



Agenda Report

22-112

Agenda Date: 3/22/2022

REPORT TO COUNCIL

SUBJECT

Action on an Agreement with R3 Consulting Group, Inc. for Solid Waste Consulting Services

COUNCIL PILLARS

Promote Sustainability and Environmental Protection and Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The Department of Public Works (DPW) currently utilizes a consultant working under two separate agreements to provide services related to solid waste and recycling programs. Consultant services include assisting the City to negotiate solid waste collection and processing agreements, calculating and preparing annual rate recommendations, performing various audits to verify tonnages and franchise fee payments, and auditing the City's 11 non-exclusive franchise haulers to ensure compliance with mandatory organics and recyclables collection services.

One agreement has recently expired and the other is set to expire on June 30, 2022. It is necessary to conduct a procurement to continue the tasks outlined above along with tasks associated with implementing new state mandated route reviews and future landfill disposal and composting services. The City's current long-term agreement with BFI/IDC Corporation for landfill disposal and composting services will expire on December 31, 2024, so it is necessary to have a new contract in place in advance of that date.

DISCUSSION

DPW determined that services provided under the two previous consulting agreements are similar in nature and should be combined into a single agreement to reduce the amount of time spent on the procurement and administration of multiple agreements.

Pursuant to City Code Section 2.105.330, a formal Request for Proposals (RFP) was conducted for this procurement, with the award recommendation based on "best value". The factors considered in the award were quality and completeness of proposal, experience and qualifications of firm and key personnel, approach, and methodology in performing the work, and cost.

The City published a RFP on January 13, 2022, for Solid Waste Consulting Services. On January 24, 2022, the City held a mandatory, pre-proposal conference that was attended by four firms: HF&H Consultants, LLC; MSW Consultants, Inc.; NBS Government Finance Group; and R3 Consulting Group, Inc (R3). The purpose of the meeting was to give potential proposers a better understanding of the City's requirements by providing an overview of the services required and a forum for questions.

One proposal was received from R3 by the proposal due date. The other three firms did not submit proposals citing current client commitments and time required to fulfill the City's service requirements. After a thorough review of the sole proposal from R3, staff determined that the proposal met or exceeded all the requirements set forth in the RFP in the following key areas:

- Proposal demonstrated a clear understanding of the scope of services and methodology for completing each task
- R3 provided excellent consulting services during previous negotiations for solid waste collection and processing agreements with multiple vendors
- R3's team possesses a thorough knowledge of the City's complex NEF hauler system and has successfully completed five previous annual audits that have identified inaccuracies and underpayments of \$262,500

Summary of Agreement: The maximum compensation under the proposed agreement with R3 is \$754,915 for a five-year term to complete the following tasks:

- Task 1 - Annual Auditing of NEF Hauler Franchise Fee Payments and Compliance with Bundled Service Requirements
- Task 2 - Annual NEF Hauler Route Reviews
- Task 3 - Assistance with FY 2023/24 - FY 2025/26 Annual Rate Setting
- Task 4 - Annual Santa Clara County-wide Rate Matrix for FY 2022/23 - FY 2025/26
- Task 5 - Residue Audits at GWR and Z-Best Composting Facility
- Task 6 - Assistance Securing Disposal and Composting Services beginning January 1, 2025
- Task 7 - Rate Study for FY 2025/26 Solid Waste Rates

Tasks 1 through 4 will occur once per year, Task 5 will occur twice per year, and Tasks 6 and 7 will occur only once during the initial five-year term of the agreement. Each task has an associated not-to-exceed amount based on the estimated number of staff hours at specified hourly billing rates and reimbursable expenses. Staff benchmarked R3's rates against other public agency contracts and determined that pricing is fair and reasonable for the consultant services being provided.

ENVIRONMENTAL REVIEW

The action being considered is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15301 "Existing Facilities," as the activity consists of the repair, maintenance or minor alteration of existing facilities involving no or negligible expansion of the use beyond that presently existing.

FISCAL IMPACT

The maximum compensation under the proposed agreement is \$754,915. Tasks 1 and 2 will be funded by NEF hauler franchise fee payments which are deposited in the General Fund. Tasks 3 -7 will be funded by the Solid Waste Fund through customer garbage charges. Funding for all tasks is subject to future approval of Council appropriations.

COORDINATION

This report has been coordinated with the Finance Department, Silicon Valley Power, and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the City Manager's Office to execute an Agreement with R3 Consulting Group, Inc. for solid waste consulting services, with a five-year term starting on or around April 1, 2022, and ending on June 30, 2027, with maximum compensation not-to-exceed \$754,915 subject to the appropriation of funds;
2. Authorize the City Manager's Office to execute amendments to the Agreement for additional solid waste consulting services that may be required during the five-year term, subject to the appropriation of funds; and
3. Authorize the City Manager's Office to execute up to two, one-year options to extend the Agreement through June 30, 2029, subject to the appropriation of funds.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: City Manager's Office

ATTACHMENT

1. Agreement with R3 Consulting Group, Inc.