



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson
John Stufflebean

SUBJECT: SEE BELOW

DATE: January 17, 2006

Approved

Date

1/18/06

Council District: Citywide

SUBJECT: ACCEPTANCE OF INTERIM STATUS REPORT FOR AND REQUEST FOR APPROVAL TO RELEASE THE RECYCLE PLUS RFP

RECOMMENDATION

- A. Accept status report for the Recycle Plus Request for Proposal for Integrated Waste Management Services.
- B. Approve the process for the release of a Request for Proposal for Single-Family Curbside Garbage and Recycling Services in Districts A and C and Yard Trimmings and Street Sweeping Services in District C on February 8, 2006.

BACKGROUND

The first term of the current Recycle Plus contracts will expire on June 30, 2007. In order to assure uninterrupted curbside services should any of the Recycle Plus contracts not be extended beyond June 30, 2007, Environmental Services staff began a Recycle Plus RFP contingency planning process that was approved by the City Council on October 4, 2005. This process included obtaining consultant support services, preparing a Request for Proposals (RFP) for potential release, and coordinating with the Finance Department to develop a plan for the procurement of solid waste services. Following a competitive selection process, R3 Consulting was retained to assist the City with the development of specifications and requirements of the RFP, the evaluation process, and contract negotiations.

On December 9, 2005, Environmental Services staff received written confirmation from Norcal Waste Systems of San Jose that Norcal would decline any extension offer made by the City for garbage and recycling services in Service Districts A and C. On December 13, 2005, the City Council approved the staff recommendation to not offer an extension to Norcal for garbage and recycling services.

January 17, 2006

Subject: Acceptance of Interim Status Report for and Request for Approval to Release the Recycle Plus RFP

Page 2

Because Norcal met both the diversion and performance measures required for an automatic extension of their District C yard trimmings and street sweeping contract, they were sent an offer of extension as outlined in the Council memorandum considered at the December 13, 2005 Council meeting. The City requested that Norcal reply by January 18, 2006 regarding the acceptance or rejection of the extension offer. On January 6, 2006, Norcal declined the extension offer.

As a result, Finance and Environmental Services staff is preparing an RFP for garbage and recycling services and for Yard Trimmings and Street Sweeping Services to be released on February 8, 2006. The scope of the RFP will include garbage and recycling collection and processing services for approximately 90,000 single-family households in Service District A and garbage and recycling collection and processing services and yard trimming and street sweeping services for approximately 66,000 single-family households in Service District C.

On December 6, 2005, Council approved a recommendation that staff develop an administrative process referred to as a Source Selection Plan (SSP) for RFPs with an estimated dollar value above \$1 million. The SSP serves as the foundation of the procurement and is agreed to between the Chief Purchasing Officer and the respective Department Director.

ANALYSIS

The procurement process, summarized in the Source Selection Plan (see Attachment A), is designed to be open, fair, and inclusive, providing for beneficial competition. The SSP is an agreement between Environmental Services and Purchasing/Finance summarizing the scope of work, procurement method, evaluation criteria and method, timeline, outreach to vendors, and staffing allocations. The discussion below complements the SSP by highlighting specification development, vendor outreach, and the submission, evaluation, and award process. Additionally, strategies enhancing competition and prevailing wages are discussed.

Specification Development, Vendor Outreach, and Vendor Communication

To ensure an open and inclusive procurement process, only functional and performance specifications are included in the RFP. Staff members and members of R3 Consulting, who developed the requirements and specifications for this RFP, submitted signed Confidentiality Agreements and Conflict of Interest forms to Purchasing. Based on the information provided, no conflicts of interest were identified.

The RFP process instructions incorporate the Procurement Process Integrity Guidelines outlining all communication from the vendor community and interested parties after the release of the RFP until the City's announcement of the selected proposal via the Procurement Contact listed in the RFP. City staff and elected officials receiving inquiries from potential proposers or interested parties will forward all inquiries to the Procurement Contact listed in the RFP.

After the issuance of the RFP on February 8, 2006, written questions from potential proposers will be accepted to allow for adequate communication between Proposers and the City.

HONORABLE MAYOR AND CITY COUNCIL

January 17, 2006

Subject: Acceptance of Interim Status Report for and Request for Approval to Release the Recycle Plus RFP
Page 3

Throughout the solicitation process, the City will issue addenda with responses to questions submitted and/or changes to the RFP document.

To provide for enhanced outreach to the vendor community, on January 3, 2006, the City directly notified the top 20 national solid waste firms, and the top 10 California based firms, as identified by Waste Age magazine in 2004. In addition, direct notifications were mailed to all commercial haulers franchised in San Jose and all 134 firms and individuals who expressed interest in the 2000 Recycle Plus RFP after nationwide advertising.

Submission

In accordance with the attached SSP, proposals will be due on March 22, 2006, at 2:00 p.m. To ensure that pricing does not inadvertently influence the technical evaluation, pricing and technical portions of the proposals will be separated before scoring by the Technical Evaluation Committee (TEC). Pricing will not be disclosed to evaluators until the initial technical evaluation is complete.

Evaluation Process

Purchasing will review all proposals to determine whether they are responsive. Proposers who are not responsive will be offered a debriefing session with Purchasing and will have the opportunity to protest the decision.

All members of the Executive Governance Committee, TEC and advisors to the TEC will sign Confidentiality Agreements and Conflict of Interest forms and submit them to Purchasing. Purchasing will brief the evaluation panel and advisors to the TEC to discuss their roles and responsibilities and to provide copies of the proposals. The Executive Governance Committee composed of senior staff from Environmental Services, Public Works, Transportation and the City Manager's Office will provide review and oversight to the evaluation process and confirm TEC's recommendations. ESD and Purchasing are in the process of assembling the seven members of the TEC consisting of three ESD employees, two non-ESD-Integrated Waste Management (IWM) City employees, and two non-City employees. The final composition of the TEC will depend on availability of staff and outside members at the beginning of the assignment. The TEC will receive technical assistance and input from R3 Consulting, Recycle Plus Customer Service, Planning Building and Code Enforcement, Department of Transportation, Finance, Information Technology, Department of Public Works/Office of Equality Assurance, and the City Attorney's Office.

Each member of the TEC will rate the proposals in accordance with the evaluation forms developed by ESD and R3 Consulting and approved by Purchasing. All Proposers will be invited to participate in oral interviews. The information gathered through oral interviews will be incorporated in the individual technical committee member rating. TEC members will document any changes in scoring due to the information received at Oral Interviews.

After combined scoring of the pricing and technical proposals, the TEC and the Purchasing representative will establish the competitive range: proposals which reasonably can achieve award of contract. The City will reserve the right to invite Proposers in the competitive range to

January 17, 2006

Subject: Acceptance of Interim Status Report for and Request for Approval to Release the Recycle Plus RFP

Page 4

submit a Best and Final Offer (BAFO) or to proceed with negotiations with one or two proposers. After receipt of BAFO submissions, if the City exercises this option, Purchasing will review and provide them to the TEC. The TEC may adjust the ranking of each proposal in the competitive range with a written description of the reasons for the adjustments.

Throughout the evaluation process, Finance will coordinate with the City Auditor's Office per the approved audit recommendation.

Evaluation Criteria

Each member of the TEC will rate the proposals in accordance with the evaluation criteria listed in the table below.

Evaluation Criteria	Description of the Evaluation Criteria	Weight of the Evaluation Criteria
Cost	Evaluation of all costs including impact on customer rates.	25%
Approach and Technical Solution	Evaluation of Proposers' approach to the RFP requirements and specifications and proposed solution including transition from current contractor, operation, processing, solid waste diversion, and commitment to equal employment, working conditions, labor relations, environmental stewardship, employee and public safety.	25%
Experience and Performance	Evaluation of experience of proposed management team assigned to this contract, evaluation of experience and performance providing services to agencies similar in size and services to identified collection districts, including review of pending and levied penalties, fines, and administrative charges and past and present lawsuits; and references from programs similar in size and services.	25%
Customer Service	Evaluation of approach to implement customer service programs, public education, continuity and timeliness of service, performance measures, and measurements of outreach effectiveness.	10%
Financial Capacity	Evaluation of financial statements and independent financial reviews.	5%
Local Business Preference	Business with a legitimate business presence in Santa Clara County in accordance with the ordinance titled "Contracting Preferences for Local and Small Businesses."	5%
Small Business Preference	Local Business that has 35 or fewer employees in accordance with the ordinance titled "Contracting Preferences for Local and Small Businesses."	5%

January 17, 2006

Subject: Acceptance of Interim Status Report for and Request for Approval to Release the Recycle Plus RFP

Page 5

Award Process:

After selection of the successful proposer or proposers, Purchasing will debrief with unsuccessful proposers and announce the City's intent to award the contract with sufficient time to allow for protest of the City's recommended award decision to the Chief Purchasing Officer (CPO). If no protests are filed with the CPO, Finance/Purchasing will bring forward a memorandum to Council recommending the execution of contract. If protests are filed, the CPO will respond to the protesting party, in writing, outlining the City's decision. Finance/Purchasing will document the protest and response in the Council memorandum recommending the execution of contract(s).

During the protest period, Purchasing will form a negotiation team composed of representatives of ESD, the CAO, R3 and Purchasing and negotiate with the recommended proposer(s). In accordance with the timeline in the attached SSP, staff expects to recommend to Council the proposer(s) for award of contract for Recycle Plus integrated waste management services on June 6, 2006. After Council approval of recommended award of contract, staff will return to Council for approval of executed contract(s), which will enable the selected service provider(s) to begin service on July 1, 2007.

Additional Issues

Currently, the City is divided into three service districts for single-family garbage and recyclables collection, as well as yard trimmings and street sweeping services. In accordance with Council direction from March 28, 2000, contracts for no more than two districts could be awarded to any one proposer for single-family services. This approach has been an advantage to the City, because it ensures a sense of competition between contractors after the RFP process, and allows the City to draw upon the services of the second contractors in the event that one contractor is unable to perform, or has defaulted on the agreement. Staff believes this approach is important to maintain for garbage and recycling services due to the high priority of garbage collection. However, in order to allow for economies of scale, and potentially lower proposal prices, staff is recommending that a City-wide award be permitted for yard trimmings and street sweeping services.

On November 29, 2005, the City Council accepted a staff recommendation to extend prevailing wages to Material Recovery Facility (MRF) workers in the 2006 Recycle Plus RFP. This was a change from the previous policy, which included drivers only. In order to clarify MRF worker classifications for the RFP, Attachment B is included in this memorandum to list all MRF worker classifications that will be covered by prevailing wage requirements. The listed workers and drivers are the only employees who would be eligible for prevailing wages under this RFP. All prevailing wage requirements will apply to subcontractors as well as contractors.

OUTCOME

Approval of the recommendations contained in this memorandum will allow staff to proceed with the release of the RFP, and ensure a highly competitive process through which the City will select a contractor who will deliver the best overall value to the residents of San Jose.

January 17, 2006

Subject: Acceptance of Interim Status Report for and Request for Approval to Release the Recycle Plus RFP

Page 6

PUBLIC OUTREACH

An announcement about the release of the RFP and all associated documents will be posted on the DemandStar system as well as the City's Bid Line. Industry Internet list serves will also be used to notify potential proposers of the information posted at the DemandStar site. Classified advertisements, running in January 2006, will be placed in *Waste News*, as well as the *Mercury News*.

To provide for enhanced outreach to the vendor community, on January 3, 2006, the City directly notified the top 20 national solid waste firms, and the top 10 California based firms, as identified by *Waste Age* magazine in 2004. In addition, direct notifications were mailed to all commercial haulers franchised in San Jose and all 134 firms and individuals who expressed interest in the 2000 Recycle Plus RFP after nationwide advertising.

COORDINATION

This memorandum has been coordinated with the Department of Public Works/Office of Equality Assurance, the City Attorney's Office, the City Auditor's Office, and the City Manager's Office.

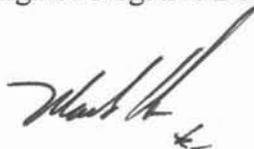
COST IMPLICATIONS

The cost implications of entering into new agreements for Recycle Plus services are as yet unknown. However, based on the proposed costs the City received through the RFP process conducted in 2000 and the rising costs of operating costs such as fuel, staff expects that costs for services resulting from this process will be higher than the current contracts. After proposals are evaluated, staff will present a complete evaluation of cost and other implications for Council consideration.

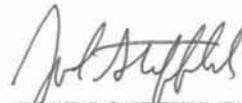
The 2006 Recycle Plus RFP process adheres to the City's Budget Strategy by focusing on the protection of vital City core services.

CEQA

Mitigated Negative Declaration, PP92-05-98



SCOTT P. JOHNSON
Director of Finance



JOHN STUFFLEBEAN
Director, Environmental Services

ATTACHMENT A
SOURCE SELECTION PLAN

Department Contact Information

Department: Environmental Services

Department Contact Information (Name, Title, Phone Number):

Donna Perala, Supervising Environmental Services Specialist, 975-2511

Scope of Work

Project Title: Recycle Plus Request For Proposals

Project Background:

Norcal Waste Systems of San Jose provides single-family dwelling (SFD) garbage and recycling services for Service District A (approximately 90,000 households) and Service District C (approximately 66,000 households) and Yard Trimmings and Residential Street Sweeping for Service District C (approximately 66,000 households). The first term of this agreement expires on June 30, 2007. On December 9, 2005, Norcal informed the City that Norcal would decline any extension offer made by the City for garbage and recycling services and therefore a new service provider will have to be secured through the Request for Proposal (RFP) process to begin services on July 1, 2007. On January 6, 2006, Norcal declined the extension of the Yard Trimmings and Residential Street Sweeping contract in Service District C. This contract will also expire on June 30, 2007, and a new service provider will have to be secured to begin services on July 1, 2007 for a six year contractual period ending June 30, 2013.

Estimated Dollar Value:

SFD garbage and recycling services - \$20,000,000 (annually)

Yard trimmings and residential street sweeping services - \$5,000,000 (annually)

Description of Project (include need and objectives of the project):

New contractors are required for residential garbage and recycling services in Districts A and C, and yard trimmings and street sweeping services in District C. Districts and household counts are outlined in the background above. Current service will expire on June 30, 2007. Service providers are required to provide weekly collection of garbage, recycling and yard trimmings, and once-monthly street sweeping services. They are also required to perform on-demand services such as cart exchanges, cart repairs, bulky goods collection, and neighborhood clean-up services.

Procurement Method		
Request for Proposal		
Evaluation Criteria		
Weighting for the following criteria are recommended as follows:		
Evaluation Criteria	Description of the Evaluation Criteria	Weight of the Evaluation Criteria
Cost	Cost detail for all Services provided	25%
Approach and Technical Solution	Evaluation of Proposers' approach to the RFP requirements and specifications and proposed solution including transition from current contractor, operation, processing, solid waste diversion, and commitment to equal employment, working conditions, labor relations, environmental stewardship, employee and public safety.	25%
Experience and Performance	Evaluation of experience of proposed management team assigned to this contract, evaluation of experience and performance providing services to agencies similar in size and services to identified collection districts, including review of pending and levied penalties, fines, and administrative charges and past and present lawsuits; and references from programs similar in size and services.	25%
Customer Service	Evaluation of approach to implement customer service programs, public education, continuity and timeliness of service, performance measures, and measurements of outreach effectiveness.	10%
Financial Capacity	Evaluation of financial statements and independent financial reviews.	5%
Local Business Preference	Business with a legitimate business presence in Santa Clara County in accordance with the City's ordinance titled "Contracting Preferences for Local and Small Businesses."	5%
Small Business Preference	Local Business that has thirty-five or fewer employees in accordance with the City's ordinance titled "Contracting Preferences for Local and Small Businesses."	5%

January 17, 2006

Subject: Acceptance of Interim Status Report for and Request for Approval to Release the Recycle Plus RFP

Page 9

Evaluation Method

List evaluation steps:

1. Separate evaluation of technical and pricing proposals. The technical evaluation will include Oral Interviews.
2. Best and Final Offer, if necessary

Mile Stones

Project Completion Date: Contractors must be ready to start servicing San Jose residents on July 1, 2007

Estimated Implementation Period: 12 months

Action

Date

Issuance of Solicitation:

Feb. 8, 2005

Solicitation Pre-Conference (if applicable):

Feb. 22, 2005

Closure of Question and Answer Period:

March 8, 2005

RFP Submission:

March 22, 2005

Award Recommendation to Council:

June 6, 2005

Approval of Execution of Contract to Council:

June 20, 2005

Vendor Outreach

Detail advertising strategy:

To provide for enhanced outreach to the vendor community, on January 3, 2006, the City directly notified the top 20 national solid waste firms, and the top 10 California based firms, as identified by Waste Age magazine in 2004. In addition, direct notifications were mailed to all commercial haulers franchised in San Jose and all 134 firms and individuals who expressed interest in the 2000 Recycle Plus RFP after nationwide advertising.

January 17, 2006

Subject: Acceptance of Interim Status Report for and Request for Approval to Release the Recycle Plus RFP

Page 10

Staffing Allocation

Functional areas of staff members participating in the development of specifications/requirements (include consultants and uncompensated outside parties):
IWM and ESD staff and R3 Consultants

Functional areas of staff members participating in the evaluation process based on availability of staff and outside members at the beginning of the assignment (include consultants and uncompensated outside parties):

ESD, IWM Staff (functional subject matter experts in the field of residential solid waste): Three (3) members

City Staff (outside of ESD-IWM): Two (2) members

External raters (a least one subject matter expert from another local agency): Two (2) members

Special assistance – read certain sections & discuss questions with technical evaluation team:
R3 Consulting, Recycle Plus Customer Service, Planning Building and Code Enforcement, Department of Transportation, Finance, Information Technology, the Office of Equality Assurance, and the City Attorney's Office.

Executive Governance Committee: composed of senior staff from Environmental Services, Public Works, Transportation and the City Manager's Office

The undersigned agree on the content of the Source Selection Plan, including but not limited to the Statement of Work, the Evaluation Criteria and Method, and the Mile Stones, and will ensure that adequate resources are allocated for the successful completion of this project.



Department Director
Name: John Stufflebean
Date:



Chief Purchasing Officer
Walter C. Rossmann, C.P.M.
Date:

ATTACHMENT B

**MATERIAL RECOVERY FACILITY
WORK CLASSIFICATION DESCRIPTIONS**

The table below lists all MRF worker classifications that will be covered by prevailing wage requirements in accordance with the Council directive from November 29, 2005.

Sorter	Segregates salvageable material on conveyor and various areas in plant: cardboard, mixed paper, plastic, aluminum
Floor Sorter/ Raker	Maintains floor, pulls steel, wood, metal, concrete, hazardous waste
Spotter	Directs traffic and checks loads
Mechanic	Maintain, adjust, change, troubleshoot, disassemble, install, repair
Scale Operator	Weighs trucks, receives, records all data as required, fills out weight tags, and charges customers according to cubic yard or tonnage
Baler Operator	Bales recyclables for transport, loads and unloads baler, keeps clean & free of damage
Buy Back Operator	Weighs and purchases recycled content material from customers, records transactions, issues payment
Equipment Operator	Operates necessary equipment, loaders, forklifts, sweepers