



AGENDA REPORT SUMMARY

MEETING DATE: February 23, 2010

SUBJECT: Waste and Recyclables Collection Proposals

RECOMMENDATION:

- A. Accept the presentation of waste and recyclables collection service Request for Proposal (RFP) results and provide direction on the Evaluation Committee's preferred service provider proposal (Mission Trail Waste Systems);
- B. Approve the incorporation of the City-defined expanded recyclables/organics service alternative and the required use of Compressed Natural Gas (CNG) vehicles into the franchise agreement;
- C. Approve the incorporation of City-defined optional services, including Downtown and Loyola Corners garbage and recycling collection, on-call at-residence Household Hazardous Waste (HHW) collection, and special events collection into the franchise agreement at favorable and competitive pricing levels; and
- D. Direct staff to begin the franchise agreement negotiation process and return to City Council in March 2010 for consideration of award.

<p align="center">ESTIMATED FISCAL IMPACT</p> <p>AMOUNT: No net impact expected.</p> <p>BUDGETED: Y ___ X___ N ___</p> <p>FUNDING SOURCE: Solid Waste Fund</p> <p>Finance Director: _____ Russell J. Morreale</p>	<p align="center">ATTACHMENTS</p> <p>Gustafson Report</p>	<p align="center">PUBLIC HEARING NOTICE Date of Publication</p> <hr/> <p align="center">PREVIOUS COUNCIL CONSIDERATION</p> <p>Date(s): September 8, 2009 and September 22, 2009</p> <hr/> <p align="center">CEQA STATUS Initial Study Pending</p>
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Jim Gustafson, Engineering Services Manager

Douglas J. Schmitz, City Manager

Date

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AGENDA REPORT

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TO: City Council
FROM: Jim Gustafson, Engineering Services Manager
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BACKGROUND

The current Franchise Agreement between the City and Los Altos Garbage Co. (LAGCO) now named Recology, will expire on September 14, 2010. Current waste management services include the collection and disposal of garbage, residential recyclables, and plant trimmings. Single-family residential garbage is currently collected once a week while recyclables and plant trimmings are collected every other week. Current residential backyard service is included in the base rate for garbage waste only. Commercial and Multi-Family garbage service is provided to customers per request and are collected at least once a week. Commercial cardboard is collected with the use of front loader bins, and recyclables via 96-gallon wheeled carts. Compostable organics are collected from a compactor at one business on a pilot basis only and special request debris box services are included in the current agreement.

On August 10 and 12, 2009 discussions were held at two consecutive Environmental Commission meetings providing opportunity for the Commission to hear public comment and consider elements of the draft RFP.

On September 8, 2009, staff presented City Council a draft Request for Proposal (RFP) and received additional policy direction. On September 22, 2009, City Council authorized staff to issue an RFP which was subsequently released to the contracting community on September 23, 2009.

A pre-bid meeting was held on October 13, 2009 and two administrative addenda were issued, one on October 21, 2009 and one on November 4, 2009. The City received timely proposals from the following three vendors on November 17, 2009:

- Green Waste Recovery, Inc. (GW)
- Mission Trail Waste Systems (MTWS)
- Recology Los Altos (RLA)

Following a preliminary review of the proposals, letters of RFP response clarification were sent to all proposers on December 18, 2009.

On December 4, 2009, R3 Consulting Group (R3) was retained by the City to facilitate the evaluation process after staff was advised of a potential conflict of interest that arose with the previously engaged consultant. Evaluation Committee meetings, consisting of staff, the Chairman of the Environmental Commission, and R3, were held on December 15, 2009 and January 15, 2010. On January 21, 2010, the Evaluation Committee conducted interviews with all three proposers prompting further requests for clarifications to each of the proposers. Each of the proposers responded to the clarification requests in a cooperative and timely manner providing the Evaluation Committee, where necessary, with modified responses allowing for a standardized comparison of like service level scenarios called for in the RFP. The Evaluation Committee met again on February 8 and 12, 2010.

DISCUSSION

The City is fortunate to have three very responsive proposals. The Evaluation Committee presents this summary of proposals submitted by the three contractors in response to the RFP and requests for clarification. Each proposer was asked to propose at least two service levels. The Base Case described a service level essentially the same as the existing service, but with weekly collection of residential recyclables. The City Alternative service level described the same components as the Base Case, but with contractor-recommended enhancements to recycling.

PROPOSED COLLECTION SERVICES

The RFP requested that all vendors respond to the following base and alternative service levels:

City Base Case Proposal:

Proposers were requested to submit a proposal on the cost of **weekly collection of garbage, recyclables, organic wastes** (green waste and produce waste) in three separate and color-coded wheeled carts. Commercial and multi-family customers were to receive at least weekly collection of recyclables at a container volume at least equal to the equivalent garbage service level. Food waste was not required in this case.

City Alternative Proposal:

Proposers were requested to submit an alternative proposal to include **weekly collection of garbage, expanded recyclables and compostable materials** (green waste, produce waste, meat, dairy, poultry, food-contaminated paper products) The compostable program is be offered to both residential **and commercial customers**.

Additionally proposers were to quote five additional services to be selected and exercised at the City's discretion. These service levels, in some cases, could *increase or decrease* the base case and alternative proposed rates listed above.

- Additional Service Option 1:** **Street Sweeping.** This option includes once a month street sweeping in all residential zones and weekly in all commercial zones.
- Additional Service Option 2:** **Public Garbage and Recycling Container Collection.** This option includes servicing 78 pairs of garbage and recycling containers from the public streets in the Downtown and Loyola Corners areas six or seven days a week.
- Additional Service Option 3:** **Special Events Collection.** This option includes collection of recyclables, compostables and garbage from all City-sponsored special events.
- Additional Service Option 4:** **Citywide Drop-Off Events.** This option includes two Citywide Drop-Off Days per year, one in the Spring and one in the Fall. Events will be held on Saturdays and hauler will provide separate handling for recyclable materials, yard wastes, clean organics and wood wastes, scrap metal and electronic items.
- Additional Service Option 5:** **Household Hazardous Wastes (HHW) Collection.** This option includes scheduling a collection of HHW for residents at their doorstep. This collection may include pesticides, oil-based paints, sharps, fluorescent tubes, and other wastes not collected curbside (batteries, oil, oil filters, and compact fluorescent lamps).

All vendors were provided the opportunity of including alternative fuel options including both bio-diesel and Compressed Natural Gas (CNG).

RECOMMENDED COLLECTION SERVICE LEVELS

In reviewing the above-noted alternatives and options, taken in the context of the totality of the RFP responses received, the Evaluation Committee recommends that the City pursue the City Alternative Proposal (Expanded Recyclables and Compostables) combined with the CNG-powered collection vehicles for the following reasons:

- The City Alternative Proposal provides Los Altos with the opportunity to maximize diversion rates in its effort to implement an environmentally sustainable and responsible solution.
- The City Alternative Proposal facilitates expanded recyclables/organics for all residents, businesses, and multi-family dwellings.
- The City Alternative Proposal facilitates expanded compostable waste for residents and businesses.

- The CNG vehicle option provides an entire new fleet of clean low-emission service vehicles with the added benefit of reducing vehicle operation noise levels citywide and reducing particulate emissions.
- The adoption of these new standards can be accomplished with minimal rate impact to the majority of our customers, as described further below, while providing significant increases in overall service levels.

COMPARISON OF CURRENT TO PROPOSED SERVICES

Table I below summarizes the major differences between the current and proposed services as a basis for communicating the service deliverables involved. A review of this table supports the Evaluation Committee’s mutual agreement that the RFP process will result in a much higher level of services for all of our residents and businesses:

TABLE I Current v. Proposed Collection Services	
Current	Proposed
RESIDENTIAL	
Hours of Operation <ul style="list-style-type: none"> ▪ Residential - 6AM to 5PM weekdays ▪ Commercial - 6AM to 5PM everyday service 	Hours of Operation <ul style="list-style-type: none"> ▪ Residential - 7AM to 5PM weekdays ▪ Commercial 7AM to 5PM everyday service
Collection Vehicles <ul style="list-style-type: none"> ▪ No specific age, fuel, or technical requirements 	Collection Vehicles <ul style="list-style-type: none"> ▪ All new collection vehicles ▪ All low emission fuel ▪ CNG fuel included as an option ▪ GPS tracking included as an option ▪ Low height bodies and collection mechanisms
Weekly Garbage Collection <ul style="list-style-type: none"> ▪ Manual curbside collection ▪ Backyard service, garbage only, no fee ▪ 32 gallon collection ▪ Resident provides garbage containers 	Weekly Garbage Collection <ul style="list-style-type: none"> ▪ Automated curbside collection as default ▪ Backyard service, all containers, extra fee ▪ Cart sizes range from 20 gallons-96 gallons ▪ New rolling carts provided to all residents
Every Other Week Recyclables Collection <ul style="list-style-type: none"> ▪ Manual curbside collection ▪ 18 gallon crates provided by hauler ▪ No backyard service ▪ Includes motor oil and filters 	Weekly Recyclables Collection <ul style="list-style-type: none"> ▪ Automated curbside collection as default ▪ Backyard service – all containers – extra fee ▪ New rolling carts provided to all residents ▪ Cart sizes range from 32 gallons-96 gallons ▪ Includes motor oil and filters ▪ Additional recyclables in Alternative Proposal

TABLE I
Current v. Proposed Collection Services

Current	Proposed
<p>Every Other Week Green Waste Collection</p> <ul style="list-style-type: none"> ▪ Semi-automated ▪ 96 gallon cart provided by hauler ▪ Yard waste only/no produce ▪ 2 weeks Holiday tree collection 	<p>Weekly Green Waste Collection</p> <ul style="list-style-type: none"> ▪ Automated curbside collection as default ▪ Backyard service, all containers, extra fee ▪ Includes collection of organics (green waste and produce waste) ▪ Alternative Proposal includes meat, dairy, poultry, food-contaminated paper products ▪ Kitchen food scrap pail provided by hauler ▪ 3 weeks Holiday tree collection beginning Dec. 26
<p>On-Call Bulky Item Collection</p> <ul style="list-style-type: none"> ▪ 2 collections/year at no cost ▪ Limited garbage – plant trimmings and construction debris ▪ 4ft x 4ft x 8 ft ▪ Additional clean-up for a fee 	<p>On-Call Bulky Item Collection</p> <ul style="list-style-type: none"> ▪ 2 collections/year at no cost ▪ Includes garbage, minor construction debris, household bulky items, plant trimmings ▪ 4 cubic yards ▪ Additional on call collections for a fee
<p>Limited HHW</p> <ul style="list-style-type: none"> ▪ Not provided 	<p>Limited Weekly HHW</p> <ul style="list-style-type: none"> ▪ At residence, weekly collection at no cost ▪ Compact fluorescent bulbs ▪ Dry cell batteries ▪ Small electronics ▪ Water-based paint ▪ Cooking oil
<p>Expanded HHW</p> <ul style="list-style-type: none"> ▪ Not provided 	<p>Expanded On-Call HHW</p> <ul style="list-style-type: none"> ▪ At residence, on-call for a fee ▪ Receptacles provided ▪ Includes pesticides ▪ Includes oil-based paint ▪ Includes full aerosol containers
<p>County-Wide HHW</p> <ul style="list-style-type: none"> ▪ Per customer appointment, City charged 	<p>County-Wide HHW</p> <ul style="list-style-type: none"> ▪ Per customer appointment, cost to City ▪ Viable and mitigating resident options provided
NON-RESIDENTIAL (BUSINESSES AND MULTI-FAMILY)	
<p>Garbage Collection</p> <ul style="list-style-type: none"> ▪ Weekly collection; container sizes range from carts to bins (96 gallon carts to 8 CY bins) 	<p>Garbage Collection</p> <ul style="list-style-type: none"> ▪ Weekly collection; container sizes range from carts to bins (96 gallon carts to 8 CY bins)
<p>Recyclables Collection</p> <ul style="list-style-type: none"> ▪ Provided on request ▪ No specific service level requirements 	<p>Recyclables Collection</p> <ul style="list-style-type: none"> ▪ Must be provided to all businesses and multi-family units at a container volume equal to at least the

TABLE I
Current v. Proposed Collection Services

Current	Proposed
<ul style="list-style-type: none"> ▪ No charge for recycling 	<p>equivalent garbage container volume</p> <ul style="list-style-type: none"> ▪ Container sizes range from 96 gallon carts to 8 CY bins ▪ No charge for recycling
<p>Green Waste</p> <ul style="list-style-type: none"> ▪ Provided on request ▪ No specific service level requirements ▪ Charge for green waste 	<p>Green Waste</p> <ul style="list-style-type: none"> ▪ Green waste provided on request at no cost for container sizes ranging from 96 gallon carts to 8 CY bins
<p>Organic Waste (Includes Food Waste)</p> <ul style="list-style-type: none"> ▪ Not provided 	<p>Organic Waste (Includes Food Waste)</p> <ul style="list-style-type: none"> ▪ Offered to all businesses and multi-family ▪ Included as part of the City Alternative Proposal
ROLL-OFF SERVICES	
<ul style="list-style-type: none"> ▪ Containers ranging from 10–40 CY ▪ No diversion required (per landfill contract, 50% diversion required of franchise debris boxes) ▪ Rate is flat fee and includes pull and disposal cost, with weight limits 	<ul style="list-style-type: none"> ▪ Containers ranging from 10-40 CY ▪ Material must be diverted (green waste, wood, inerts, etc.) ▪ Rates done on flat per pull fee + cost of processing/disposal based on weight
CITY FACILITY SERVICES	
<ul style="list-style-type: none"> ▪ Provided as “free service” 	<ul style="list-style-type: none"> ▪ Fee based for actual services provided
OTHER KEY ELEMENTS	
<p>Landfill Disposal Fees</p> <ul style="list-style-type: none"> ▪ Paid by City to the City’s contracted landfill with reimbursement by hauler 	<p>Landfill Disposal Fees</p> <ul style="list-style-type: none"> ▪ Paid directly by hauler at its contracted green waste/organics processor ▪ This effectively transfers the price/volume risk to the collection service provider
<p>Customer Billing</p> <ul style="list-style-type: none"> ▪ Handled by the service provider 	<p>Customer Billing</p> <ul style="list-style-type: none"> ▪ Handled by the service provider ▪ Refreshed website design opportunities provided ▪ E Commerce billing required
<p>Green Waste/Organics Processing Fees</p> <ul style="list-style-type: none"> ▪ Paid by City to the City’s contracted green waste/organics processor with reimbursement by hauler through rates 	<p>Green Waste/Organics Processing Fees</p> <ul style="list-style-type: none"> ▪ Paid directly by hauler at its contracted green waste/organics processor ▪ This effectively transfers the price/volume risk to the collection service provider

TABLE I Current v. Proposed Collection Services	
Current	Proposed
Compost Give-Away <ul style="list-style-type: none"> ▪ Approximately 360 CYs delivered to City-designated facility in Sunnyvale (cost included in City’s contract with processor, Zanker) 	Compost Give-Away <ul style="list-style-type: none"> ▪ 360 CYs delivered to City-designated facility (no cost) ▪ Can be directed to other locations
Dedicated City Recycling Coordinator <ul style="list-style-type: none"> ▪ Not required 	Dedicated City Recycling Coordinator <ul style="list-style-type: none"> ▪ Included as shared, full time or contract
Annual Customer Service Survey <ul style="list-style-type: none"> ▪ Not required 	Annual Customer Service Survey <ul style="list-style-type: none"> ▪ Will be provided at City request
Backyard Composting Bin <ul style="list-style-type: none"> ▪ Not required 	Backyard Composting Bin <ul style="list-style-type: none"> ▪ Provided to residents that request one at no charge

SUMMARY OF KEY DIFFERENCES IN PROPOSALS

All three proposers are well qualified and can provide a high level of services to the City. The evaluation process revealed that the service levels and manner of delivering is generally similar among all three proposers. In all cases, all three proposers complied with the substantive requests of the RFP and provided the Evaluation Committee with that information necessary to make an informed and comparable decision.

Although all three proposers addressed the service levels identified by the City, their responses varied in approach and style. While both GW and RLA submitted separate and distinct proposals for the City Base Case and the City Alternative (expanded recyclables and expanded compostables), MTWS submitted one combined proposal incorporating City Base and City Alternative services within its standard proposed offering. The key service level differences between proposers are summarized in Table II below.

TABLE II Key Differences in Proposals			
Item	GW	MTWS	RLA
Diversion Guarantee	<ul style="list-style-type: none"> ▪ 61% - City Base ▪ 66% - City Alternative 	<ul style="list-style-type: none"> ▪ 78% City standard 	<ul style="list-style-type: none"> ▪ 66% - City Base ▪ 77% - City Alternative
CNG-Powered Low Emission Collection Vehicles	If requested by the City, will provide as an option at no additional cost starting within 3 years of contract start date	Offered within the City standard proposal at time of implementation	If requested by the City, will provide as an option with a 2% increase on all customer rates

Collection Vehicles	<ul style="list-style-type: none"> ▪ 10 new residential ▪ 2 new commercial On-board GPS customer service systems	<ul style="list-style-type: none"> ▪ 10 new residential ▪ 2 new commercial On-board GPS customer service systems	<ul style="list-style-type: none"> ▪ 8 new residential ▪ 2 new commercial On-board GPS customer service systems at extra cost
Residential Organic Waste (meat, poultry, dairy, contaminated paper)	Residential included as City Alternative at no additional cost	Residential offered as a standard proposal at no additional cost	Residential included as City Alternative with marginal increase in residential rates
Commercial Organic Waste (meat, poultry, dairy, contaminated paper)	Commercial included in City Alternative with an additional cost of 50% of the equivalent garbage rate	Commercial offered as a standard proposal at no additional cost	Commercial included as City Alternative with an additional cost of 95% of the equivalent garbage rate
Residential Rates	Highest Overall Rates	Lowest Overall Rates – proposed at current rate levels	Second Lowest Overall Rates
Commercial & Multi-Family Rates	Higher Rates - Organics charged at 50% of garbage rate	Lowest Overall Rates - Near or at current rate levels No charge for organics	Higher Rates - Organics charged at 95% of garbage rate
Dedicated Recycling Coordinator	Dedicated full-time staff for the City	Subcontracting for commercial recycling assistance; shared staff for other recycling coordinator activities	Shared staff with Cupertino
Roll-Off Rates	Lowest Rates	Highest Rates – proposed at current level	Second Lowest Rates
City Services Rates	Lowest Rates	Highest Rates	Second Lowest Rates
Drivers	Non-union (opportunity to apply and interview for available positions)	Union (offer of employment to displaced drivers as needed)	Union

ALTERNATIVE PROPOSALS SUBMITTED

The RFP also allowed proposers to submit alternative service levels in addition to those requested by the City. However, through the evaluation and clarifications process, only RLA submitted a viable alternative as the other alternatives proposed changed the frequency of garbage collection or

recycling collection to every other week, a frequency the Evaluation Committee determined will not meet desired City standards.

The remaining alternative proposal submitted by RLA assumes retention and continued use of the current brown-colored carts for green waste, and not replacing the full fleet of commercial collection trucks with new vehicles. Although RLA's alternative proposal would result in a slight reduction in proposed residential customer base rates, residential backyard service and most commercial rates would still remain higher than those submitted by MTWS and GW. In essence, the Evaluation Committee did not believe the minor drop in selected rates sufficiently offset the commensurate drop in capital investment proposed. Furthermore, the Evaluation Committee considered RLA's alternative proposal to be misaligned with the spirit of the City's RFP which specifically called for new citywide equipment. Because of these factors, the Evaluation Committee did not numerically score RLA's alternative proposal to selectively continue use of existing equipment.

EVALUATION PROCESS AND RESULTS

The three proposals were received on November 17, 2009 and their elements were compared to the RFP requirements to ensure completeness. Each Evaluation Committee member reviewed and scored the proposals based on a maximum score for each evaluation criteria as described in the City's RFP and approved by City Council. The criteria and approved weight of each of the criteria are as follows:

- Firm Qualifications and References – 10%
- Technical Proposal – 30%
- Cost Proposal – 50%
- Diversion Rate – 10%

The Evaluation Committee was comprised of three people from City staff, the Environmental Commission Chair, and one outside consultant (R3 Consulting Group):

- Jim Gustafson, Engineering Services Manager
- Russell J. Morreale, City Finance Director
- Stephen Anderson, Environmental Commission, Chair
- Lavenia Millar, City Solid Waste Specialist
- Richard Tagore-Erwin, R3 Consulting Group

The Evaluation Committee conducted an analysis and evaluation of the three proposals received based on the aforementioned evaluation criteria as established in the RFP. The team also considered the following additional requested information sources:

- Proposals submitted to the City on November 17, 2009
- Responses to clarification letters sent on December 18, 2009
- Interviews held with each of the Proposers on January 21, 2010
- Responses to interview clarification letters sent on January 22, 2010

- Responses to clarification email sent on February 4, 2010
- Responses to clarification phone call made on February 12, 2010

The Evaluation Committee met four times during the review process and participated in multiple conference calls. Each Evaluation Committee member scored the proposed services individually and convened on a group basis to discuss the merits of their individual recommendations. The Evaluation Committee individually scored the proposing companies in accordance with the evaluation criteria prescribed in RFP. The scores assigned to each of the proposals reflect the extent to which the RFP requirements were met, the extent to which each selection criterion was fulfilled relative to other proposals.

In the evaluation process under the City Base, City Alternative and City Alternative with CNG, Mission Trail Waste Systems (MTWS) received the highest points for Firm Qualifications, Technical Proposal, Cost Proposal, and Diversion Rate. Accordingly, MTWS received the highest total points under each scenario and is therefore rated as the Evaluation Committee’s preferred contractor.

CITY OPTIONAL PROGRAMS

The City also requested price proposals for five optional programs. The range of results are presented in Table III below.

TABLE III Comparison of Proposed Costs for City Optional Programs		
City Optional Program	Current Cost	Proposal Cost Ranges
Street Sweeping	\$22.00/curb mile	\$24.28 - \$56.43/curb mile
Downtown and Loyola Corners Garbage & Recycling Container Collection	No charge	No charge - \$68,800/year for 6 days/week No charge - \$80,300/year for 7 days/week
Citywide Drop-Off Days	Not offered	\$6,000 - \$15,250/event
Special Events Collection	No charge	No charge - \$750/day No charge - \$75/event set-up No charge - \$75/event tear-down No charge - \$100/event for clean-up during event
At Residence Expanded HHW	Not offered	\$25 - \$110 per each on-call OR \$0.45 - \$0.64/home (depends on participation rate)

Based on responses from the three proposers, and a comparison to current services, the City should ***pursue and negotiate*** with the Proposer including Downtown and Loyola Corners Garbage & Recycling Container Collection, Special Events Collection, and On-Call HHW collection at the best possible available pricing. The Evaluation Committee does not recommend that the City pursue street sweeping or Citywide drop-off events. Currently the City provides street sweeping services on a contract basis at lower cost and the newly proposed resident services will mitigate or eliminate the need for the City-wide drop-off events.

Considering the core and optional service levels noted in these discussions, staff welcomes Council's input and feedback on some implied policy decisions including: establishing flexible hours of operation to accommodate earlier start times for commercial and/or downtown service; and activating at-residence HHW pick up on an individual participant fee basis or incorporating this into the citywide rates.

FISCAL IMPACT

Under the existing Franchise Agreement the City is directly responsible for all waste landfill and organics disposal costs. As outlined under the recommended proposals set forth in this staff report, the City has effectively transferred landfill and recyclables disposal fee responsibility and risk to the vendor by requiring that they incorporate such projected costs into their proposed rates. Staff believes that this structure is both fiscally and environmentally prudent in that it transfers the risk of price volatility while providing a direct incentive for the selected provider to maximize re-use, recycling, and organic diversion rates during the term of the contract.

The new agreement increases the Franchise Fee from the current 10% to a proposed 15%. The new franchise fee is reflected in the rates proposed. Under the proposed new agreement City facility collections are to be billed directly to City General Fund operations on a going-forward basis at an appropriate rate.

From residents and commercial customer perspectives, the preferred provider proposed rate structure reflects little to no overall increases in the year of inception even though service levels will be significantly increased. Core residential rates remain the same, although backyard service (which will include servicing all containers under the new model) will be made available at a higher rate. Commercial rates were quoted favorably in comparison to existing rates and include the significant advantage of providing for the collection of organics at no additional cost. Roll-off debris box rates have been proposed by the recommended vendor at the current rate levels, although higher than the two other competitive proposals.

During the life of the contract, rate increases will be limited to regional cost-of-living increases as a measure of assuring reasonable and objective future rate changes.

NEXT STEPS

Upon receiving direction from the Council regarding staff recommendations, staff will begin the negotiation process with the preferred provider (MTWS) and return to Council in March 2010 for consideration of award. Should the negotiation process not result in the conclusions summarized in this report, staff will reconsider the other competitive proposals that have been submitted.