operational Plan. Staff plans to return to Council in the summer of 2006 with the Zero Waste Operational Plan. The service and program recommendations from the Zero Waste Operational Plan will direct staff on the new services to be included in the solicitation for the new collection contract.

SMaRT Station Operator Project
The SMaRT Station is currently operated by GreenTeam/Zanker of Sunnyvale. This agreement will expire on January 1, 2008. The City of Sunnyvale is in the process of obtaining solicitations for a new agreement. The operating agreement will be between the City of Sunnyvale and the selected contractor for a seven-year period. At the City of Sunnyvale option, the term of the agreement may be extended for one or more periods of three months, up to a maximum of one year. The operational objective of the SMaRT Station is to maximize the cost-effective diversion of solid waste generated by the residents and businesses of the participating agencies, including the cities of Palo Alto, Sunnyvale and Mountain View. The new SMaRT Station operation agreement will commence on January 1, 2008 and will influence what happens to the solid waste collected in Palo Alto. The new SMaRT Station operator and the future selected service provider may be of the same or different company and will have to work together.

Auditor’s Review of Current Collection Contract
Another project that will affect the new collection agreement and future services is the City Auditor’s review of the current agreement with PASCO. The City Auditor’s office anticipates completing its review by December 2006.

RESOURCE IMPACT
Funding in the amount of $225,000 for consultant and legal assistance to formulate and process the solicitation of proposals will be requested in the 2006-07 Refuse Fund proposed budget. This funding is needed to continue the consultant work from the start of negotiations with service providers through the final agreement phase.

ENVIRONMENTAL IMPACT
This report is not a project under the California Environmental Quality Act (CEQA) and an environmental review is not necessary.

ATTACHMENTS
Attachment A: Project Timelines

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