



MEETING DATE: 1/17/06

ITEM NO. 20

COUNCIL AGENDA REPORT

DATE: January 10, 2006
TO: MAYOR AND TOWN COUNCIL
FROM: DEBRA J. FIGONE, TOWN MANAGER
SUBJECT: INFORMATIONAL REPORT ON WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY BOARD PROCESS FOR COLLECTION CONTRACT PROCUREMENT

RECOMMENDATION:

For information only.

BACKGROUND:

The Town contracts for solid waste collection and disposal services through the West Valley Solid Waste Management Authority (Authority), a joint powers agency consisting of the following member municipalities: Town of Los Gatos, City of Campbell, City of Monte Sereno, and City of Saratoga. The Authority Board of Directors includes one Council representative from each agency; Councilmember Glickman is the Los Gatos Boardmember.

The collection services contracts that the Authority holds with Green Valley will terminate on February 28, 2007. As Council has discussed at previous meetings, the Authority has adopted a procurement process in order to have new contracts in place for March 2007. The Authority released a Request for Proposals for Solid Waste Management Collection Services (RFP) on September 8, 2005, and five proposals were received by November 15, 2005. Council reviewed the draft RFP at its August 15, 2005 meeting.

DISCUSSION:

The purpose of this report is to provide Council with information about the proposals received, about the services proposed in those documents, and about the Authority's draft schedule for the remainder of the contract procurement process.

PREPARED BY: Regina A. Falkner, Community Services Director

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Reviewed by: PSD Assistant Town Manager, Finance, Community Development, Town Attorney, Clerk Administrator
Revised: 1/11/06 10:44 am

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CONTRACT PROCUREMENT*January 10, 2006****Process***

At its December 15, 2005 meeting, the Authority Board received a preliminary analysis of the proposals for completeness and responsiveness, as well as a summary of the proposals. Also at that meeting, the Authority Board heard summary presentations from each of the proposers. During the week of December 19, Authority consultants met with proposers to ask follow-up questions and seek clarification of aspects of their proposals.

A meeting was held with Authority member agencies' Town/City Managers on January 3 to discuss the proposals and answer any questions. The Authority Board's procurement committee met January 4 to discuss the additional information gathered by the Authority consultants and to provide direction to perform additional analysis prior to the next Authority Board meeting, scheduled for February 2.

***Description of Proposers***

Following is a summary of the five companies that submitted proposals in response to the Authority's RFP:

<b>Name</b>	<b>Parent Company</b>	<b>Description</b>
Allied Waste (AWI)	Allied Waste	Second largest solid waste company; similar services to 38 agencies in N. California
Green Valley Disposal Company (GVDC)	Waste Management	Largest solid waste company; current contractor; service to numerous N. California agencies
Norcal Waste Systems (Norcal)	Norcal Waste Systems	Tenth largest solid waste company; services to 41 California agencies
West Valley Collection & Recycling (WVCR)	a joint venture of: Green Waste Recovery and Green Team of San Jose (dba of Waste Connections, Inc.)	Sixth largest solid waste company; service to City of San Jose, other N. California agencies
West Valley Industries (WVI)	a joint venture of: Pelligrini Group, South San Francisco Scavenger Group, and Independent Investor's Group	Twenty-third largest solid waste company; service to SFO and Stanford, other N. California agencies

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### ***Non-Responsive Proposal***

At its December 15 meeting, the Authority rejected the proposal of Green Valley Disposal Company (GVDC) as nonresponsive to the RFP, for the following reasons:

- GVDC did not present categories of expense (e.g., wages, overtime, benefits, fuel, maintenance, depreciation) and operational information (e.g., number of routes, hours, and employees) as requested by the RFP. Lack of this information makes it impossible to understand, evaluate, or compare its proposal to others.
- GVDC proposed a substantially different compensation mechanism than that set forth in the RFP. This change would be disadvantageous to the Authority during times of low inflation, in the event of change in law rate adjustments, and when it attempted to negotiate an extension to the agreement. The change in compensation terms makes it impossible to compare the proposal to others.

At the meeting, GVDC was allowed the opportunity to comment, and declined to change any of the terms of its proposal. The Authority Board directed staff to continue its analysis of the other four proposals.

### ***Comparison of Services***

One of the key goals of the RFP is to develop a package of services that maximizes efficiency, minimizes cost, and provides good customer service to residents. As discussed by Council at its August 15, 2005 meeting, the RFP called for some changes in the collection services that Los Gatans receive now, including the following:

- Automated collection. The hauler would provide standardized collection containers to residents, for automated collection of trash, recyclables, and yard waste. Residents would not provide their own containers. A process for recycling old solid waste and recyclables containers would be put in place by the hauler.
- Commingled recyclables. All household recyclables would be collected together in one large, mechanically collected toter. Recyclables would no longer be sorted between several small bins by residents.
- Oil and Battery Collection. A drop-off center for disposal of used oil and household batteries would be provided, rather than collection at curbside. In 2004, 3300 gallons of oil and 800 oil filters were collected curbside.

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Following is a brief summary of key services proposed by each company:

<b>Service</b>	<b>Allied</b>	<b>Norcal</b>	<b>WVCR</b>	<b>WVI</b>
Residential Collection	single purpose trucks; one pass for trash, one pass for recyclables, separate route for green waste	single purpose trucks; separate routes for trash, recyclables, and green waste	split-body trucks collecting both trash and green waste, separate single purpose trucks for recyclables	single purpose trucks; separate routes for trash, recyclables, and green waste
Residential Green Waste	up to one 96-gallon cart for no additional fee; unlimited service with customer's own containers	unlimited carts and collection at no additional fee	three 96-gallon carts at no additional fee; can provide unlimited service for additional cost	three 96-gallon carts at no additional fee; unlimited extras in paper bags
Holiday Trees	curbside	curbside	curbside	curbside
Recyclables Collected	as listed in RFP, except: milk and juice cartons added: aerosol cans, small appliances, pots and pans, used oil and filters	as listed in RFP	as listed in RFP added: textiles, polystyrene, used oil and filters	as listed in RFP, except: plastic film added: aerosol cans, small appliances, pots and pans, empty latex paint cans
Annual Cleanups	materials collected curbside, on dates to be negotiated	residents to bring materials to debris boxes to be placed in varying locations, one every other Saturday	materials collected curbside, on dates to be negotiated	materials collected curbside, on dates to be negotiated
Commercial Collection	front-end loader trucks	front-end loader trucks	front-end loader trucks	front-end loader trucks

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Service	Allied	Norcal	WVCR	WVI
Number of Routes	residential: 26 commercial: 10 roll-off: 4.3	residential: 24 commercial: 9 roll-off: 5	residential: 21 commercial: 9 roll-off: 3	residential: 28 commercial: 10 roll-off: 6
	Total: 40.3	Total: 36	Total: 31	Total: 44

It is important to remember that each company proposed those services it felt were responsive to the RFP, and would best address the West Valley area. It will be the job of the Authority to determine the final package of services, through the contract negotiation process.

***Comparison of Financial Proposals***

For purposes of analysis, the Authority consultants have divided the cost proposals into two scenarios: first, yard waste limited and construction/demolition debris (C&D) excluded; and second, yard waste unlimited and C&D included.

***Yard Waste Limited/C&D Excluded (in \$Millions):***

Cost	Allied	Norcal	WVCR	WVI
Contractor Compensation	17.6	16.9	14.3	18.5
Franchise Fees	2.0	1.9	1.6	2.1
Surcharges	1.3	1.3	1.3	1.3
Total Revenue Requirement	20.9	20.1	17.2	21.9

***Yard Waste Unlimited/C&D Included (in \$Millions):***

Cost	Allied	Norcal	WVCR	WVI
Contractor Compensation	18.2	17.9	16.0	19.7
Franchise Fees	2.0	2.0	1.8	2.2
Surcharges	1.3	1.3	1.3	1.3
Total Revenue Requirement	21.5	21.2	19.1	23.2

The Authority has not yet made a determination whether or not it will allow for unlimited yard waste

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disposal, or whether it will include C&D collection as part of the franchised waste stream.

***Disposal Contract***

Also at its December 15 meeting, the Authority approved a new disposal contract with Waste Management for disposal at Guadalupe Landfill. The term is 15 years, effective January 1, 2006. The initial disposal rates are lower than the current rates, resulting in some immediate savings. By implementing the new contract 14 months in advance (the previous contract was to expire in February 2007), it is estimated that the Authority will save approximately \$350,000. Waste Management agreed to provide the Authority "most favored customer" status for the first 5 years of the contract. During that time, the Authority has the right to the most favorable customer rate offered by Waste Management to a comparable city, special district, or private company. The Authority also has the right to terminate the contract if the San Jose Disposal Facility Tax increases by more than \$5 in any year or \$15 over the term of the contract.

It is unclear at this point what effect the lower disposal rate will have, if any, on rates to collection customers. More information will be available after the annual rate review process in the spring.

**CONCLUSION:**

At its next meeting, February 2, the Authority Board will select one of the four proposers with which to negotiate, with the goal of completing negotiations in time for a contract to be approved at the March 16 Authority Board meeting. Services under the new contract would begin March 1, 2007.

Staff will advertise the February 2 Authority meeting in the Los Gatos Weekly-Times, and in the What's New! portion of the Town website. Both the Town and the Authority have made public participation a priority during the entire procurement process.

**ENVIRONMENTAL ASSESSMENT:**

The recommended action is not a project defined under CEQA, and no further action is required.

**FISCAL IMPACT:**

No fiscal impact will result from the recommended action.

**Attachments:**

(None)

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