



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 4-25-11

Approved

Date

5/4/11

COUNCIL DISTRICT: City-Wide

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

RECOMMENDATION

Approve the Fourth Amendment to the Master Agreement between the City of San Jose 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 \$75,000 from \$850,000 to an amount not to exceed \$925,000.

OUTCOME

Approval of the Fourth Amendment to the Agreement with HF&H Consultants LLC (HF&H) would support the Environmental Service Department (ESD) to complete negotiations with the Commercial Solid Waste and Recyclable Material Collection Franchisee, Allied Waste Industries (Allied), and the Commercial Organic Waste Processing Contractor, Zero Waste Energy Development Company (ZWED).

BACKGROUND

Under an agreement executed on September 19, 2008, for a term through December 31, 2011, HF&H provided services including: procurement of organics processing services, procurement of commercial solid waste collection services, analysis of collection district boundaries, financial analysis and rate structuring, and public education and outreach. On March 24, 2009, City Council directed staff to separate the solid waste collection franchise from the organics processing contract. In order to design a new process for the two procurements, 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 Requests for Proposal (RFPs), facilitate the RFP pre-proposal process, and provide technical expertise for the evaluation process. A Third Amendment to the Agreement was executed on November 30, 2010, to increase the total compensation to \$850,000 in order to complete the evaluation of the proposals received from the Commercial Solid Waste Franchise RFP.

As noted in the November 8, 2010 memorandum for the third amendment, staff anticipated that, after Council direction to negotiate agreements with specific service providers, staff would be able to assess the appropriate level of additional support needed from HF&H. On April 5, 2011, staff presented the Report on Request for Proposals for Commercial Solid Waste System to Council. Council accepted the Report and directed staff to negotiate agreements with the staff-recommended proposers.

ANALYSIS

HF&H continues to have the essential skills and experience needed in cost evaluation, rate structure review, and modeling necessary to support the City during negotiations with the service providers. The proposed increase to the compensation by \$75,000 from \$850,000, for a total maximum compensation of \$925,000, would enable ESD to complete negotiations with the service providers.

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 May 17, 2011 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 \$75,000 from \$850,000 to an amount not to exceed \$925,000. The \$75,000 will be expensed from the Department's Non-Personal/Equipment appropriation, which includes on-going funding for commercial solid waste consulting services.

Hourly rates for consultant services under the Agreement have remained unchanged since the Agreement was executed in September 2008. Although the First Amendment to the Agreement, executed in June 2009, authorized a \$10 per hour rate increase for each service classification, HF&H, in consideration of City budgetary concerns at that time, agreed to freeze hourly rates at the level approved with the original Agreement. HF&H has continued to provide service under the Agreement, forgoing rate increases and adjustments, at the rate level approved in the original Agreement. As further consideration for this Fourth Amendment to the Agreement, HF&H has agreed to reduce their hourly rates by 5%.

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

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1. Amount of Recommendation/Cost of Project:	\$75,000
Master Agreement – September 19, 2008	\$250,000
First Amendment – June 2, 2009	\$250,000
Second Amendment – December 8, 2009	\$300,000
Proposed Third Amendment – November 30, 2010	\$50,000
<i>Proposed Fourth Amendment – April 25, 2011</i>	\$75,000
 TOTAL	<hr/> \$925,000

2. SOURCE OF FUNDING: Integrated Waste Management Fund

Budget Reference

Fund #	Appn #	Appn. Name	Total Appn	Amt. of Recommendation	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
Funding Available				\$75,000		
423	0762	Non-Personal/Equipment	\$2,878,867	\$75,000	XI-47	06/29/2010, Ord. No. 28765
Total Funding for Recommendation				\$75,000		

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.