

CITY OF OAKLAND
AGENDA REPORT
OFFICE OF THE CITY CLERK
OAKLAND

2012 JAN 11 AM 10:20

TO: Office of the City Administrator
ATTN: Dearma J. Santana
FROM: Public Works Agency
DATE: January 24, 2012

RE: Resolution Waiving The Advertising And Competitive Request For Proposal/Qualification Requirements And Authorizing The City Administrator To Amend An Agreement With R3 Consulting Group To Provide Zero Waste System Technical Assistance Services Increasing The Amount Not To Exceed By Two Hundred Thousand Dollars (\$200,000.00) For A Total Contract Amount Not To Exceed Five Hundred Thousand Dollars (\$500,000.00) And Extending The Term By Two Years To September 1, 2015

SUMMARY

A resolution has been prepared authorizing the City Administrator to amend an existing professional services agreement (Agreement) with R3 Consulting Group (R3) to provide Zero Waste system technical assistance consulting services. The proposed Amendment would increase the Agreement's not to exceed amount by two hundred thousand dollars (\$200,000.00), for a total amount not to exceed five hundred thousand dollars (\$500,000.00), and extend the term of the Agreement by two years to September 1, 2015.

When the R3 Agreement was executed in 2009, a conservative approach was used to estimate the level of effort needed to develop the new system design and to begin the RFP process for recycling, composting, and disposal services. This conservative approach in establishing the contract amount not to exceed of three hundred thousand dollars (\$300,000.00) was due to the fact that Zero Waste system design and implementation is uncharted territory for the City, and that specific RFP needs were not yet known prior to completion of the system design.

However, the full scope and complexity of R3's work designing a new system exceeded initial staff expectations for level of effort, length of time, and extent of technical assistance consultant support required. Additionally, in June 2011 the City extended the terms of its current service agreements with Waste Management of Alameda County and California Waste Solutions to expire on June 30, 2015. The extensions lengthen the time period for the RFP process, and the City's need for R3 consultant services to complete the process.

During system design R3 needed to conduct more detailed research and analysis than expected in order for staff to complete the due diligence necessary to make recommendations on several key system design elements. One such decision was determining the best way to structure franchise and permit systems to be consistent with meeting the City's aggressive waste diversion goals,

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while at the same time being compatible with services, service providers, and technologies currently available in the competitive marketplace.

Additionally, R3's computer model to estimate costs and waste diversion outcomes required more extensive development in order to provide the level of detail needed to evaluate different options and make decisions. Given the scale and complexity of designing a new system to meet Oakland's unique needs, additional technical assistance was needed from R3 to complete system design work.

Other Bay Area jurisdictions that have implemented similar projects combining major solid waste system redesign and an associated Request for Proposals (RFP) process have incurred consultant costs similar to or above the range the City would expend with this contract amendment. The City of San Jose expended \$800,000, and the South Bayside Waste Management Authority in San Mateo County expended \$600,000.

During the implementation phase for new system design contracts, the City will most likely need additional consulting services. These services could be provided by R3 or by another firm selected through the City's request for proposals process.

Section 2.04.051 B of the Oakland Municipal Code permits the City Council to waive the competitive selection process requirement if it finds that it is in the best interest of the City. Staff recommends that the City Council waive the competitive selection requirement and approve the resolution authorizing the City Administrator to amend the Agreement with R3 to continue specialized and technical consulting services. R3's continued services are needed to ensure timely completion of the RFP process to replace the existing solid waste and recycling service agreements that expire on June 30, 2015, as well as to maintain the integrity of work on the RFP and the confidentiality of the process.

FISCAL IMPACT

The amended Agreement would increase the not to exceed amount by two hundred thousand dollars (\$200,000.00). Funding is available within Recycling Program Fund (1710), Recycling and Solid Waste Organization (30682), Non-Residential Recycling Project (P275210), Recycling and Solid Waste Program (SCI7).

BACKGROUND

The City of Oakland's Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services with Waste Management of Alameda County, and the Agreement for Residential Recycling Service with California Waste Solutions expire on June 30, 2015.

In 2009 through Resolution No. 82175 C.M.S. the City Council approved a four-year Agreement for technical assistance with R3 in an amount not to exceed three hundred thousand dollars (\$300,000.00). The Agreement was awarded through the City's request for proposals process, to provide technical assistance supporting staff in designing a new Zero Waste system and procuring new waste reduction and recycling services.

R3 is one of the top firms in the state assisting cities with RFP procurements for recycling, composting, and disposal services. During the past five years, R3 has assisted over 60 California cities with RFPs. Work under the current Agreement has been to model and test options to develop a Zero Waste system design, and begin the RFP process. R3's work under the amended Agreement would provide critical support for completing the RFP process.

KEY ISSUES AND IMPACTS

The scope, complexity, and technical assistance required to design a new Zero Waste system to meet Oakland's unique needs exceeded initial staff expectations for R3's current contract. The level of effort, length of time, and amount of work needed to fully explore options and conduct necessary due diligence resulted in higher expenditures, exceeding the three hundred thousand dollars (\$300,000.00) in the current Agreement. Maintaining R3's specialized and technical consulting services is necessary to complete the entire RFP procurement process for establishing new contracts before current service agreements end in June 2015.

Agreement funding to-date has covered assisting staff in researching options for various system design parameters. Design parameter research included the structure of franchise and permit systems, customer rate adjustment mechanisms, and contract provisions to provide waste diversion incentives. Work products and activities have included technical analysis, work sessions with staff, and a computer model to estimate diversion rates and evaluate the fiscal viability of different system design options. R3 investigated the ability of various system design options to address challenges and opportunities in meeting the City's waste diversion goals, and the availability in the competitive marketplace and costs of potential technologies, services, and service providers.

Staff have conferred with professional colleagues in other Bay Area jurisdictions that have implemented similar projects combining major solid waste system redesign and an associated RFP process, including the City of San Jose and the South Bayside Waste Management Authority in San Mateo County. These jurisdictions have incurred consultant costs similar to or above the range the City would expend with this contract amendment.

Since 2009 the City and R3 have invested significant effort in developing a high-functioning working relationship, strong command of complex issues, and a deep level of trust and confidence necessary to complete the RFP process successfully. R3's performance to-date under

the Agreement has met or exceeded staff expectations and the R3 team's expertise and experience has been critical in helping the City design a new system. Maintaining the integrity of the work and the confidentiality of the process to successfully complete the RFP process necessitates continuing the work with R3. Amending R3's existing contract requires waiving the competitive selection process.

PROGRAM DESCRIPTION

In 2006, the City Council adopted the Zero Waste Strategic Plan, which contained the specific strategy "develop a new waste management system design in preparation of the next collection and disposal contracts." The RFP process will provide an equitable opportunity for the companies that provide these specialized services to compete for recycling, composting, and disposal services to move the City toward its sustainability and waste reduction goals.

R3's work under the proposed amended Agreement involves supporting all aspects of the RFP procurement process including developing specialized and technical RFP documents, proposal evaluation methodologies and tools, and complete contract documents. R3 will perform detailed technical work developing the RFP to ensure that:

- Services procured through the RFP are fully and accurately represented to potential respondents;
- City policies and proposal response requirements are specific and clear; and
- The evaluation criteria and selection process inspire confidence in potential RFP respondents that the RFP process will be open, fair, and transparent.

R3's work under the proposed amended Agreement will support the City in completing a comprehensive RFP process for new contracts.

SUSTAINABLE OPPORTUNITIES

Economic: Implementing a Zero Waste System in Oakland will help Oakland businesses and residents reduce waste and mitigate the long-term trend of increased disposal costs associated with landfill-based systems. Expanding and actively supporting use of discarded materials drives local economic and workforce development with 'green collar' jobs and value added production.

Environmental: Implementing a Zero Waste System will promote sustainability, conserve natural resources, reduce air and water pollution, protect habitat, and reduce greenhouse gas (GHG) emissions.

Social Equity: Implementing a Zero Waste System in Oakland will help provide new living-wage jobs for the community, as well as preserve and enhance natural systems that provide basic ecological services such as clean water, clean air, and safe food.

DISABILITY AND SENIOR CITIZEN ACCESS

Approving the attached resolution will not have any direct impact on access for persons with disabilities or senior citizens.

RECOMMENDATION AND RATIONALE

Staff recommends that the City Council approve the resolution waiving the advertising and competitive request for proposal/qualification requirements, and authorizing the proposed Amendment to increase the not to exceed amount of the R3 Agreement by two hundred thousand dollars (\$200,000.00), for a total amount no-to-exceed five hundred thousand dollars (\$500,000.00), and to extend the term by two years to September 1, 2015. Extension of the Agreement with added funding would ensure that the City maintains specialized and technical consulting services needed to ensure the integrity of the work and the confidentiality of the process needed to complete the entire RFP procurement process for establishing new contracts before current service agreements end in June 2015.

ACTION REQUESTED OF THE CITY COUNCIL

It is recommended that the City Council adopt the attached resolution.

Respectfully submitted,

U. B. Troyan
Vitaly B. Troyan, P.E.
Director, Public Works Agency

Reviewed by:
Brooke A. Levin, Assistant Director

Reviewed by:
Susan Kattchee, Environmental Services Manager

Reviewed by:
Becky Dowdakin, Recycling Program Supervisor

Prepared by:
Mark Gagliardi, Senior Recycling Specialist
Environmental Services Division

APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:

Deanna J. Santana
Office of the City Administrator

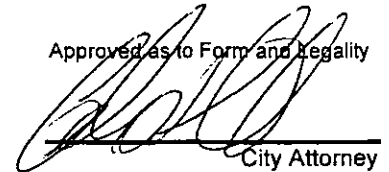
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January 24, 2012

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OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

Approved as to Form and Legality



City Attorney

RESOLUTION WAIVING THE ADVERTISING AND COMPETITIVE REQUEST FOR PROPOSAL/QUALIFICATION REQUIREMENTS AND AUTHORIZING THE CITY ADMINISTRATOR TO AMEND AN AGREEMENT WITH R3 CONSULTING GROUP TO PROVIDE ZERO WASTE SYSTEM TECHNICAL ASSISTANCE SERVICES INCREASING THE AMOUNT NOT TO EXCEED BY TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) AND EXTENDING THE TERM BY TWO YEARS TO SEPTEMBER 1, 2015

WHEREAS, the City of Oakland's Franchise Agreement for Solid Waste and Yard Waste Collection and Disposal Services with Waste Management of Alameda County, and the Agreement for Residential Recycling Service with California Waste Solutions expire on June 30, 2015; and

WHEREAS, in 2006 through Resolution No. 80286 C.M.S. the City Council adopted a Zero Waste Strategic Plan that included Strategy 2, Develop and Adopt New Rules and Incentives to Reduce Waste Disposal, which states: "Development and adoption of a new waste management system design in preparation for Oakland's next collection and disposal contract is key to the goal of reducing waste;" and

WHEREAS, in 2009 through Resolution No. 82175 C.M.S. the City Council approved an Agreement with R3 Consulting Group to provide Zero Waste system technical assistance consulting services for a four-year term ending September 1, 2013, in an amount not to exceed three hundred thousand dollars (\$300,000.00); and

WHEREAS, the City will use a request for proposals procurement process to secure future solid waste, organic material, and recycling collection, processing and disposal services; and

WHEREAS, R3 Consulting Group is uniquely qualified to provide specialized and technical consulting services to complete the request for proposals procurement process to replace the existing solid waste and recycling agreements, and to maintain the integrity of the work and the confidentiality of the process; and

WHEREAS, Section 2.04.051 B of the Oakland Municipal Code ("OMC") authorizes the City Council to waive the advertising and competitive Request For Qualifications/Request For Proposals ("RFQ/RFP") selection process if it finds and determines that it is in the City's best interests to do so; and

WHEREAS, staff recommends that the City Council waive the advertising and competitive RFQ/RFP process in order to amend the Agreement with R3 Consulting Group for specialized and technical consulting services needed to complete the request for proposals process for establishing new contracts prior to the end of current service agreements in June 2015; and -

WHEREAS, the City Council finds that the services provided pursuant to the agreement authorized hereunder are of a professional, scientific or technical nature and are temporary in nature; and

WHEREAS, the City Council finds that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now therefore be it

RESOLVED: That the City Council hereby finds and determines per Section 2.04.051 B of the OMC that it is in the best interests of the City to waive the RFP/RFQ competitive selection requirement of Section 2.04.051 A of the OMC based on the reasons and circumstances discussed in the Report that accompanies this Resolution; and be it;

FURTHER RESOLVED: That the City Administrator is hereby authorized to amend the Agreement with R3 Consulting Group to provide Zero Waste System Technical Assistance consulting services to increase the Agreement's not to exceed amount by two hundred thousand dollars (\$200,000.00), for a total amount not to exceed five hundred thousand dollars (\$500,000.00), and to extend the term of the Agreement by two years to September 1, 2015; and be it

FURTHER RESOLVED: That the additional two hundred thousand dollars (\$200,000.00) expenditure under the Agreement with R3 Consulting Group will be funded by Recycling Program Fund (1710); and be it

FURTHER RESOLVED: That the City Administrator or his/her designee is hereby authorized and empowered to approve any subsequent amendments to or extensions of said agreement with the exception of those related to an increase in total compensation or the allocation of additional funds, provided that such amendments or extensions shall be reviewed by the City Attorney and filed with the City Clerk's Office; and be it

FURTHER RESOLVED: That a copy of the agreement will be on file in the City Clerk's Office and will be approved by the Office of the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California