

CITY MANAGER'S OFFICE

APR 14 2022

7:30am

City of South Gate

CITY COUNCIL

AGENDA BILL

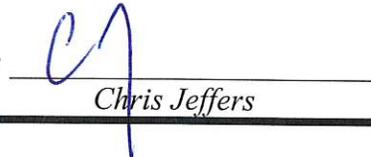
For the Special Meeting of: April 19, 2022

Originating Department: Public Works

Department Director:


Arturo Cervantes

Interim City Manager:


Chris Jeffers

SUBJECT: PRESENTATION OF AN INITIAL EVALUATION OF THE SOLID WASTE, RECYCLING, AND ORGANICS COLLECTION AND PROCESSING SERVICES PROPOSALS

PURPOSE: To present the initial evaluation of the Solid Waste, Recycling, and Organics Collection and Processing Services Proposals received by the City of South Gate and obtain direction from the City Council on further negotiations with a proposer(s).

RECOMMENDED ACTION: The City Council will hear a presentation by HF&H Consultants, LLC. ("HF&H") along with staff relating to the initial evaluation of the solid waste services proposals received from USA Waste of California, Inc. (Waste Management), Universal Waste Systems, Inc., and NASA Services, Inc. Upon the conclusion of the presentations by HF&H, the submitting proposers, and comments from the public the City Council will consider giving direction on further negotiations with a single vendor or multiple vendors as well as general areas to be discussed with those selected vendors.

FISCAL IMPACT: All costs associated with the Request for Proposals including consultant, legal and staff time are covered by the requirement that the ultimate selected vendor reimburse the City's General Fund in the amount of \$250,000 upon award of contract.

ANALYSIS: The City engaged the services of HF&H to assist in the preparation of a request for proposals and analysis of submitted proposals relating to a new Solid Waste, Recycling, and Organics Collection and Processing Services Agreement. At the October 26, 2021 City Council meeting, the City Council approved and authorized the release of a Request for Proposal ("RFP") by a unanimous vote.

The RFP was subsequently amended on October 28, 2021, to clarify some terms, and on December 16, 2021, to respond to questions submitted by potential proposers. On January 27, 2022, the City received three proposals from the following companies:

- NASA Services, Inc. ("NASA")
- Universal Waste Systems, Inc. ("UWS")
- USA Waste of California, Inc., dba Waste Management ("WM")

HF&H performed a preliminary review of the proposals submitted by the three companies and prepared a summary of each proposal. Written questions were sent to each proposer on March 4, 2022, and each proposer was provided an opportunity to review and comment on the accuracy of the written proposal summary. Written responses from proposers to the initial questions were submitted by March 11, 2022.

The ultimate agreement with the selected vendor will be for a ten-year period beginning January 1, 2023, and expiring on December 31, 2032, with an option to extend the agreement for up to twenty-four months at the City's sole discretion.

The new agreement is designed to be fully compliant with several state laws that have become effective since the City entered into a service agreement with WM back in 2011. That agreement is set to expire on December 31, 2022. Those state laws include Assembly Bill ("AB") 341, AB 1826, and Senate Bill 1383. These latest state laws also require an edible food recovery program, procurement of recycled products, securing access to recycling capacity, monitoring compliance, and, in 2024, enforcing compliance upon service users. These new mandates upon cities and counties have been discussed several times during the last year to explain the changes needing to occur and implementing several changes to our municipal code in order for us to have the infrastructure in place when this new agreement becomes effective on January 1, 2023.

While implementation of SB 1383 became effective on January 1, 2022, the Legislature realized that a significant number of the 488 cities and 58 counties have not been able to migrate toward implementation for a number of technical reasons. Thus, last year, the Governor signed SB 619 which provides additional time for those entities to comply with residential and commercial organics programs required by SB 1383. The City Council approved the Notice of Intent to Comply on January 25, 2022.

Attached is a more detailed summary of the proposals by HF&H along with copies of entire proposals submitted by the three companies. This report will not attempt to repeat the highlights in that report given they are extensive in nature and number. The reader is strongly encouraged to read that particular report.

This agreement is the most integral and complex service agreement any local government unit will enter. The requirements under California law, federal regulations and County health & safety standards are numerous and complex. Under state law, the local government is ultimately responsible for ensuring this service is done in compliance with those laws and regulations. Thus, it is critical that selection of a company be made that is not only providing the right value but has shown to have the means and can substantiate those means to fulfill the agreement. While significant safeguards, performance bonds and penalties have been incorporated into the agreement, the City does not desire to find itself in the position of enacting or seeking judicial relief if possible. The value of the agreement in gross revenue to the successful bidder will be between \$14 million and \$15 million in the first year of operation, all paid for by the customers using the service.

At this time, both HF&H and staff are encouraging the City Council to permit negotiations with all three bidders. Such a process would allow for the City to maximize the best agreement for the community. The goal will be to explore:

- Refinement of the commercial rate proposals to address rates with unusually high increases compared to current rates to encourage participation in recycling and organics programs
- Reasonableness of proposed hauler-collected diversion guarantee
- Proposed enhancements
- Proposer exceptions to the draft agreement
- Customer Service programs

The stated items would be in addition to those the City Council identifies during their discussion.

The goal is to complete discussions with the vendor(s) selected by the City Council by early June. Staff would then return to the City Council for discussion and hopefully selection. It is imperative that the City select a vendor by the beginning of July to allow the vendor to order vehicles, bins, containers and other critical components to ensure operations beginning on January 1, 2023 are as seamless as possible.

BACKGROUND: The City's solid waste franchise agreement with WM will expire on December 31, 2022. At the May 11, 2021 City Council meeting, the decision was made to procure a new contract through the competitive process. In addition, the City Council awarded a sole-source contract to HF&H to develop an RFP and manage the competitive selection process. At the October 26, 2021 City Council meeting, the Council approved the RFP and ordered it released to prospective vendors. On January 27, 2022, those proposals were due to the City.

The new agreement will be structured to ensure compliance with the various state mandates that have been placed upon the cities and counties for solid waste collection and processing. Ultimately, the burden falls upon the local governments to ensure compliance with the various state mandates. While every attempt is made to provide risk protection through performance bonds, verification of ability to perform, past performance reference checks, etc., the exposure ultimately lies with the local government itself to make sure performance standards are met.

ATTACHMENTS: A. HF&H PowerPoint Presentation
B. HF&H Evaluation of Proposals
C. Vendor Proposals