

TO: James L. App, City Manager
FROM: Doug Monn, Public Works Director
SUBJECT: Solid Waste Audit
DATE: November 16, 2010

NEEDS: For the City Council to consider an audit of solid waste contracts.

FACTS:

1. The City owns a Class III municipal solid waste landfill located near the intersection of Union Road and Highway 46.
2. The 145-acre facility has been in operation since 1970 and is permitted to dispose of non-hazardous waste. An estimated 32,000 tons of waste are buried each year in the landfill.
3. Pacific Waste Services operates the landfill under contract to the City and, is paid \$1.2 million annually. The City's revenue from landfill services is approximately \$305,000.
4. Paso Robles Waste Disposal collects trash throughout Paso Robles. Paso Robles Roll-Off, Inc. also provides roll-off services within the City per a separate agreement.
5. The City receives approximately \$735,000 in franchise fees from Paso Robles Waste Services.
6. City residents pay an estimated \$8 million dollars annually for solid waste collection and disposal services. Annual revenues collected by the City from landfill and waste hauling are \$1,040,000 (\$305,000 landfill/\$735,000 franchise fees).
7. Pacific Waste Services and Paso Robles Waste Disposal have indicated interest in amending their contracts. Inasmuch as residents are directly charged for solid waste collection and disposal, contract extension should be subjected to either comprehensive review of contract provisions and operator efficiency, or competitive bid.

Analysis &

Conclusion: The landfill operations contracts and the waste collection contract have been in place for 11 and 17 years respectively. The agreement for roll-off services has been in place for 7 years. Amendments have been processed over the years and requests for extended contract terms have been submitted.

Audit of the solid waste contracts will:

- Review contract compliance
- Document current franchise operations (i.e. level of staffing, job duties relative to compensation, etc.) and identify opportunities for improvements
- Recommend contract terms aligned with the City's long-term waste management objectives

On September 24, 2010, the City received proposals to conduct the solid waste contract audits from:

HF&H Consultants with Bryan A. Stirrat & Associates

R3 Consulting Group, Inc. with Blue Ridge Services

The R3 team demonstrated core experience with similar sized municipalities. Client references resulted in favorable reviews of R3 work performance plus the R3 team's approach to the audits was comprehensive.

Staff recommends entering into a professional services agreement with the R3 Consulting Group, Inc., William Schoen, Principal, to perform the audits. Mrs. Christine Halley, TJCross Engineers, has represented the City in the landfill master plan and solicitation for audit proposals. It is proposed that she be authorized to continue management of the landfill audits and represent the City in dialogue with the R3/Blue Ridge team.

POLICY

REFERENCE: Economic Strategy; Draft Landfill Master Plan

FISCAL IMPACT: Time-and-materials authorizations are proposed with R3 Consulting Group, Inc. and with Mrs. Halley of TJCross Engineers. A contingency is advised to address additional tasks as they arise. The recommended budget is:

R3 Consulting Group base fee	\$70,000
TJCross Engineering management services	\$16,500
Contingency	<u>\$10,500</u>
Total =	\$97,000

Solid waste is a General Fund service. City Council has allocated funds derived from the sale of right of way frontage to the State of California (Cal Trans) in FY 08/09 to offset preparation cost of the Landfill Master Plan and audit. The Master Plan is complete; \$238,300 remains to fund the audit.

- OPTIONS:**
- a. Adopt Resolution No. 10-xx appropriating \$97,000 from the General Fund to prepare the landfill audits and authorizing the City Manager to enter into contractual arrangements with R3 Consulting Group and TJCross Engineers not to exceed that amount.
 - b. Amend, modify, or reject the above option.

ATTACHMENT:

- A. Resolution 10-xx – Award Contracts

RESOLUTION NO. 10-xxx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AWARDING CONTRACTS TO R3 CONSULTING GROUP, INC. AND TJ CROSS
ENGINEERS FOR PROFESSIONAL ENGINEERING SERVICES ASSOCIATED WITH
SOLID WASTE FRANCHISE CONTRACTS FINANCIAL AND OPERATIONAL AUDITS**

WHEREAS, the City of Paso Robles owns and operates a Class III solid waste landfill near the intersection of Union Road and Highway 46 under Solid Waste Facility Permit No. 40-AA-0001 from the California Integrated Waste Management Board; and

WHEREAS, the approximately 145-acre facility has been in operation since 1970, currently accepting an estimated 32,000 tons per year of waste; and

WHEREAS, since 1999, Pacific Waste Services has operated the Paso Robles Landfill under an agreement with the City; and;

WHEREAS, that agreement has been amended several times such that the term of contract with Pacific Waste Services extends through 2020; and

WHEREAS, a comprehensive audit of the Pacific Waste Services contract or operations has not been undertaken, and;

WHEREAS, since 1993, Paso Robles Waste Disposal has collected garbage citywide under an agreement with the City; and;

WHEREAS, that agreement has been amended several times such that the term of contract with Paso Robles Waste Disposal extends through 2014; and

WHEREAS, a comprehensive audit of the Paso Robles Waste Disposal contract or operations has not been undertaken, and;

WHEREAS, since 2003, Paso Robles Roll-Off, Inc. has provided roll-off services in Paso Robles under an agreement with the City; and;

WHEREAS, a comprehensive audit of the Paso Robles Roll-Off, Inc. contract or operations has not been undertaken, and;

WHEREAS, the City invited professional services proposals from solid waste specialists to prepare financial and operational audits of the three solid waste franchise contracts, and;

WHEREAS, acceptable fee and business terms were negotiated with R3 Consulting Group, Inc., and;

WHEREAS, Mrs. Christine Halley of TJ Cross Engineers represented the City in review of professional proposals and is available to continue management of the landfill contractual audits and represent the City in dialogue with the R3 Consulting Group, Inc. team.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The City Council of the City of Paso Robles does approve a one time supplemental budget appropriation from the monies set aside in the General Fund from the sale of right of way at the landfill in the amount of \$97,000 (\$70,000 for R3 Consulting Group, Inc., \$16,500 for T. J. Cross Engineers, plus \$10,500 contingency) to budget account 100-310-5224-432 and

SECTION 2. The City Council does hereby award contracts to R3 Consulting Group, Inc. and TJ Cross Engineers for Professional Engineering Services associated with the preparation of landfill contractual audits and authorizes the City Manager to execute such contracts.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 16th day of November 2010
by the following votes:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk