TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE: OCTOBER 10, 2006

CMR:349:06

SUBJECT: APPROVAL OF SCOPE OF WORK TO OBTAIN CONSULTANT SERVICES TO ADVISE THE CITY DURING THE PROCUREMENT PROCESS FOR A SOLID WASTE AND RECYCLABLE MATERIAL COLLECTION AGREEMENT

RECOMMENDATION

Staff recommends that Council approve the scope of work to obtain consultant services to assist and advise City staff during the procurement process for a new solid waste and recyclable material collection agreement.

BACKGROUND

The Palo Alto Sanitation Company (PASCO) has been collecting, transporting and processing solid waste and recyclables generated within the City of Palo Alto since the 1950s. In November 1998, PASCO was formally acquired by USA Waste of California (a Waste Management Company). In August 1999, Council approved a new agreement for PASCO to provide refuse and recycling services within the City of Palo Alto starting on September 1, 1999 for a term of up to ten years. The agreement will continue in effect until June 30, 2009.

The City reached a 62 percent diversion rate in 2004. In October 2005, the Council adopted a Zero Waste Resolution and set goals to divert 73 percent of waste by 2011 and to strive for zero waste by eliminating Palo Alto’s material sent to the landfill by the year 2021. The Council also approved the Zero Waste Strategic Plan and directed staff to prepare a waste generation study and a Zero Waste Operational Plan. Staff intends to bring to Council a Zero Waste Operational Plan for its approval in the fall of 2006. 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. The new collection contract will be an interim step in the process to reach the City’s Zero Waste diversion goals.

The Public Works Director has created a team to oversee the procurement process 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 has estimated the solicitation process for a new contract to begin in June 2007, and June 2008 as the projected date for awarding a new contract (Attachment A: CMR 189:06). 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 possible transition period between the existing contractor and the future contractor.
DISCUSSION
Staff is seeking consultant services to assist and advise City staff during the procurement process for a new agreement. The complete scope of work for the consultant (Attachment B) includes:

1) The consultant will be required to review and understand the existing agreement with PASCO, including services and programs provided, and challenges that are unique to Palo Alto.

2) The consultant will be required to survey, research, evaluate and develop recommendations on the type of agreement, compensation methodology and term of agreement that is best suited for the City of Palo Alto. This includes exploring the possibility of using completely different contracting models and considering an assortment of provisions that staff has identified in Task 2.B. of the scope of work. These provisions include considering changes to contract expenses, creating efficiency incentives versus penalties in reviewing performance levels for the service collector, and exploring the best term for the agreement.

3) The consultant will be required to conduct public meetings and gather public input on the preparation of the competitive procurement.

4) The consultant will be expected to consider the goals of the Zero Waste Operational Plan requiring changes to existing services.

5) The consultant will develop, with input from City staff, evaluation criteria and ranking for proposals, drafts and final copies of the RFP package, draft agreement and interview questions.

6) The consultant will make appropriate modifications to the draft agreement to reflect the final terms, conditions, service fees, and various contract exhibits resulting from the negotiation process.

7) The consultant will attend Council study sessions to present the results of the evaluation, selection, and negotiations.

Staff estimates going to Council for a recommendation on awarding a contract for consulting service by December 2006 and beginning the procurement process for a new contract in June 2007. This process will take approximately 12 months. Staff will continue to keep Council involved and informed of the process.

RESOURCE IMPACT
Funds in the amount of $225,000 for consultant and legal assistance were included in the FY 2006-07 Refuse Fund adopted budget.

POLICY IMPLICATIONS
The recommendation does not represent changes to existing City policies.

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

ATTACHMENTS
Attachment A: CMR:189:06 Timeline for new refuse and recycling collection contract
Attachment B: Scope of work for consultant services