



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 05-11-09

Approved

Date

5/20/09

COUNCIL DISTRICT: City-Wide

SUBJECT: FIRST AMENDMENT TO MASTER AGREEMENT WITH HF&H CONSULTANTS, LLC FOR ENVIRONMENTAL CONSULTANT SERVICES

RECOMMENDATION

Approve the first amendment to the agreement with HF&H Consultants for environmental consultant services for various Environmental Service Department projects by increasing the total compensation by \$250,000, from \$250,000 to an amount not to exceed \$500,000.

OUTCOME

Approval of the first amendment to the agreement with HF&H Consultants would allow Environmental Service Department (ESD) to continue to develop and release a Request for Proposals (RFP) related to redesigning the commercial solid waste system. A redesigned system would significantly increase recycling and waste diversion, helping to achieve the Zero Waste Goal of meeting 75% diversion by 2013, and Green Vision Goal #5 of diverting 100% of waste from our landfills. The redesigned system could also encourage local infrastructure development and creation of jobs, and provide general fund stability.

BACKGROUND

HF&H Consultants was selected in 2008 to continue providing environmental consulting services for ESD through a competitive Request for Qualifications (RFQ) process. ESD used the City's Bidline system to notify consultants of the upcoming procurement; ESD regularly encourages interested solid waste consultants to sign up for and maintain an active profile on Bidline. The RFQ was released on June 5, 2008 and proposals were due on June 30, 2008, giving

interested proposers over three weeks to reply. HF&H was the only proposal received in response to this process. The RFQ evaluation panel selected HF&H Consultants due to their expertise, including that this firm has provided staff support for many solid waste service procurements by local governments in the San Francisco Bay Area. The rates submitted by HF&H were consistent with other rates submitted by consultants for similar work completed for ESD.

HF&H Consultants provides support under this agreement in primarily three areas: the commercial solid waste system redesign, auditing of commercial solid waste franchised haulers, and solid waste contract negotiation support. The term of the agreement was from September 24, 2008 through December 31, 2011, with an original maximum compensation of \$250,000. To date, a total of \$155,433.06 has been spent on various Integrated Waste Management projects, leaving a balance of \$94,566.94.

ANALYSIS

When ESD developed the scope of work for HF&H Consultants, staff budgeted the agreement to support the anticipated projects for the entire 2008-2009 fiscal year. However, over the last twelve months, several related high priority projects have required additional support from this firm. In August 2008, the City Auditor's Office released a report on the Commercial Solid Waste Franchise and AB939 Collection Program, which identified some modifications to the franchise management process and procedures. Based on recommendations from the Audit Report, ESD developed a comprehensive plan to audit all of the Commercial Solid Waste Franchise haulers over a rotating basis and initiated this effort under the HF&H master agreement. ESD directed HF&H Consultants to conduct the first of these audits beginning with franchised haulers GreenWaste Recovery, \$99 Debris Box, and GT Waste. As a result, HF&H assisted staff in improving its accounting and franchise management procedures for managing the Commercial Solid Waste Franchises. ESD will release an RFQ for additional solid waste auditing services in May 2009.

A second high-priority project was providing support in the negotiation of an amendment to the City's agreement with International Disposal Corporation for citywide disposal services at the Newby Island Landfill. These negotiations were complex and address several provisions in the existing disposal agreement including nearly a decade long issue regarding regulatory cost claims from the landfill and clarifications to contract provisions to support the Commercial Solid Waste System redesign. Due to the complexity and cost implications of these negotiations, the City engaged the expertise of HF&H to support this effort. Staff anticipates bringing this amendment to Council in June 2009.

Additionally, on March 24, 2009, Council approved moving forward with the procurement process for redesigning the commercial system and directed staff to release two separate procurements; one for garbage and recyclables collection and processing and one for organics

processing. Each of these projects has added to the overall scope for the HF&H Master Agreement.

Staff recommends amending the consultant agreement with HF&H Consultants to increase the total compensation by \$250,000 to a maximum compensation of \$500,000. These additional funds would enable the City to continue preparing two RFP's to solicit and award exclusive franchises for the collection of commercial solid waste, recycling, and organics, and for organics processing for release this summer. HF&H has already worked with staff extensively on this process; preparing collection scenario analysis, districting research and recommendations, developing a rate structure methodology, presented staff with draft RFP documents and is planned to assist in the evaluation of proposals received during the coming year. If a new consultant was introduced to this process it would not only delay the process but it would not be cost-effective as many of these projects would require a steep learning curve for the new firm. In addition, ESD has found that the services HF&H provides to be highly specialized and previous procurement processes for this type of consultant work has not yielded many responses. Utilizing HF&H's continued expertise and knowledge would allow staff to complete these projects under the original timeline, as well as ensure that opportunities for rate payer cost savings in each of these projects is maximized.

EVALUATION AND FOLLOW-UP

This action does not address any performance measures.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This recommendation does not meet any of the criteria listed above. This memorandum will be posted on the City's Internet website for the June 2, 2009 Council agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney and City Manager's Budget Offices.

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Subject: First Amendment to Master Agreement with HF&H Consultants

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COST SUMMARY/IMPLICATIONS

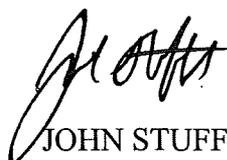
This recommendation would increase the compensation to HF&H Consultants for environmental consulting services for various ESD projects by increasing the total compensation by \$250,000, from \$250,000 to an amount not to exceed \$500,000. The funding will come from ESD's non-personal operating budget of the Integrated Waste Management Fund (423). Consultant fees for 2009 will be held at 2008 rates. Staff has reviewed the contract costs in light of the current economic conditions and has determined that this expenditure represents a prudent use of public funds. Use of this consultant's expertise and experience with other jurisdictions on similar projects has result in cost savings for the City.

BUDGET REFERENCE

| Fund # | Appn # | Appn. Name | Total Appn | Amt. of Recommendation | Adopted Budget Page | Last Budget Action (Date, Ord. No.) |
|---------------------------------------|--------|------------------------|---------------------------|------------------------|---------------------|-------------------------------------|
| 423 | 0762 | Non-Personal/Equipment | \$5,739,092 | \$250,000 | XI-47 | 02/10/2009, Ord. No. 28492 |
| <u>Total Funding Available</u> | | | <u>\$5,739,092</u> | | | |

CEQA

Not a project.



JOHN STUFFLEBEAN
Director, Environmental Services

For questions please contact Jo Zientek, Deputy Director, Integrated Waste Management Division, at (408) 535-8557.