



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 11-08-10

Approved

Date

11/10/10

COUNCIL DISTRICT: City-Wide

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

RECOMMENDATION

Approve the Third Amendment to the Master Agreement between the City of San José and HF&H Consultants, LLC for environmental consultant services on the commercial solid waste redesign and franchise procurement, increasing the amount of the agreement by \$50,000 from \$800,000 to an amount not to exceed \$850,000.

OUTCOME

Approval of the Third Amendment to the Agreement with HF&H Consultants would support the Environmental Service Department (ESD) to complete the evaluation of the proposals received from the Commercial Solid Waste Franchise Request for Proposals (RFP).

BACKGROUND

A Request for Qualifications was issued in the summer of 2008 to procure consultant assistance for the commercial solid waste system redesign. The City selected HF&H Consultants and executed an agreement with HF&H on September 19, 2008, for a term through December 31, 2011, and for a not-to-exceed compensation of \$250,000. Primary services provided under the agreement include: procurement of processing services, procurement of commercial solid waste collection services, analysis of collection district boundaries, financial analysis and rate structuring, and public education and outreach. ESD also required support from HF&H for audits of commercial franchisees and assistance with amending the landfill

agreement. The initial budget for consultant support of the commercial redesign did not anticipate the preparation of two separate RFP procurements, and significant consultant work was already completed on the combined RFP before City Council directed staff to separate the processes on March 24, 2009. In order to design a new process and determine revised timelines and release strategies, a First Amendment to the Agreement was executed on June 2, 2009, to increase the total compensation for the Master Agreement to \$500,000. A Second Amendment to the Agreement was executed on December 8, 2009, to increase the total compensation to \$800,000, in order to finalize the two required RFPs, facilitate the RFP pre-proposal process, respond to questions for addendums, and provide technical expertise for the evaluation process.

ANALYSIS

The competitive procurement process for the Commercial Redesign encouraged innovation and creativity from proposers and leveraged their expertise in collection and processing services. As a result, the City received detailed, responsive technical proposals from multiple private sector companies that provide a variety of options that the City must evaluate. The complex nature of the responses to the RFPs has necessitated more analysis by HF&H than was originally anticipated. Furthermore, while the separation of the Organics Processing and the Collection services RFPs has encouraged additional private sector competition for separate system components, it has created new challenges in terms of the review and analysis of those components and their compatibility under a single system. HF&H continues to have the essential skills and experience needed to support the City in the cost evaluation, rate structure review, and modeling necessary to evaluate the interface of organics processing proposals with collection proposals.

The proposed increase to the compensation by \$50,000 from \$800,000, for a total maximum compensation of \$850,000, would enable ESD to complete the rating process for the two RFPs and the compatibility analysis of the best combination of organics processing and collection proposals. Additionally, the HF&H agreement provides for monitoring the progress of key milestones during the transition phase for the new commercial franchise system. After Council direction to negotiate agreements with specific service providers (anticipated for February 2011), staff will be able to assess the appropriate level of support needed from HF&H and/or other consulting service providers to assist with monitoring of the implementation of the new commercial franchise system.

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 November 30, 2010 Council agenda.

COORDINATION

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

COST SUMMARY/IMPLICATIONS

This recommendation would increase the compensation to HF&H Consultants for environmental consultant services on the commercial solid waste redesign and franchise procurement by \$50,000 from \$800,000 to an amount not to exceed \$850,000. The \$50,000 will be expensed from the Department's Non-Personal/Equipment appropriation, which includes on-going funding for commercial solid waste consulting services.

1. Amount of Recommendation/Cost of Project:	\$50,000
Master Agreement – September 19, 2008	\$250,000
First Amendment – June 2, 2009	\$250,000
Second Amendment – December 8, 2009	\$300,000
<i>Proposed Third Amendment</i>	<i>\$50,000</i>
TOTAL	\$850,000

2. SOURCE OF FUNDING: **423 – Integrated Waste Management Fund**

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BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. of Recommendation	2010-2011 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
Funding Available						
423	0762	Non-Personal/Equipment	\$2,878,867	\$50,000	XI-47	06/29/2010, Ord. No. 28765

CEQA

Not a Project, File No. PP10-066 (e), Services that involve no physical changes to the environment.

/s/
JOHN STUFFLEBEAN
Director, Environmental Services

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