



PUBLIC WORKS DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: October 15, 2019

Subject

Master Agreement between the City of Cupertino and HF&H Consultants, LLC, to conduct a rate study of the current franchise agreement and to provide assistance for implementation of a new solid waste, recycling, and compostables/organics franchise agreement. No additional budget appropriations are needed.

Recommended Action

Authorize the City Manager to approve a Master Agreement between the City of Cupertino and HF&H Consultants, LLC, in an amount not-to-exceed \$250,000, for the term ending January 31, 2022.

Discussion

The City entered into the current franchise agreement with Recology Cupertino (Recology) on May 18, 2010 to provide services for collection and processing of recyclable and compostable materials, and collection and disposal of garbage. The agreement established Recology as the exclusive hauler of solid waste and recyclable materials in Cupertino. This agreement was subsequently amended on September 2, 2014 and again on December 19, 2017 to address changes in organic waste collection and diversion goals, establishment of targeted outreach for organics, and cost increases for organics processing. The second amendment established an expiration of the franchise agreement on January 31, 2021.

As the City approaches the need for a new long-term franchise agreement, there are several areas where the City could benefit from expert assistance, which may include: 1) analysis of existing and future service needs; 2) analysis of commodity markets and their effects on recyclable and organics material processing, revenue potential, and costs; 3) analysis of legislative changes and their effects on a franchise, including diversion goals, reporting obligations, processing, and costs; 4) preparation of a maximum rate study; and 5) preparation of a request for proposal (RFP). If authorized by City Council, this recommended Master Agreement (Attachment A) will allow the City to utilize experienced solid waste, recycling, and organics consulting services on an as-needed basis to provide data-driven guidance in crafting and negotiating a new cost-efficient and legally compliant solid waste franchise agreement.

The consultant services will also include analysis of existing franchise agreement maximum rates to assess whether recent requests for special adjustment in the rates have merit and the appropriate amount, if any, of recommended adjustments. Additionally, the consultant will be asked to review other current contractual obligations requiring in-depth audits of material tonnage.

Anticipating the need for these consulting services, staff completed a request for qualifications (RFQ) process on June 20, 2019 in accordance with State and City codes. In response to the RFQ issued by the City, two Statements of Qualifications were received from firms within the Bay Area. These were evaluated for relevant skills and experience, resulting in a list of two qualified consultants.

Selection of HF&H is recommended due to their specific experience with solid waste, recycling, and organics planning, rate study analysis, and waste material tonnage audits; the accessibility of the firm; and their knowledge of legislative requirements and industry practices.

The Master Agreement defines a maximum compensation to be authorized under the agreement and no funds are encumbered by the Master Agreement. Project specific services are authorized on a project-by-project basis by the issuance of a Service Order.

Through the proposed Master Agreement, the Environmental Programs Manager can quickly bring the consultant onto a project team as needed, further enabling staff to effectively negotiate and develop a cost-efficient solid franchise agreement, and to evaluate current agreement needs.

Sustainability Impact

CalRecycle reports that of the nearly 35 million tons of waste that reaches California's landfills each year, approximately 80% could be recoverable. Though Cupertino is exceeding state mandates for waste diversion, the City's continued efforts to accelerate zero waste targets recommended in the City's Climate Action Plan align with AB32 goals and reflect those adopted by adjacent jurisdictions. Developing and administering a forward-thinking and robust solid waste, recycling, and organics franchise agreement will effectively provide solid waste diversion that meets or exceeds State and City goals and requirements, provide enhanced recycling, organics, and waste reduction services to rate payers, and maintain a regionally competitive maximum rate structure for services provided by the franchisee.

Fiscal Impact

No fiscal impact, as these funds were approved with the FY19-20 budget. No additional budget appropriations are needed.

Prepared by: Alex Wykoff, Acting Environmental Programs Manager

Reviewed by: Roger Lee, Director of Public Works

Approved for Submission by: Deborah Feng, City Manager

Attachments:

A – Draft Master Agreement