TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER  DEPARTMENT: PUBLIC WORKS

DATE: MARCH 12, 2007  CMR:154:07

SUBJECT: APPROVAL OF CONTRACT WITH HF&H CONSULTANTS, LLC IN AN AMOUNT NOT TO EXCEED $205,164 TO ASSIST THE CITY IN THE SOLICITATION PROCESS FOR A NEW SOLID WASTE AND RECYCLING COLLECTION AND PROCESSING AGREEMENT

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached contract with HF&H Consultants LLC (HF&H) in a total amount of $205,164 to assist the City in the solicitation process for a new solid waste and recyclable material collection and processing agreement (Attachment A), including an amount not to exceed $178,404 for basic services and $26,760 for additional services.

BACKGROUND
The Palo Alto Sanitation Company (PASCO) has been collecting and transporting solid waste within the City of Palo Alto since 1951 and has been collecting and processing recyclables since 1978. 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 is in effect until June 30, 2009.

In October 2005, the Council adopted a Zero Waste Resolution and set goals to divert 73 percent of waste from by 2011 and to strive for zero waste by eliminating Palo Alto’s material sent to the landfill by the year 2021. The current diversion is 63% for calendar year 2005. The Council also approved the Zero Waste Strategic Plan and directed staff to prepare a waste composition study and a Zero Waste Operational Plan. Staff will bring to Council a Zero Waste Operational Plan for its approval in the spring of 2007. 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 solid waste and recycling contract. The new service agreement will be an interim step in the process to reach the City’s Zero Waste diversion goals.

In 2006, the Public Works Director created a committee to oversee the procurement process for a new solid waste and recycling collection and processing agreement. The committee includes staff from the Administrative Services and Public Works Departments with the City Attorney’s Office and the City Auditor’s Office as advisors. The solicitation process for a new contract is expected to begin in January 2008, and June 2008 is the projected date for awarding a new contract (CMR:189:06). This solicitation and award timeline has been developed to allow for adequate time to implement a new contract that is to begin July 1, 2009.
DISCUSSION
Since this is the first time in more than 55 years that the solid waste and recycling services will go through a competitive solicitation process, the committee decided it would be essential to obtain the knowledge and expertise of a consultant to assist the City in this multifaceted procurement process. The objective was to obtain a consulting firm specializing in solid waste and recycling procurement processes to assist staff in the process. The consultant will also assist the City in providing technical assistance in the selection process. In October 2006, Council approved the scope of work to obtain consultant services (CMR:349:06).

The scope of work for the consultant includes:

1) 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.
2) Conduct public meetings and gather public input on the preparation of the competitive procurement.
3) Consider the goals of the Zero Waste Operational Plan requiring changes to existing services.
4) Develop, with input and approval from City staff, drafts and final copies of the RFP package and supporting documentation for the draft agreement, evaluation criteria and ranking for proposals and interviews.
5) Assist in making appropriate modifications to the draft agreement to reflect the final terms, conditions, service fees, and various contract exhibits resulting from the negotiation process.
6) Attend Council study sessions to respond to questions related to the work in the process of the evaluation, selection, and negotiations for the new service agreement.

Please see Exhibit A to the attached Agreement for the complete scope of services.

<table>
<thead>
<tr>
<th>Proposal Description/Number</th>
<th>Provision of Services to Assist City in the Solicitation Process for a Solid Waste and Recyclable Material Collection Agreement RFP119835</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed length of project</td>
<td>15 months</td>
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<tr>
<td>Number of proposals mailed</td>
<td>14</td>
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<tr>
<td>Total days to respond to proposal</td>
<td>32</td>
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<tr>
<td>Non mandatory pre-proposal meeting</td>
<td>Yes</td>
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<tr>
<td>Number of companies present at pre-proposal meeting</td>
<td>7</td>
</tr>
<tr>
<td>Number of proposals received</td>
<td>2</td>
</tr>
</tbody>
</table>
| Company names and location | ▪ HF&H Consultants, Walnut Creek  
▪ R3 Consulting Group, Sacramento                                                                                      |
| Number of companies represented in both proposals | 5                                                                                                                     |
| Number of proposals selected for interviews | 2                                                                                                                     |
On November 20, 2006, a Request for Proposals (RFP) for the project was posted at City Hall and sent to 14 consultants. Proposals were received from two qualified consultants by the December 22, 2006 due date. An evaluation committee consisting of staff from Public Works and the Administrative Services Department reviewed the proposals and interviewed the two proposing firms on January 18, 2007. The evaluation committee carefully reviewed each firm’s qualifications and submittals relative to the following criteria identified in the RFP:

- Proposer’s experience, including the experience of staff to be assigned to the project, the engagements of similar scope and complexity;
- Quality, performance and effectiveness of the solution, goods and/or services to be provided by the proposer;
- Quality, innovativeness and thoroughness of proposal;
- Proposer’s compliance with applicable laws, regulations, policies (including City Council policies), guidelines and orders governing prior or existing contracts performed by the contractor;
- Proposer’s prior record of performance with the City of Palo Alto or others;
- Proposer’s ability to perform the work within the time specified;
- Proposer’s financial stability;
- Cost to the City.

HF&H Consultants, LLC (HF&H) was selected because of its high quality and professional work, extensive knowledge and experience in procurement processes for solid waste and recycling services, its ability to meet the criteria established in the RFP, its innovative ideas its ability to meet the City’s timeline to obtain a new agreement, and its familiarity with the Palo Alto community and zero waste goals.

**RESOURCE IMPACT**
Funds in the amount of $225,000 for this project 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: Agreement

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