



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager

FROM: Jim Arndt, Public Works Director
Anna Luke, Management Analyst

DATE: September 7, 2010

SUBJECT: Consideration of an Amendment to the Refuse Franchise Agreement with Waste Management Allowing an Optional Contract Extension Not to Exceed Six Months at \$60,000 per Month or \$360,000 Total, to be Allocated from Refuse Fund Reserves.

RECOMMENDATION:

Staff recommends that the City Council approve an amendment to the current Refuse Franchise Agreement with Waste Management allowing for an optional contract extension not to exceed six months from the current April 30, 2011 expiration. Each extension month will only be utilized if necessary until the new contract takes effect. The length of the extension will be at the sole discretion of the City.

FISCAL IMPLICATION:

The optional contract extension includes a contractor payment of \$60,000 per month in addition to current monthly costs, not to exceed six months or \$360,000. City staff anticipates utilizing no more than three months of this extension option. The additional funds will come from the Refuse Fund Reserves.

BACKGROUND:

On October 7, 2008, City Council approved the one-year extension option for the City's solid waste contract with Waste Management, which moved the expiration date to October 31, 2010. On July 7, 2009, City Council initiated the renegotiation process of the City's solid waste contract with Waste Management, with an option to pursue a Request for Proposal (RFP) process if negotiations were rejected. To secure enough time for a possible RFP process, City Council extended the current contract an additional six (6) months to April 30, 2011. Ultimately the City Council determined to forego the renegotiation contract in favor of the RFP process. At the August 3, 2010 City Council meeting, Council chose to extend the RFP approval to the September 7, 2010 meeting.

DISCUSSION:

The optional extension is being considered in order to accommodate a delay in the City’s RFP schedule. August 4, 2010 was initially slated as the RFP release date, with new service to begin May 1, 2011. As a result of postponing the RFP approval to the September 7, 2010 meeting, the new RFP release date is set for September 8, 2010. The earliest the new contract may begin is August 1, 2011, thus requiring a contract extension. Staff anticipates utilizing only three of the six optional extension months; however, additional time is allowed to avoid repeated extension requests.

The contract amendment will extend the current contract with all its terms and includes a monthly contractor payment increase of \$60,000 per month, not to exceed six months, or October 31, 2011. The City will notify Waste Management of the termination date of this extension at a minimum of thirty (30) days before the termination date.

Updated RFP Schedule

Many tasks need to be completed in order to meet a deadline of August 1, 2011. If any tasks are delayed, the City may need to utilize additional extension months (up to 6 months, or October 31, 2011) with Waste Management to maintain service to all customers until the new contract begins. The following schedule includes tentative dates to execute each task:

DATE	DESCRIPTION OF TASK
September 7, 2010	City Council approve RFP package
September 8, 2010	Public release of RFP package
September 20, 2010	Pre-proposal conference with HF&H, staff, proposers
October 29, 2010 @ 3:00 PM	Deadline to submit proposals
November/December 2010	HF&H evaluate proposals
November 2, 2010	City Council approve Administrative Fee and any ordinance changes
December 7, 2010	HF&H meet with staff & Finance Subcommittee to review preliminary information on proposals
December 2010	Interview finalists, check references
December 2010/January 2011	HF&H, staff and final proposers meet to negotiate final agreement
January 18, 2011	Finance Subcommittee review final agreement
February 1, 2011 City Council Meeting	City Council award hauler with new agreement, establish rates, approve 5 year rate plan, approve any necessary ordinance changes
February 2, 2011	Start 218 process
February 4, 2011	Mail 218 ballots & place public notice
February 2011	Public Meeting (218) #1
February 2011	Public Meeting (218) #2
April 5, 2011	Public hearing for 218 process
April 19, 2011	City Council consider new rates
April 20, 2011	Hauler send out mailing for cart size options to customers
April 20 – May 16, 2011	Hauler provides City Billing Department the information on cart size option card information within (2) two days of receipt of card
May 16, 2011	Deadline for customers to return cart size cards to Hauler
May 18, 2011	Deadline for Hauler to provide all final customer information regarding cart size cards to City Billing Department
May/June 2011	City Billing Department inputs new customer cart information for August 1, 2011 start date
July 1 – 31, 2011	Hauler removes old carts & delivers new carts to customers
July 1, 2011	Hauler mails final 30 day reminder to all customers of new contract to begin August 1, 2011
August 1, 2011	New contract begins

SUMMARY:

Staff recommends that the City Council approve an amendment to the current Refuse Franchise Agreement with Waste Management allowing for an optional contract extension not to exceed six months from the current April 30, 2011 expiration. Each extension month will only be utilized if necessary until the new contract takes effect. The length of the extension will be at the sole discretion of the City.

Attachment: Solid Waste Contract Amendment

CC: Susan Moulton, Waste Management
Robert Wadden, Esq., City Attorney
Bruce Moe, City Finance Director



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THIRD AMENDMENT TO SOLID WASTE FRANCHISE AGREEMENT

USA WASTE OF CALIFORNIA, INC., a Delaware corporation (“Contractor”) and the CITY OF MANHATTAN BEACH, a municipal corporation (“City”), previously entered into a “Franchise Agreement For integrated Solid Waste Management Services” (“Agreement”) on May 7, 2002 for provision of solid waste management services by Contractor to City.

WHEREAS the Agreement originally provided for a seven year term ending on October 31, 2009 but was subsequently amended to extend the termination date to April 30, 2011. The parties are desirous of optionally extending the term not to exceed six (6) months, or October 31, 2011.

1. Paragraph 2.5 of the Agreement, entitled “Term of Contract” is hereby amended in its entirety to read as follows:

“2.5 Term of Agreement

The term of this Agreement shall be eight (8) years and six months, with an option to extend on a monthly basis at the sole discretion of the City, not to exceed (6) six months. The final expiration date of the Agreement will occur either on April 30, 2011 or within the six month optional term, not to exceed October 31, 2011. The City will provide the Company with a notice of termination at least 30 days prior to the termination date.”

“4.1.3 Company Compensation

City shall pay Company on a monthly basis, within 30 days of the City billing customers. Payment will be based on services rendered and will be subject to subsequent audit and adjustment in succeeding invoices. Payment will be accompanied by Customer and service level list (see 4.1.4 below).

If the City chooses to utilize the optional monthly extension in Section 2.5 of the Franchise Agreement, the City will compensate the Company with an additional \$60,000 per month for each extension month approved and utilized by the City. The Company must include City-approved extension month payments on the monthly invoice to the City. Payment will be made within 30 days of the cities’ receipt of the invoice.”

All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF this Third Amendment to Solid Waste Franchise Agreement is entered into this 7th day of September, 2010.

CITY OF MANHATTAN BEACH

USA WASTE OF CALIFORNIA, INC.
a Delaware corporation

By _____

By _____

ATTEST:

Liza Tamura, City Clerk

APPROVED AS TO FORM:

Robert V. Wadden Jr.,
City Attorney